

Annex

Official Journal

of the
European Communities

No 199
February 1976

English edition

Debates of the European Parliament

1975-1976 Session
Report of Proceedings
from 9 to 13 February 1976
Europe House, Strasbourg

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NOTE TO READER

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

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IN THE CHAIR: MR SPÉNALE

President

(The sitting was opened at 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 16 January 1976.

2. *Apologies for absence*

President. — Apologies have been received from Mr Baas, Mr Hartog, Mr Knud Nielsen, Mr Pêtre and Mr Scelba, who regret their inability to attend this part-session.

3. *Documents received*

President. — I have received the following documents:

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

- the proposal from the Commission of the European Communities to the Council for a regulation supplementing Annex I of Regulation (EEC) No 1035/72 on the common organization of the market in fruit and vegetables (Doc. 483/75).

This document has been referred to the Committee on Agriculture;

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

I. a directive on the approximation of the laws of the Member States relating to the permissible sound emission level for tower-cranes

II. a directive on the approximation of the laws of the Member States relating to the permissible sound emission level for current generators for welding

III. a directive on the approximation of the laws of the Member States relating to the permissible sound emission level for current generators for power-supply

(Doc. 488/75).

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

- the proposal from the Commission of the European Communities to the Council for a directive on the approximation of the laws of the Member States relating to check-weighing and grading machines (Doc. 489/75).

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

- the proposal from the Commission of the European Communities to the Council for a regulation on the repayment or remission of import duties or export duties (Doc. 496/75).

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

- the proposal from the Commission of the European Communities to the Council for a directive concerning the dumping of wastes at sea (Doc. 497/75).

This document has been referred to the Committee on Public Health and the Environment;

- the proposal from the Commission of the European Communities to the Council for a directive concerning the Community list of less-favoured farming areas within the meaning of Directive 75/268/EEC (France - Overseas Departments) (Doc. 498/75).

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

- the proposal from the Commission of the European Communities to the Council for a regulation opening, allocating and providing for the administration of the Community tariff quota for certain wines, falling within subheading ex. 22.05 of the Common Customs Tariff, originating in Cyprus (1976) (Doc. 499/75).

President

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

- the proposal from the Commission of the European Communities to the Council for a directive relating to the use of fuel-oils with the aim of decreasing sulphurous emissions (Doc. 501/75).

This document has been referred to the Committee on Public Health and the Environment as the committee responsible and to the Committee on Energy, Research and Technology for its opinion;

- the proposal from the Commission of the European Communities to the Council for a second directive on the coordination of laws, regulations and administrative provisions relating to direct insurance other than life assurance and laying down provisions to facilitate the effective exercise of freedom to provide services (Doc. 502/75).

This document has been referred to the Committee on Economic and Monetary Affairs as the committee responsible and to the Legal Affairs Committee and the Committee on Budgets for their opinions;

- the proposal from the Commission of the European Communities to the Council for a regulation establishing a system of aid for associations of beekeepers (Doc. 506/75).

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

- the proposal from the Commission of the European Communities to the Council for a regulation on the common organization of the market in potatoes (Doc. 512/75).

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

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

I. a draft decision of the representatives of the Governments of the Member States of the European Coal and Steel Community, meeting in the Council, extending the validity of their deci-

sion of 24 June 1975 opening tariff preferences for products within the province of that Community originating in the African, Caribbean and Pacific States and Overseas Countries and Territories associated with the Community

II. a regulation extending the validity of certain interim arrangements relating to trade with the African, Caribbean and Pacific States and Overseas Countries and Territories associated with the European Economic Community

(Doc. 516/75).

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

- the proposal from the Commission of the European Communities to the Council for a directive amending Council Directive 75/271/EEC of 28 April 1975 concerning the Community list of less-favoured farming areas within the meaning of Directive 75/268/EEC (France) (Doc. 523/75).

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

(b) from the committees, the following reports:

- Report by Mr Nyborg, on behalf of the Committee on Regional Policy and Transport, on the proposal from the Commission of the European Communities to the Council for a regulation amending Council Regulation (EEC) No 517/72 of 28 February 1972 on the introduction of common rules for regular and special regular services by coach and bus between Member States (Doc. 495/75);
- Report by Mr Giraud, on behalf of the Committee on Regional Policy and Transport, on problems of EEC transit traffic through Austria and Switzerland (Doc. 500/75);
- Report by Mr Klepsch, on behalf of the Associations Committee, on the recommendations of the EEC-Turkey Joint Parliamentary Committee adopted in Ankara on 19 September 1975 (Doc. 504/75);

President

- Report by Sir Derek Walker-Smith, on behalf of the Legal Affairs Committee, on the proposals from the Commission of the European Communities to the Council on consolidated texts relating to the rice sector (Doc. 505/75);
 - Report by Mr Krall, on behalf of the Committee on Development and Cooperation, on the outcome of the Seventh Special Session of the United Nations General Assembly on development questions held from 1 to 16 September 1975 in New York and the mid-term review and appraisal of the international development strategy for the Second United Nations Development Decade (Doc. 507/75);
 - Report by Mr Brøndlund Nielsen, on behalf of the Committee on Development and Cooperation, on the proposals from the Commission of the European Communities to the Council for
 - I. a regulation on the temporary and partial suspension of the autonomous Common Customs Tariff duties for foliage of asparagus plumosus of subheading ex 06.04 B I
 - II. a regulation on the temporary and total suspension of the customs duty applicable in the Community as originally constituted on foliage of asparagus plumosus of subheading ex 06.04 B I imported from the new Member States
(Doc. 508/75);
 - Report by Mr Notenboom, on behalf of the Committee on Budgets, on the proposals from the Commission of the European Communities to the Council for a directive on tax exemptions for certain means of transport temporarily imported into one Member State from another (Doc. 513/75);
 - Report by Mr Notenboom, on behalf of the Committee on Budgets, on the proposal from the Commission of the European Communities to the Council for a directive on tax exemptions applicable to personal property of individuals on permanent importation from another Member State (Doc. 514/75);
 - Report by Miss Flesch, on behalf of the Committee on Budgets, on the proposal from the Commission of the European Communities to the Council for a regulation amending Council Regulation No 259/68 laying down the Staff Regulations of Officials and the Conditions of Employment of Other Servants of the European Communities (Doc. 515/75);
 - Report by Mr Glinne, on behalf of the Committee on Development and Cooperation, on the proposals from the Commission of the European Communities to the Council for
 - I. a draft decision of the representatives of the governments of the Member States of the European Coal and Steel Community, meeting in Council, extending the validity of their decision of 24 June 1975 opening tariff preferences for products within the province of that Community originating in the African, Caribbean and Pacific States and Overseas Countries and Territories associated with the Community
 - II. a regulation extending the validity of certain interim arrangements relating to trade with countries of Africa, the Caribbean and the Pacific and Overseas Countries and Territories associated with the European Economic Community
(Doc. 517/75);
 - Report by Mr Kaspereit, on behalf of the Committee on External Economic Relations, on the proposal from the Commission of the European Communities to the Council for a regulation amending Regulations Nos 120/67/EEC, (EEC)950/68 and (EEC)1052/68 on the tariff nomenclature of certain cereal and sugar products (Doc. 518/75);
 - Report by Mr Della Briotta, on behalf of the Committee on Agriculture, on the proposal from the Commission of the European Communities to the Council for a decision on additional measures in the agricultural sector following the revaluation of the Deutsche Mark (Doc. 519/75);
 - Report by Mr De Koning, on behalf of the Committee on Agriculture, on the proposal from the Commission of the European Communities to the Council on the fixing of prices for certain agricultural products and accompanying measures for the 1976-77 marketing year (Doc. 522/75);
- (c) a motion for a resolution tabled by Mr Broeks, on behalf of the Committee on

President

Cultural Affairs and Youth, on a resolution of the Council of the European Communities comprising an action programme in the field of education (Doc. 503/75);

a motion for a resolution tabled by Mr Glinne, on behalf of the Socialist Group, pursuant to Rule 25 of the Rules of Procedure, on the equation of Zionism with racism (Doc. 521/75).

This document has been referred to the Political Affairs Committee.

(d) the following oral questions:

— Oral question with debate by Mr Klepsch, Mr Lücker, Mr Blumenfeld, Mr Artzinger, Mr Scholten, Mr Vernaschi, Mrs Walz, Mr Martens, Mr Deschamps, Mr Vandewiele, Mr Dykes, Lord Reay, Mr Normanton, Mr Broeksz and Mr Pintat, to the Conference of Foreign Ministers of the Member States of the European Communities on the denial of parental rights to persons who attempt to leave the German Democratic Republic (Doc. 490/75);

— Oral question with debate by Mr Cousté, on behalf of the Group of European Progressive Democrats, to the Council of the European Communities on the Community action programme on education (Doc. 491/75);

— Oral question with debate by Mr Walkhoff, Mr Laban, Mr Broeksz, Mr Mitchell, Lady Fisher, Mr Knud Nielsen, Mr Suck, Mr Thornley and Lord Ardwick, to the Commission of the European Communities on the European schools system (Doc. 492/75);

— Oral question with debate by Mr Ellis, Lord Gordon-Walker, Mr Evans, Mr Hamilton and Mr Mitchell, to the Commission of the European Communities, on the detention without trial of Yann Fouéré and others in France (Doc. 493/75);

— Oral question with debate by Mr Broeksz, on behalf of the Socialist Group, to the Council of the European Communities, on the decision-making procedure of the Council (Doc. 494/75);

— Oral question with debate by Mrs Goutmann and Mr Marras, on behalf of the Communist and Allies Group, to the Commission of the European Communities, on measures by the Commission concerning migrants (Doc. 509/75);

— Oral question with debate by Mr Kofoed, on behalf of the Liberal and Allies Group, to the Commission of the European Communities, on the competence of the Community and the Member States to negotiate and to make agreements on quotas of fish catches on the high seas (Doc. 510/75);

— Oral question with debate by Mr Behrendt and Mr Espersen, on behalf of the Socialist Group, to the Commission of the European Communities, on the outstanding Council decisions on Commission proposals (Doc. 511/75).

(e) Oral questions by Mr Mursch, Mr Seefeld, Mr Albers, Mr Fellermaier, Sir Geoffrey De Freitas, Mr Bordu, Lord St. Oswald, Mr Walkhoff, Mr Laban, Mrs Goutmann, Mr Dykes, Mr Cousté, Mr Krieg, Mr Dalyell, Mr Cointat, Mr Hamilton, Lord Reay, Mr de la Malène, Mr Noè, Lord Bethell, Mrs Ewing, Mr Hougardy, Mr Shaw, Mr Zeller, Mr Vandewiele, Mr Gibbons, Mr Spicer, Mr Lemoine and Mr Patijn, pursuant to Rule 47A of the Rules of Procedure, for Question-time on 11 February 1976 (Doc. 520/75).

4. *Texts of Treaties forwarded by the Council*

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

— Agreement in the form of an exchange of letters relating to Article 9 of Protocol No 1 to the Agreement between the European Economic Community and the State of Israel and concerning the importation into the Community of fruit-salads originating in Israel;

— Agreement in the form of an exchange of letters between the European Economic Community and the State of Israel suspending the implementation of the tariff reduction for imports into the Community of tomato concentrates falling within sub-heading 20.02 ex C of the Common Customs Tariff and originating in Israel.

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

5. *Authorization of reports*

President. — Pursuant to Rule 38 of the Rules of Procedure, I have authorized

President

- the Committee on External Economic Relations to draw up a report on the results of the Second European Community—Latin America Interparliamentary Conference held in Luxembourg from 19 to 21 November 1975, on which the Political Affairs Committee and the Committee on Development and Cooperation have been asked for their opinions.

The enlarged Bureau considers that the Committee on External and Economic Relations could deal with this question in the Boano report on the present state of economic relations between the European Community and Latin America (Doc. 469/75).

- the Committee on Economic and Monetary Affairs to deliver opinions on
 - 'a basic price-system for imported primary energy as a factor in a common energy policy', and
 - 'the setting up of a European Export Bank'.

These two questions have been referred to the Committee on Energy, Research and Technology and to the Committee on External Economic Relations respectively as the committees responsible.

6. Reference to committee

President. — The proposal from the Commission of the European Communities to the Council for a regulation amending Council Regulation (EEC, Euratom, ECSC) No 259/68 laying down the Staff Regulations of Officials of the European Communities and the Conditions of Employment of Other Servants of the Communities (Doc. 391/75), already referred to the Committee on Budgets as the committee responsible, is now in addition referred to the Committee on Energy, Research and Technology for its opinion.

7. Presentation of a petition

President. — I have received from Mr Kurt Struppek and 39 other signatories a petition on the protection of the basic rights of Turks living in the Federal Republic of Germany.

This petition has been entered under No 13/75 in the general register provided for in Rule 48(2) of the Rules of Procedure and, pursuant to paragraph 3 of the same Rule, referred to the Committee on Rules of Procedure and Petitions.

8. Limitation of speaking-time

President. — In accordance with the usual practice and pursuant to Rule 31 of the Rules of Procedure, I propose that speaking-time be allocated as follows:

Reports:

- fifteen minutes for the rapporteur and for one speaker on behalf of each group,
- ten minutes for other speakers, and
- five minutes for speakers on amendments;

Oral Questions with debate:

- ten minutes for the author of the question, and
- five minutes for other speakers.

Are there any objections?

That is agreed.

9. Decision on urgent procedure

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

Are there any objections?

The adoption of urgent procedure is agreed.

10. Order of Business

President. — At its meeting of 29 January 1976, the enlarged Bureau prepared a draft agenda which has been distributed.

Since then, however, the Committee on Agriculture has informed me that Mr Della Briotta is replacing Mr Cifarelli as rapporteur on additional measures following revaluation of the Deutsche Mark.

The Committee on Development and Cooperation has withdrawn from the agenda the motion for a resolution on the ratification of the Lomé Convention, and requests that Mr Glinne's report on trade with the ACP States and the OCT be voted on without debate.

According to the arrangements initially adopted by the enlarged Bureau for the debate on agricultural prices, the vote was to take place on the evening of the debate—that is to say, tomorrow evening—if the debate were concluded by 8 p.m.; otherwise, the general debate would be

President

carried to its conclusion and the vote would be taken at the beginning of the sitting of Thursday, 12 February.

During a discussion of this problem in the Bureau, certain speakers rightly pointed out that it was undesirable for a vote arising from a debate to take place two days after this debate had been held. Unfortunately, our British colleagues are obliged to leave tomorrow to take part in the voting on some important matters at home. Under these circumstances, if the vote on our debate were to take place tomorrow evening, it would do so in the absence of all British representation. I therefore propose that, despite the real inconveniences that I have mentioned, the vote be nevertheless taken on Thursday morning.

The order of business would then be as follows:

This afternoon:

- Statement by the Commission on action taken on the opinions of Parliament;
- Oral question, with debate, on bird protection;
- Nyborg report on regular services by coach and bus (without debate);
- Oral question, with debate, on the detention of persons in France;
- Oral question, with debate, on measures by the Commission concerning migrants;

*Tuesday, 10 February 1976**10.00 a.m. and 3.00 p.m.:*

- Joint debate on
 - the De Koning report on the fixing of prices for certain agricultural products, and
 - the Della Briotta report on additional measures in the agricultural sector following revaluation of the Deutsche Mark (Mr Cifarelli was originally appointed rapporteur);

3.00 p.m.:

- Introduction of the Ninth General Report and presentation of the Work Programme of the Commission;

*Wednesday, 11 February 1976**10.00 a.m. and 3.00 p.m.:*

- Question time;

- Statements by the Council and Commission on the Conference on international economic cooperation;
- Krall report on the Seventh Special Session of the United Nations General Assembly;
- Oral question, with debate, on relations between the European Community and Lebanon;
- Oral question, with debate, on the denial of parental rights by the GDR;
- Joint debate on
 - the oral question, with debate, to the Council on the decision-making procedure of the Council, and
 - the oral question, with debate, to the Commission on the outstanding Council decision;
- Joint debate on
 - the oral question, with debate, to the Council on the action programme on education,
 - the motion for a resolution on the action programme in the field of education, and
 - the oral question, with debate, to the Commission on the European schools system;

*Thursday, 12 February 1976**10.00 a.m., 3.00 p.m. and possibly in the evening:*

- Vote on the motion for a resolution contained in the De Koning report on the fixing of prices for certain agricultural products;
- Vote on the motion for a resolution contained in the Della Briotta report on additional measures in the agricultural sector following the revaluation of the Deutsche Mark;
- Report on the economic situation in the Community;
- Debate on the Ninth General Report and on the Work Programme of the Commission.

The motion for a resolution, tabled by the Committee on Development and Cooperation, on the ratification of the Lomé Convention has been withdrawn from the agenda.

- Glinne report on trade with the ACP States and the OCT (without debate);
- Pianta report on freedom of lawyers to provide services;

President

- Oral question, with debate, on quotas of fish catches on the high seas;

Friday, 13 February 1976

9.00 a.m. to 12 noon:

- Possibly, continuation of Thursday's agenda;
- Flesch report on the Staff Regulations of Officials of the Communities;
- Klepsch report on the recommendations of the EEC-Turkey Joint Parliamentary Committee;
- Notenboom report on tax exemptions for imported means of transport (without debate);
- Notenboom report on tax exemptions for imported personal property (without debate);
- Boano report on economic relations between the European Community and Latin America;
- Brøndlund Nielsen report on customs duties on foliage of asparagus plumosus (without debate);
- Walker-Smith report on consolidated texts relating to the rice sector (without debate);
- Kaspereit report on the tariff nomenclature of certain cereal and sugar products (without debate).

Are there any objections?

That is agreed.

11. Procedure for the debate on agriculture

President. — The enlarged Bureau proposes a procedure for the debate on agricultural prices based on the procedure governing our debates on the budget.

All amendments to the reports by Mr De Koning and Mr Della Briotta would be moved and discussed during the general debate. During the vote, only the rapporteur would be entitled to speak to state his opinion briefly, and any authors of amendments wishing to withdraw them.

I remind the House that the enlarged Bureau has proposed to set the time-limit for tabling amendments to the agricultural reports on tomorrow's agenda at 6 p.m. this evening.

Are there any objections?

I call Mr Cointat.

M. Cointat. — (*F*) Mr President, since the Committee on Budgets is meeting this evening at 6 o'clock, I find it rather awkward that you have set exactly the same time as the time-limit for tabling amendments, since it is possible—I cannot tell in advance—that the Committee on Budgets might wish to propose an amendment during this evening's meeting. It would be more practical to set the time-limit at 8 o'clock.

President. — Although this modification will mean additional work, I appreciate Mr Cointat's argument. I therefore propose that the time-limit for tabling these amendments be set at 8 p.m.

Are there any objections?

That is agreed.

12. Time-limit for entering names on the list of speakers on the Ninth General Report and the Annual Work Programme of the Commission

President. — I propose that the list of speakers for the debate on the Ninth General Report and the Annual Work Programme of the Commission be closed at 10.30 a.m. on Thursday, 12 February.

Are there any objections?

That is agreed.

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

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

I call Mr Scarascia Mugnozza.

Mr Scarascia Mugnozza, Vice-President of the Commission. — (*I*) Mr President, honourable Members, I am glad to be able to tell you that, after Parliament had delivered its opinions, the Commission amended four of its proposals.

During the January part-session Parliament discussed Mr Ellis's report on a Community procedure for information and consultation on the prices of crude oil and petroleum products in the Community.

The rapporteur proposed a modification, principally to the effect that annual reports would be submitted to Parliament. The Commission has adopted this suggestion and has informed

Scarascia Mugnozza

the Council that it would be amending its initial proposal.

Two other reports at the January part-session suggested amendments to our proposals. These were: Lord Bethell's report on the quality of water for human consumption and Senator Noè's report on air quality standards for lead. The Commission has informed the Council that it has accepted these amendments, which the Council had already adopted in the course of the Assembly's debate.

During the last part-session, my colleague, Mr Hillery, agreed to one of the amendments proposed in Mr Duval's report on the laws, regulations and administrative provisions relating to the classification packaging and labelling of paints, varnishes, adhesives and similar products. The Commission wishes to state that, for purely technical reasons, it is not able to accept the rest of the proposed modifications. Within the next few days, Mr President, we shall be sending you a letter explaining in detail why we cannot do this.

Finally, the Commission has submitted to the Council an amended proposal following Mrs Orth's report on the maximum content of erucic acid in fats. Our amended proposal takes full account of the changes suggested by the rapporteur.

Mr President, on behalf of the Commission I should like to take this opportunity to convey to Mrs Orth, who is seriously ill, our best wishes for a speedy recovery.

President. — Thank you, Mr Scarascia Mugnozza.

It does, in fact, seem that, within reason, the Commission takes the suggestions of this House broadly into account, while it does not hesitate to revert to its original proposals where this is justified. Moreover, you tell us that it is your intention to give us your reasons in writing whenever technical considerations, for example, prevent you from following an opinion of this Parliament. We thank you in advance for this.

Finally, I would add the wishes of this House to your own for Mrs Orth's prompt recovery.

I call Mr Broeksz on a point of order.

Mr Broeksz. — (NL) Mr President, I am also grateful to Mr Scarascia Mugnozza for having told us about the measures the Commission has taken, but at the moment the only place where we can find these measures in writing is what is called the 'Rainbow'. Would it not be possible for at least all the committees involved to have the Commission's statement sent to

them as soon as possible through the Parliament's Secretariat?

I would also hope that the letter Parliament is to receive from the Commission containing further details will be forwarded to the committees involved.

President. — I call Mr Scarascia Mugnozza.

Mr Scarascia Mugnozza, Vice-President of the Commission. — (I) Mr President, I imagine that the Commission's statement—a statement we repeat each month, or at least whenever it seems necessary—will be published in the report of proceedings. On the other hand, the letters are sent to the President of the Parliament only when, as in today's case, technical reasons dictate it.

I believe it is the right and duty of the Office of the President to forward these documents to the honourable Members. This request has been made by Mr Broeksz on previous occasions, and each time we have given the same reply, that when we submit an answer to Parliament we assume it is up to the Office of the President to inform the Members.

President. — I call Mr Broeksz.

Mr Broeksz. — (NL) Mr President, It was not Mr Scarascia Mugnozza I was asking but yourself. I asked whether the Parliament's Secretariat could see to distributing the documents. Mr Scarascia Mugnozza is right; I have asked for it before, but unfortunately unsuccessfully.

President. — Mr Broeksz, I am afraid that I misunderstood your question. As regards the forwarding of communications from the Commission by the Parliament's Secretariat, we will take the necessary steps to meet your request.

14. Oral Question with debate: Bird protection

President. — The next item on the agenda is the Oral Question, with debate, by Mr Jahn, on behalf of the Committee of Public Health and the Environment, to the Commission of the European Communities on binding Community regulations on bird protection (Doc. 473/75):

Subject: Binding Community regulations on bird protection

At the plenary debate on the report on Petition No 8/74, 'Save the migratory birds' (Doc. 449/74), Commissioner Brunner stated on 21 February 1975 that the Commission would put forward a directive if its recommendation of 20 December 1974 concerning the protection of birds and their

President

habitats¹ did not produce satisfactory results. Mr Brunner went on to say that what would then be required would be harmonization of laws on the protection of birds.

Answering Oral Question No 0-25/75 on the inadequacy of Community measures to protect birds², Vice-President Scarascia Mugnozza stated on 11 July 1975, in confirmation of Mr Brunner's promise, that the Commission continued to advocate a recommendation on the protection of birds, with the undertaking to replace it by a more binding legal instrument if it did not bring the desired practical results.

However, prominent international bird-protection organizations have recently complained, and rightly so, that in Italy in particular the massacre of migratory birds has continued on an even larger scale, since the Italian Government has not only failed to comply with the Commission's recommendation, but even contemplated further liberalization of the relevant legislation by extending the hunting-season. The numerous public protest meetings, appeals from bird-protection associations, calls for the immediate cessation of the mass annihilation, signed by 3.5 million people, and protests from many governments against the trapping and hunting of birds in Italy, were ignored.

On the other hand, it is realized that, after studying the matter for some 15 months, the Agricultural Committee of the Italian Senate approved on 10 December 1975 a new Bill by the Italian Government affirming the principle of controls and limited periods for bird-hunting. In various regions of Italy regulations have also been enacted or are in preparation for the purpose of restricting the hunting of song-birds and migratory birds.

Written Question No 599/75, by Mr Calewaert on the protection of Belgian birdlife³, indicates that Belgium has recently relaxed provisions on bird protection. The catching of 80 000 birds, including typical migratory and nesting birds, was permitted during the period 16 October-16 November 1975. Moreover, 602 700 birds that are part of the European bird heritage are kept in captivity in Belgium. Control measures also left much to be desired.

Finally, it is known that the problem of effective bird protection has not yet been solved in the South of France and the introduction of French bird-protection provisions is meeting with strong resistance in certain circles.

In these circumstances, the Commission is asked to answer the following questions:

1. Does the Commission now consider that the time has come to follow up its repeated assurances to the European Parliament and implement the Action Programme of the European Communities on the Environment of 22 November 1973⁴ by submitting forthwith specific proposals for directives or regulations to provide effective protection of our bird-life, particularly migratory birds?

¹ OJ No L 21, 28 January 1975, p. 24.

² Doc. 153/75; Debates of the European Parliament, p. 286 (193/75).

³ EP Bulletin No 41/75, p. 26.

⁴ OJ No C 112, 20 December 1973, p. 1.

2. Is the Commission prepared to take account in its proposals of the European Parliament's resolution of 21 February 1975 on petition No 8/74 'Save the migratory birds'⁵, which advocates the following provisions:

- (a) a general prohibition on the trapping of birds with nets;
- (b) a shorter season for hunting migratory birds by other means;
- (c) a general prohibition on cruelty to captured birds;
- (d) a strict prohibition on the importation into the Community of dead song-birds and migratory birds, and import controls in the case of live birds?

3. Is the Commission further prepared to propose the positive measures suggested in that resolution to protect bird-life, particularly

- the creation of bird-reserves in which hunting is generally banned,
- the preservation of certain species of birds and the creation of suitable breeding-grounds,
- the safeguarding of a healthy environment?

4. When does the Commission intend to publish the conclusions of the study carried out for it by the 'Zoologische Gesellschaft von 1858' on the situation of bird protection in the EEC Member States, which is, in the European Parliament's opinion, a solid basis for immediate positive measures by the Commission and the Council at Community level?

5. Has the Commission, in accordance with Mr Brunner's assurance, included in its proposal for a second environmental action programme measures to protect natural living conditions, with particular reference to bird-hunting?

6. Finally, does not the Commission realize that one of the reasons which make immediate Community measures necessary is to put an end to the boycott of Italy by Community firms because of the massacring of migratory birds?

I call Mr Jahn.

Mr Jahn. — (D) Mr President, ladies and gentlemen, it is not the first time that this House has discussed the problem of effective protection for song-birds and migratory birds in the Community. I recall that on 21 February 1975—that is, a year ago—Parliament adopted a resolution on Petition No 8/74 to save the migratory birds. I would also refer to an oral question concerning inadequate Community measures to protect birds, discussed by this House on 11 July 1975.

In both debates, the Commission gave us binding undertakings, briefly described in the document now under discussion, Doc. 473/75. To this document I draw Members' attention.

⁵ OJ No C 60, 13 March 1975, p. 51.

Jahn

Why has the Committee on Public Health and the Environment again taken the initiative here? Firstly, there is the unambiguous instruction from this House, which in its resolution of 21 February 1975 asked its appropriate committee to follow closely future measures by the Commission and the Council regarding the protection of birds, and to keep it informed thereof.

Especially recently, we have been receiving complaints from prominent international bird-protection organizations which cannot be ignored. They often amount to one or two kilos in my post-bag. In particular, these complaints allege that the numerous public demonstrations, appeals from bird-protection associations, petitions bearing three-and-a-half million signatures for the immediate cessation of this mass destruction, and protests from numerous governments against bird-trapping and hunting in Italy, have been ignored.

Our committee has, however, sought to look at the matter objectively and realistically. We have found that quite serious efforts are being made in Italy to secure better protection for song-birds and migratory birds. Some of our Italian colleagues will no doubt go into this further.

I should, however, like to say the following: the bill passed by the Italian Senate shows an absolute lack of any sensitivity and understanding for the protection of Nature and the landscape, or for the ecological structure. After a brief preamble full of fine words, bird-trapping by trapping-stations is allowed for another three years—I repeat, ladies and gentlemen, three years—for the purpose of catching living decoys for hunting from hides.

It is very bad that the killing of wild birds should have been allowed again for such a long period. I shall quote an example—it will raise a stir in Germany. Larks, misselthrushes and song-thrushes can be hunted for 6 months; young snipe for 7 months, finches for 4 months, and so on. And the well-known mentality of hunters, who lie in wait and shoot at anything that moves, will mean that the permission they have been granted to hunt for over 7 months in a year will allow them to go on shooting at, or shooting down, all the birds that fly over Italy. Several hundred million migratory birds—estimates are around 3 or 4 hundred million—are destroyed in this way in a year. The extermination of whole species of migratory birds means the destruction of the whole ecological balance in northern Europe! That is why I am stressing this. I would remind you once again that an investigation by the German Zoological

Society has shown that 11 species of birds have been exterminated in the last 15 years.

We know from Written Question No 599/75, by our colleague Mr Calewaert on the protection of bird-life, that the bird-protection regulations in Belgium have lately been relaxed. Nor should we overlook the fact that in France, too, the problem has still not been satisfactorily solved and that implementation of the French bird-protection regulations is meeting with considerable resistance from certain quarters.

Our committee was therefore in agreement that effective protection for our song-birds and migratory birds is an urgent necessity not only in Italy, but in the whole Community.

To this end, there must undoubtedly be harmonized Community provisions. What we want is nothing else—really nothing else—than realization of the European Parliament's proposals of February last year.

We had asked the Commission to put forward specific proposals for directives or regulations on the basis of Article 235 of the EEC Treaty, including the following particular provisions:

- A general ban on the netting of birds;
- A shorter open season for the hunting of migratory birds by other means;
- A general ban on the torture of caged birds;
- A strict ban on the import of dead song-birds and migratory birds to the Community, and controls on imports of live song-birds and migratory birds.

These things were called for by this Parliament unanimously.

In addition, to guarantee active protection of the birds, we propose positive measures aimed in particular at

- the establishment of bird sanctuaries in which bird-hunting is generally forbidden;
- the preservation of particular bird species and suitable sanctuaries for the birds to multiply in;
- guarantees of healthy environmental conditions.

Thus, ladies and gentlemen, we in no way made a summary call for a general ban on the hunting of birds, but called only for limited measures to protect our song-birds and migratory birds from decimation or even—as I have already told you in the case of 11 species—from extermination.

Jahn

After all this, we can only regret that the European Communities' environment programme of 22 November 1973 has not been realized in this sector. We know that the Commission does not have an easy task in getting national governments to listen. We as a Parliament, however, must make our position clear now and ask the Commission to take more steps. National regulations on the protection of animal life and particularly migratory birds were supposed to have been surveyed with a view to harmonization by 31 December 1974. We do not know how this examination has turned out; we should be very grateful to Commissioner Scarascia Mugnozza if he could give us information on this.

On 21 February 1975, in the debate on the petition to save migratory birds, we said quite openly that we could not rid ourselves of the impression that, despite numerous initiatives from this House, the requisite energy was not being devoted to the solution of this problem. That is all the more incomprehensible since my colleagues on the Committee on Public Health and the Environment, not least myself as rapporteur, have received a veritable deluge of petitions from all circles of the population of every Member State, including Italy, declaring solidarity with the demands made in our resolution of February 1975 and expecting something to happen.

We know the difficulties the Commission has. I have mentioned them; I think that it too has by now found out that nothing more can be done through recommendations, and that we have to come to a regulation in this area. We repeat that in accordance with the instructions from the Paris Summit Conference of October 1972—and it is on this note that I should like to end—it is Article 235 of the EEC Treaty that is to be taken as the legal basis for Community measures in this area of environmental protection.

We would therefore be very grateful to the Commission for a comprehensive answer to all the questions in this area, and in particular, we await information on when we can expect the proposals for regulations on bird protection that we have been calling for for some time.
(Applause)

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

Mr Willi Müller. — (D) Mr President, our group emphasizes the importance of the question put to the Commission by the Committee on Public Health and the Environment. Moreover, it supports in full the calls from the responsible com-

mittee to the Commission, as expressed a year ago now in a unanimously-adopted resolution.

The implementation of this section of the 1973 environment action programme cannot in our view be put off any longer. Moreover, the numerous assurances from responsible Commission spokesmen about putting forward proposals for directives or regulations to protect our bird-life have to be made realities. Programmes, assurances and resolutions of this House have so far not had any positive results. Appeals to the governments of the Community countries to protect song-birds and migratory birds have so far gone largely unheard; on the contrary, developments have taken place in the interim, and can be proved to have taken place, that, quite obviously, not only do not take these demands into account but even turn them into a mockery. What I have in mind here are developments in Belgium, but also in southern France and, of course, as Mr Jahn rightly complains, particularly in Italy. That this should have been possible after the numerous appeals and protests from the indignant public is a fact that deserves especial attention.

When discussing this topic we should be guided not only by the justified indignation of public opinion, but we must also, of course, try to do justice to the facts. We have stressed that repeatedly. Above all, we must appreciate that the present situation is seriously disrupting and damaging the balance of our ecology. To that extent, this is an indisputable and well-established component of a European environment policy.

I should like to stress that our quality of life is being endangered by such wrong causes. The expert opinion prepared for the Commission by the Zoological Society in Germany, which has been available since the middle of last year, makes this absolutely clear and proves it irrefutably.

Allow me to point out further that the desirable tightening up of hunting regulations alone is not the whole story. Part of it is—and this has to be said to the public as criticism—that it is above all human misconduct that is responsible for these deplorable developments, or at least considerably favours them.

Allow me to make a few remarks on this. The use of pesticides and insecticides in agriculture is putting far more of these endangered birds to death than any misunderstood hunting or fashion for hunting, behind which there are, by the way, quite specific economic interests. In Italy, for example, during the hunting season of 1973—a short period—2 thousand million shots were fired at migratory birds alone, cost-

Willi Müller

ing 200 million birds their life. That is, I feel, very regrettable.

I should like to make a further observation—a self-critical one, if you wish—which was contained in the resolution passed at the time by this House and which is once more particularly stressed in the question to the Commission: imports of living or dead song-birds and migratory birds from one Community country into another should be banned. For it is the demand that makes other countries do what they do in this area. I deplore the fact, for instance, that in three German *Länder* there is a very high demand for imports, so that the Italians are almost forced to meet it.

I condemn that. It is apparently not possible to cope with this development nationally. With us in Germany, for example, the Nature Protection Act gives no adequate recourse. We ought, therefore, to demand that the Commission, after the phase of declarations and after the phase of recommendations, should now take immediate measures. Such immediate measures would be fully supported by my group.

(Applause)

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

Mr Normanton. — I join other Members of the House in offering our congratulations to Mr Jahn on having prepared and presented to us this document. He is to be congratulated upon having identified an area of deep and widespread concern and one which is based upon reality and a recognition of the problems. Those who wish to support and look after the interests of birds recognize that something has to be done.

I wish to make two points. The first concerns wild birds. In my view, the extent to which individual organizations the length and breadth of the European Economic Community have established wild-life preserves is not sufficiently widely understood. I cannot help but feel that the work of those voluntary organizations is highly to be commended. Indeed, we in this Parliament should put on record our approval of, and enthusiastic support for, them.

Their purpose is to protect those species of birds which, if not given appropriate protection, will ultimately become extinct. Any measures which can be taken to prevent this should be taken.

It would be evidence of the wish of the Community as a whole were individual national wild-life preserves to seek the approval of, and endorsement by, the Community of their

aims and their methods of achieving those aims. I suggest that those wild-life preserves which are in operation should be given the hallmark of approval of the Community so that all who live in the Community can recognize the concern of the Community as such for the work they are doing.

Tame birds or caged birds present very great difficulties. First, we must recognize the very serious casualties and the terrible suffering which arise from the indiscriminate collection of wild birds from all over the world and their transportation into the European Community. If the Community has a sense of civilizing influence, it cannot allow that terrible loss of life to continue. One needs only to be at London Heathrow or any other major airports anywhere in Europe to see the large proportion of the birds transported that arrive dead or dying and are then destroyed. Nothing is more heartrending than to see that kind of trade.

We then have inside our Community the problem of the merchandising of caged birds. Here I believe that the Community has a role to play. One can visit shops, stores and public market-places and see offered for sale tens of thousands, —indeed, probably hundreds of thousands—of caged birds, some of which are kept in what one can only describe as an appalling, disgusting, disgraceful condition.

However, we must recognize that many of these caged birds, on being offered for sale, are bought entirely at the whim and fancy of children at birthday- or Christmas- time. Far be it from my group or, indeed, this Parliament, to try to stand in the way of children being given some pleasure and some awareness about wild birds in cages. However, the way in which birds are only too frequently bought, caged and within weeks left to die or thrown away is highly deplorable. The Community must take note of this. This should be done as far as possible not by process of legislation, directives or regulations but by warning and alerting the people of Europe to this tragedy and trying to educate children and parents to avoid indulging in this indiscriminate waste of life.

I do not feel that this process can be dealt with effectively by legislation. It can be dealt with only by education. I should like to see in the schools, in the media and in political fora a growing awareness of the unnecessary and avoidable suffering which occurs so frequently where caged birds are offered for sale.

Lastly, it would be unwise to overlook the fact that there are many breeders of caged birds in Europe who take pleasure, not only in the sight and possession of the birds, but in the skill

Normanton

and expertise of breeding them, for instance, by breeding improvements, and in preserving them from extinction. The highly-respected and qualified breeder is to be supported and congratulated. It is the indiscriminate transportation and sale of caged birds in totally unacceptable conditions of which the Community should beware, so reducing the suffering to an acceptable minimum.

(Applause)

President. — I call Mr Della Briotta.

Mr Della Briotta, Chairman of the Committee on Public Health and the Environment. — (I) On behalf of the Committee on Public Health and the Environment, I should like to second the expression of thanks to Mr Jahn for the constancy and tenacity with which he pursues this debate, which must not be allowed to take place in a vacuum.

If a satisfactory solution is to be found to this problem, a solution that will reduce the damage to the bird population, there must be harmonization of measures among Member States; there must be a prohibition on the use of particularly destructive firearms, such as automatic or heavy mounted rifles; close seasons must be introduced and areas where birds may be hunted restricted; there must be sanctuaries where they can reproduce in peace. There should also be a ban on the catching and selling of birds of prey.

I say this because the proposal to eliminate the hunting of birds throughout the Community is unrealistic, as anyone familiar with the traditions of number of our countries must recognize.

Some Member States, concerned about the implications of a reduction in the populations and numbers of species of birds, have already adopted some measures of this kind.

What is absolutely essential, then, is that these measures should be harmonized or that there should be overall legislation at Community level, because birds not only do not vote in elections (as was pointed out by a journal in my country when a relevant bill was being debated), but above all, birds are no respecters of frontiers!

We must thus have harmonization if the individual laws aimed at protecting the bird population and its varieties are not to remain a dead letter.

I should like to refer here to a new proposed law on hunting in Italy which has obtained the backing of a part of the Italian Parliament and which has this aim.

Though there has been some progress in the matter of hunting (although public opinion

rightly demands more comprehensive provisions), we should realize that if we want to ensure effective protection of our bird populations, and especially if we want to protect insectivores and birds of prey, which are valuable in agriculture for maintaining the ecological balance, we need, side by side with Community legislation on hunting, control of the use of anticryptogamic agents and pesticides in agriculture.

For purely economic reasons, their use in agriculture is today increasing. Industry can offer no other means of protecting agricultural crops, and in a period of shortages, such as the present, it is most important to keep up production levels. But the result is that both the number of bird species and their overall populations are rapidly diminishing. The use of pesticides in all those regions where migratory birds stop to rest, if only for a night, has caused enormous damage. We only need to think of DDT, which is not biodegradable, which remains in the soil for long periods and which, while it certainly exterminates harmful insects also poisons the birds which feed on them. Enough to mention the annual depletion of the number of swallows —birds which are neither shot or trapped nor hunted by predators. Yet swallows are dying out as a result of the widespread use of insecticides and anticryptogamic agents. These insectivores are obliged to feed on poisoned insects, poisoned quite unnecessarily, since they would in any case be eliminated as they are on the way to extinction.

What lessons are to be drawn from all this? I do not want to repeat here other speakers' arguments, which I support. I think the Commission should make energetic representations to the Member States about strengthening the legislative and administrative measures needed to ensure the protection of birds, and more particularly of migratory and predatory birds. The Commission should not confine itself to the problem of fowling and fowling seasons, but should also bear in mind the fundamental question of the use of chemical agents. Nor should this action be restricted to Europe, although it should be aimed more particularly at certain individual countries: my own in the first place, and then France, over which migratory birds must of necessity fly and where they stop to rest. A country like Italy, stretching from the centre of Europe down to the vicinity of Africa, is inevitably a zone of passage for these feathered migrants. The same is true of Southern France and also of some parts of Belgium.

But it would be mere empty moralizing if we confined ourselves to these facts and ignored

Della Briotta

the huge international traffic in live and dead birds from North Africa.

I recall that when this problem was being discussed in the Italian Chamber of Deputies, there were placed on the Chamber table stacks of postal packets containing birds being mailed by firms to those countries when fowling is banned. There may be a ban on fowling, but neither the post nor the activities of big business know any barriers.

I believe, therefore, that the Commission should give serious consideration to the problem of trade in birds originating in the Mediterranean area, and especially in North Africa. In these regions where the migratory flights begin, there is mass slaughter of migratory and song-birds, a butchery perpetrated with the use of special nets, no longer employed in Europe, to supply an unfortunately, flourishing trade with Community countries. Determined action by the Community to ban this trade, as also to ban the excessive use of chemical agents, would undoubtedly achieve considerable progress and prevent the need for us to examine the problem again in a few months or in a few years, when we should only find that although a growing number of Europeans are becoming conscious of the problem, although the mass media have adopted the cause, naturalists still discover that the number and variety of birds on our continent is diminishing daily.

I conclude with the expectation and the hope that the European Community will act speedily with the right aim, the aim supported by the Committee on Public Health and the Environment and, I trust, by the whole House.

President. — I call Mr Scarascia Mugnozza.

Mr Scarascia Mugnozza, Vice-President of the Commission. — (I) Mr President, honourable Members, I want to thank Mr Jahn for drawing the European Parliament's attention once more to this extremely sensitive problem and to thank all the speakers in the debate.

I must make it clear that in recent years the Commission has been attaching ever growing importance to the protection of birds, and especially of migratory birds. As you know, one of the Commission's acts was to have a German zoological society carry out a study of the situation of wild bird-life in various Community countries, with the twin aims of obtaining a factual survey of the damage to particular species and examining existing protection measures in the Member States.

From this study we were able to obtain all the necessary background for a draft directive on

bird protection: the draft was prepared by the Commission towards the end of 1975, and it was decided to submit it both to Parliament and to a specialist working-party, so as to make sure that the directive proposals ultimately submitted to the Council meet the real needs.

As in all proposals concerning the environment, the Commission has borne in mind the views of the European Parliament, and particularly those formulated in the resolution on Petition No 8/74 of 21 February 1975, in the extensive debate on which many Members took part.

These are the guidelines which the draft directive is to follow. First, a general system for the protection of wild bird is to be established, comprising the prohibition of killing and trapping and of trade in birds, both dead and live. This system would provide for certain exceptions, in respect of certain species (for instance, game birds) and certain special situations (for instance, when the population of a particular species grows to a dangerous size). It would at all events, however, ban the use of nets for trapping.

In regard to species threatened with extinction, the draft directive provides for stronger protection measures (which should apply not only to the birds themselves, but also to their habitat). This is to be achieved through the designation of suitable areas as bird sanctuaries and special measures to prevent pollution of such areas. More particularly for migratory birds, there will be special provision for setting up chains of protected resting areas on the migration routes.

As regards Mr Jahn's request that the survey I mentioned should be published, I am happy to be able to tell you on behalf of the Commission that negotiations on this were concluded at the beginning of 1976 and a contract with the publisher has been signed. Publication can be expected in the next few months.

I should also like to confirm that the Commission will propose to the Council of Ministers, after examination by the European Parliament, a set of further measures for the protection of wild-life to be included in its environmental action programme.

Here I would add that the second environmental action programme is nearly ready. I hope to be able to forward it to the European Parliament within two months at most.

For the special case of migratory birds there are already projects for the harmonization of some regulations on their shooting and trapping, the harmonization of certain provisions of the

Scarascia Mugnozza

Washington agreement on trade in birds and of measures to protect the birds' natural environment, as well as a number of proposals for directives on pesticides and anticryptogamic agents.

As to Mr Jahn's last question to the Commission, whether there is any boycotting of Italy by certain firms, I want to state that there is no such boycott against Italy. I must add further that, as Mr Della Briotta has also pointed out, current legislation in Italy is moving in the direction that Parliament has repeatedly advocated and which is desired by all nature- and animal-lovers. I, personally, was receiving in past years hundreds of letters from various Community countries protesting against the fowling methods in Italy, and I can tell you that their number has now dwindled to insignificant proportions, which indicates that the problem is approaching a solution.

Mr President, I want to reaffirm here the Commission's commitment to tackle this problem with a full sense of responsibility. I should add—and I was glad to hear this said by a number of speakers in today's debate—that ultimately this is a question, not only of controls at national or Community level, but of proper education.

In Italy I live on the Adriatic coast and I know what it is to see these flocks of birds tired out by their long sea-crossing arriving only to be met by hundreds of hunters waiting to destroy them; I am also familiar with the gravity of the problem of anticryptogamic agents, especially when they are used in the ways that we know. But this is not only a matter of education, it is also a question of ignorance. So we should all make an effort, with such means as we have, to ensure that action is taken in our own countries to create an understanding of the damage that is done to Nature, as well as the harm that each of us does to himself and to humanity when he fails to exercise the modicum of goodwill needed to respect the needs of his fellow-creatures and show a little kindness to these poor birds.

Here, then, Mr President, are the Commission's intentions, some of which have already found expression in practical measures, and which will be embodied in the proposals we shall be submitting at an early date to the European Parliament. I have also wanted to tell you of my own feelings in order to reassure Members that, beyond the dry measures of legislative action, there is also a continuing ideological concern to which, I believe, we should all be loyal.

(Applause)

President. — I have no motion for a resolution on this debate.

The debate is closed.

15. Regulation on regular coach and bus services

President. — The next item on the agenda is a vote without debate on the report drawn up by Mr Nyborg, on behalf of the Committee on Regional Policy and Transport, on the proposal from the Commission of the European Communities to the Council for a regulation amending Council Regulation (EEC) No 517/72 of 28 February 1972 on the introduction of common rules for regular and special regular services by coach and bus between Member States (Doc. 495/75).

Does anyone wish to speak?

I put the motion for a resolution to the vote.

The resolution is adopted¹.

**16. Oral Question with debate:
Detention without trial in France**

President. — The next item on the agenda is the oral question, with debate, by Mr Ellis, Lord Gordon-Walker, Mr Evans, Mr Hamilton and Mr Mitchell (Doc. 493/75):

Subject: Detention without trial of Yann Fouéré and others in France

Having regard

- to the European Parliament's rôle as the democratic forum for the protection of individual human rights within the European Communities;
- to the fact that the Commission of the European Communities has frequently condemned the violation of human rights, and, in its statement on European Union, has underlined the necessity of increased guarantees for human rights within the Community;
- to the fact that the Court of Justice of the European Communities has stated that it considers fundamental human rights to form part of the general principles of Community law;
- to the fact that all Member States are signatories of the European Convention for the Protection of Human Rights and Fundamental Freedoms;
- more especially to the fifth and sixth articles of the aforementioned Convention;
- to the detention without trial since 18 October 1975 of Dr Yann Fouéré and other prominent members of non-violent cultural and political movements in Brittany;

will the Commission

- (i) State what it is doing to further the cause of human rights and fundamental freedoms;

¹ OJ C 53 of 8. 3. 1976.

President

- (ii) call upon the French Government to substantiate its changes against the aforementioned detainees and to bring them to trial without further delay?

I call Mr Ellis.

Mr Ellis. — Mr President, Dr Yann Fouéré is a 65-year-old Breton of French and Irish citizenship who has been held in a French prison since October of last year, when, together with about 50 other people throughout France, he was arrested and detained at Rennes police headquarters for five days. During the night of 23 October he was transferred with 12 others to Paris, where, after a further 15-hour wait without sleep in the *Cour de Sûreté de l'État*, he was formally charged with possessing explosives—three old detonators found on the family farm—and attempting to reconstitute a banned movement.

A month later, on 20 November, he appeared handcuffed before a magistrate for an interrogation session lasting an hour and a half. The magistrate in his examination made no reference to the possession of explosives, nor did he dispute the defence's claim that there was a lack of evidence to sustain the charge of attempting to reconstitute a banned movement.

On 2 December, following the magisterial examination, a request for a provisional release pending trial was refused by the *Procureur Général* on behalf of the Minister of the Interior. Two reasons were given for this refusal: first, that Dr Fouéré had a residence in Ireland and, secondly, that further interrogation was required. No appeal to a higher court against this refusal is possible.

No further interrogation before a magistrate occurred until last Tuesday, when a second magisterial interrogation was held, this time under a new magistrate, the original magistrate being no longer concerned with the case, so that to all appearances Yann Fouéré was back where he was on 20 November.

In the meantime, under the procedure of the special court, there is no time-limit prescribed within which Fouéré and others must be brought to trial or released.

I am anxious today to be as soberly objective as possible. It has become necessary, however, partly because of some scurrilous accusations about Dr Fouéré which have been widely circulated, partly because of what I take to be sincere misjudgements about the European Community's position in the matter, and partly because of the important issues of principle

involved, for me to refer to some matters which are outside the narrow technicalities of Dr Fouéré's case but which bear heavily on the question of human rights.

I should like to dispose of the ugliest things first. Some persons, for whatever wicked reason, have seen fit to circulate the story that Yann Fouéré was a collaborateur with the enemy during the war and that at the time of the liberation he was condemned to death, only to be granted an amnesty. It is true that he was accused in 1944, and in fact he was held a prisoner for 12 months without being brought to trial. He was then released for lack of evidence and went into exile to Wales.

Following the intervention of the 1946 Gaullist Government, however, and with the participation of some Breton parliamentarians, who seem to be taking a sinister and malevolently non-judicial interest yet again in Yann Fouéré's affairs, the wartime case was reopened after Dr Fouéré had left France to live in Wales and later in Ireland. He was tried in his absence, found guilty and sentenced to life imprisonment with hard labour.

However, in 1954, on being assured of a fresh and fair trial, he returned to France on his own volition to face the charges. He was tried by a military tribunal in 1955, found not guilty and acquitted. At that trial much of the evidence which had been presented against him was shown to be false and a number of prominent resistance leaders testified to the integrity of Yann Fouéré during the war years and bore witness to the active support he gave the resistance networks.

I want to emphasize at this point that Yann Fouéré was acquitted, not granted an amnesty or a pardon, as has been rumoured, and that I have with me a copy of the actual acquittal papers.

There is one final point about the 1945 episode. Even if all the accusations had been proved, they would, of course, have been utterly irrelevant to the present charges. Secondly, I want to touch briefly upon the political background to the case.

The *Cour de Sûreté de l'État* is a court of emergency set up in 1962 during a turbulent period in French-Algerian history. Significant features of the court are that it is part of the machinery for dealing with political offenders and is different from normal judicatures in coming directly under the control of the Executive—in practical terms, under the Ministry of the Interior.

The House will accept as a general proposition, I am sure, that exceptional circumstances can

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arise in any of our nine countries which might justify the introduction of legal processes less judicially impartial than those normally acceptable. But the circumstances have to be truly exceptional if the justification they provide is to withstand the dispassionate scrutiny of those who have regard for the highest judicial standards.

One has only to reflect on the present situation in Northern Ireland, where, during the past five years, more than one thousand people have been killed in a population of only one-and-a-half million and where, at the same time, the national Government has finally decided not to hold in custody anyone who has not been found guilty of charges under the normal judicial procedures, to appreciate the moral and, for that matter, political importance that can be attached to the obligation to maintain the most impartial of judicial standards.

I respectfully submit to the House and, if I may, to the French Government, that nowhere in France, including Brittany, is the political situation grave enough to warrant the use of the *Cour de Sécurité de l'État* and its increasingly apparent arbitrariness for the holding of Yann Fouéré and the others in custody.

This brings me directly to our position as representatives and officers who, in our various ways, serve people who are members together of our own European Community, each part of which now bears responsibility to the others.

I have received a written reply from the Commission to a question on Yann Fouéré which I tabled in December. That reply disappointed me greatly. It made two points: first, that the Commission felt that it should abstain from any declaration on a case which was still before a national judicature; and, secondly, that the case did not fall within the sphere of activities of the Community.

I want to deal with both points. The first, of course, refers to the *sub judice* principle. The whole point of that principle is that no court of law, no judicature, should be exposed to any pressures which might prejudice its legal objectivity and impartiality.

If I did not on that very count already have the gravest suspicions about the treatment that Yann Fouéré and others are receiving, I should not have found it necessary to insist on pursuing the matter on the floor of this House. The *sub judice* principle is not only specious, or spurious, when applied to a judicature under the control of the political executive but it might actively have to be contravened if justice is to have any hope of being done. The reply that I received from

the Commission on that count is invalid and I reject it.

The Commission, in its second answer, claims that the matter is outside the competence of the Community. I could, of course, quote from many statements made by the Commission in the past which explicitly repudiate that claim. To give one example, on 6 June 1973 in this House, in reply to a question by Mrs Caretoni Romagnoli about the imprisonment without trial of a prominent Greek jurist, the Commission said that it would protest to the Greek Government.

I shall resist the temptation to quote other examples, but content myself instead with quoting from what might be called the definitive statement made by Sir Christopher Soames on Wednesday, 14 March 1973, again in this House, replying to questions by Mrs Romagnoli and Mr Cifarelli. Sir Christopher said:

'Let me make it clear once and for all that every contravention of human rights, no matter where it may be, is abhorrent to me and my colleagues.'

There is no doubt that the present detention of Yann Fouéré on several counts is a flagrant violation of human rights. We have in this House Members who are eminent jurists, some of whom, who sit on the Legal Affairs Committee, are actively concerned at this very moment with Community law and the protection of fundamental rights. The report published on behalf of that committee as recently as 26 November last—a few days after Yann Fouéré had been put in prison—refers in its motion for a resolution to the need for fundamental rights to be an integral part of the general principles of Community law and to drawing inspiration from the European Convention on Human Rights, a convention which, in Articles 5 and 6, refers directly to the rights of accused men to be brought to trial, and a convention to which all our Member States have acceded. Thus, the Commission's answer to me again is manifestly invalid and, if I may be so bold, is unworthy of the Commission and of this Community which it serves. Again, I reject it.

Finally let me tell the House that the case of Yann Fouéré, with whose name is coupled the names of other men wrongly held in custody, is now a *cause célèbre*. I have a copy of a petition on his behalf signed by many eminent people of many nationalities—artists, writers, politicians and others concerned with these fundamental issues—whose names are regarded with respect. I refer to such people as Denis de Rougement, Henri Brugmans, Robert Lafont, Gwynfor Evans, Jean-Paul Sartre, Patricia Elton-Mayo and countless others throughout Western Europe.

Ellis

It will be tragic if the French Government in the single-minded pursuit of policies of centralism which it is entitled to follow, whether misguided or not, should put itself in a completely untenable position in the eyes of all humanitarians and supporters of justice in this case. It will be equally tragic if the Commission, the executive arm of our new Community, should spuriously claim that it is none of its business.

I beg the Commission to reconsider its earlier answer and, for the sake of justice and its own reputation, to come forward with a different one.

(Applause from certain quarters)

President. — I call Mr Scarascia Mugnozza.

Mr Scarascia Mugnozza, Vice-President of the Commission. — (I) Mr President, within the framework of Community law, the Commission attaches fundamental importance to human rights and their protection; it was thus, and in response, incidentally, to the Parliament's vote of April 1973, that the Commission drew up a report on the entire complex of these questions. This document, which was forwarded to the European Parliament just lately, contains points considered by the Commission to be essential for the upholding of human rights and fundamental freedoms. We were particularly happy to see the recent pronouncements of the Court of Justice on the observance of the general principles of law and of the fundamental rights recognized and guaranteed by the constitutions of the Member States.

It is, besides, the Commission, which by its right of initiative participates in the Community's legislative activity, that sees to it that the principles laid down by the Court of Justice are respected and fully implemented.

The Community's competences—and hence those of the Commission—are exercised in the areas specified by the Treaties: that is, essentially, in the areas of economic activity. And it is in this area that the establishment of the Common Market has considerably extended the field of application of citizens' rights in the Member States. In this sector, therefore, the Community's—and therefore the Commission's—powers are being fully exercised.

In the Commission's opinion, the particular case to which the sponsors of the question refer falls within the competence of the Member States, and the Commission does not feel able to take any action. It should also be recalled—and emphasized—that the fundamental principle of the separation of powers expressly forbids any executive body to intervene in a

judicial procedure. I have listened attentively to Mr Ellis and I can guess that he is not pleased with my reply. But when it is a matter of a case *sub judice*, such as that of which he has spoken, I do not think that one can go beyond the Commission's reply to the written question or beyond that given today through me. Nor do I think it is for us to say whether the court by which the case is being tried is fair or unfair. What is certain is that in situations of this kind the executive normally never intervenes.

(Applause from certain quarters)

President. — I call Mr Giraud.

Mr Giraud. — (F) Mr President, honourable Members, French socialists have always traditionally defended the rights of man. The establishment of the French Human and Civil Rights League, due to a socialist, Francis de Pressensé, then the ideas of Jaurès and of Victor Basch, assassinated by the militia on Nazi orders, are sufficient to prove—without mentioning contemporary socialists—the continuity of our tradition. Likewise, French socialists, in the same week, protested against a death-sentence in Leningrad and one in Burgos. That means that we draw no distinctions in the fight to defend human rights, and I think it would be hypocritical on our part not to deal with a problem because it arises in our own country.

I shall therefore say, even if I must here disagree with a certain number of my French colleagues, that the Socialist Party continues to protest against preventive detention for over-long periods, and that the Socialist Party has also called for the suppression of the State Security Court. But these problems fall, I feel, within the sphere of the French Parliament and hardly that of the European Parliament.

On the principle of defence of freedoms I can, therefore, only associate myself with what Mr Ellis has said, but on this particular issue I should like, briefly and unemotionally, to allude to two very important factors: in the first place, however much many of us are ready to show the greatest pity for people who are beyond reproach, we also think it a serious waste of such pity to exercise it on people who, before and after the Nazi occupation, were collaborators and played an important part in repressing the resistance fighters and patriots, even if they were acting under a mask of the interests of their own region. There are too many dead, too many deportees, too many wounds that have not yet healed, not only in France but in all the countries that underwent the occupation, for us to attach too much importance to people who, under the occupation, spat on human rights and stood side by side with

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those who were torturing and killing the patriots.

(Applause from certain quarters)

The second point concerns the question of non-violence. Here, too, we are asked to absolve in advance people who are supposed to support it. I should like to point out that, when it comes to clandestine movements, it is hard to tell who is who and who is with whom. And sometimes people who are perfectly non-violent are induced to work, perhaps in spite of themselves, with people who are not. Without wishing to draw a comparison that would be quite out of place, I would point out that Gandhi was assassinated by people who theoretically should have been on his side.

That is why, taking account of what we know about this business, we are not sure whether this or that person was directly linked with this or that crime, but it would be really difficult to accept that defending the interests of Brittany, or more widely, Celtic interests, ought necessarily to take the form of fires, bombs and crimes of all kinds, among the victims of which might also have been Members of this House. Social democracy may seem weak, but it has always been against the use of violence for political ends, and I do not see why we should accept it more in Brittany than elsewhere.

These are the few remarks I wanted to make. By all means let us champion rights, but let us beware of being caught in a dangerous trap.

(Applause from the Right)

President. — I call Mr Bourdellès.

Mr Bourdellès. — *(F)* Mr President, honourable Members, I am quite certain I am the only Member of this House, the only parliamentarian, who speaks Breton and represents a constituency whose population, when it is locally born, uses Breton. Breton is the language in my own home. It would be fairly easy for me to talk with my Welsh colleagues, since the population of the north of Brittany was originally strongly impregnated by Welshmen condemned to flee their native land to escape the Scandinavian and Saxon invaders.

If I take the liberty of bringing up matters that some of you may think rather personal, it is because I feel I represent an immense majority of the Breton population, attached to their cultural and linguistic identity but nevertheless finding no difficulty in reconciling the concern to preserve Breton identity with their French heritage.

It is on behalf of all these men and all these women, in whose hearts the love of Brittany is not and never will be separate from the love of France, that I say frankly to our British colleagues who by tabling an oral question brought about this debate that they have been wrongly inspired and that they are dragging the European Parliament onto particularly dangerous ground for the present and for the future. They are in fact raising questions that are completely outside its competence.

Moreover, they are going against one of the fundamental principles of all free democracies—that of the separation of the legislative, executive and judiciary powers.

The French judiciary is currently seized of the matter that has inspired the intervention by our Irish socialist colleagues. The court is not, as has been said, an exceptional court, but a specialized court. The examination is carried out by a judge whose independence no one has the right to doubt. It is possible that this examination is taking longer than any of us might wish, and that is perhaps because there may be fairly complicated ramifications to be unravelled in this affair—ramifications which may lead abroad—notably, as we well know, to Ireland. But the rights of the defence and the accused, who benefit, those of them who are detained, from treatment as political prisoners, are respected in full. The laws on penal procedure are strictly applied, and in the event of differing interpretations a number of legal recourses are open.

In these circumstances, by what right do you as European parliamentarians, appointed for specific tasks assigned to us by the Treaty of Rome, claim to interfere in a matter of which the courts in my country have been seized?

Faithful to the principle of French law, and of the law of many other democratic countries according to which any accused person must be presumed innocent until found guilty by a judge, I have avoided saying anything about the background to the matter, and I have refrained from giving my personal opinion on the behaviour of certain of the accused during the Second World War and the four years of occupation that my country underwent and which cost Brittany so many thousands of dead.

I shall confine myself to expressing my surprise that British parliamentarians, who have been, and still are all too often today, witness to material and moral damage caused on the soil of their own country by the recourse to violence, should be astonished that France wishes to prevent one of her provinces, Brittany, from being ravaged by bombings carried

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out under cover of darkness, and that she is taking the measures considered necessary to put out of harm's way the authors of criminal acts that the population condemn, whether their language is Gaelic or Breton.

I should like the President of this House to allow me to conclude by saying that I am astonished that the Bureau of the European Parliament should have allowed this question to be put on the agenda. It is not through unfortunate initiatives of this nature—which are, I repeat, totally foreign to the tasks that are ours and contrary to the separation of powers, as Mr Scarascia Mugnozza has just said—that we shall increase the moral authority and the prestige of this Parliament.

(Applause)

President. — Mr Bourdellès, your reproach to the Bureau does not appear to me to be entirely justified: all that the Bureau does is, in fact, to make proposals and it is the House as a whole that agrees or refuses to include an item on the agenda.

I call Mr Laudrin.

Mr Laudrin. — *(F)* Mr President, honourable Members, Mr Ellis and his British colleague have brought up before this House a very awkward question. I should like to furnish some legal details on this affair and to ask some brief questions in my turn.

Yann Fouéré, currently detained in the Santé prison, was arraigned on 24 October 1975 before the State Security Court. I quote the official statement by the Garde des Sceaux at the rostrum of the National Assembly:

He is accused on the one hand of being in possession of explosives—and not just a couple of matches, as has frequently been said—and on the other hand of reconstituting a banned organization. During searches in his country house on the north coast, detonators and documents relating to the organization of the FLB were discovered. Yann Fouéré has been presented by the other accused as the leader of that organization. He has been arraigned as such before the Security Court, and will be tried once investigations have been completed.

The banned organization mentioned by the Garde des Sceaux is the FLB (Liberation Front of Brittany), which takes enough account of us to send to every parliamentarian threats of which I have an example I can show you. I would state simply that since the month of July, when the new attacks commenced, I was the first victim, the church and the presbytery in

my parish having been bombed. One of our former colleagues, Mr Estève, had his house severely damaged one night. I think that all my other colleagues also regularly received threats. Some of them, like Mr Cointat, who has allowed me to mention him, have received four of them in writing, signed by the FLB.

I would point out in passing to our Labour colleagues that the exact name of the movement is as follows: Liberation Front of Brittany and Socialism. It is up to you, gentlemen, to disassociate yourselves!

Between 1 July 1975 and the date of Yann Fouéré's arrest, twelve attacks took place in Brittany aimed particularly at Members of Parliament; four of these attacks were officially claimed by the FLB.

Yann Fouéré is accused under the Decree-Law of 1939 on the possession of weapons and ammunition, and articles 697 and the following ones of the Code of Penal Procedure, relating to crimes and offences against the security of the State. Our Code must be applied. I have the articles available for anyone who wishes to consult them.

The examining magistrate in charge of the affair refused on 24 December 1975, as was his right, to put the accused provisionally at liberty. This decision was confirmed on 9 January 1976 by the Security Court's appeal mechanism. The present detention of Yann Fouéré and of the five other detainees accused in the same affair on the same counts is therefore not arbitrary, as the questioners apparently wish to suggest. It has been the subject of at least three legal decisions: a custody order from the procurator of the Republic, the refusal of bail by the examining magistrate, and the confirmation of this decision by the Security Court's supervisory chamber.

That is the legal answer, which should supply the necessary explanations to this House.

But I should like very briefly to put two questions: they are connected—at least one of them—with what has already been mentioned. Why are you attacking French justice and its slowness, or its abuses, since, according to you, the matter is nothing more than a political offence? In our opinion, honourable Members, democracy requires that we respect the necessary slowness of judicial examination. France is not the Community country where detention is longest. Democracy is fundamentally the separation of powers, and God forbid that in Europe the legislative or executive powers or the popular power should ever influence the decisions of the courts!

Laudrin

Each of us here might ask the Commission questions regarding Britain and its new, cruel divisions, or any other state where there are scandals today, or which keeps prisoners carefully interned, causing protests from all sides. When a matter is before the courts, parliamentarians must be aware that they have to allow the courts the necessary tranquillity.

Again—this is my second question—why are we defending this man? Mr Yann Fouéré only became Irish after he was found guilty. He was sentenced in his absence, since he did not attend the trial. He left before the court had a chance to pronounce... Otherwise—and I would call some of you to witness—the Resistance would have settled its own accounts. He was, thus, found guilty in 1955 by the court at Rennes. After having stayed some ten years in Ireland, where he had acquired a new passport and a new nationality, he presented himself before the exceptional court of the Armed Forces: I would point out to Mr Giraud that it was not a normal court but the court of the Armed Forces that cleared him. Perhaps not unanimously, but by majority. So the verdict holds. Accordingly he got back his French nationality. He even presented himself at the last parliamentary elections, standing against the honourable Mr Pleven, whom we know here. I would simply point out to anyone who might be interested that he secured 2.5% of the votes in Brittany, his own home. That is hardly a sign that he is admired by the people.

I would simply recall—and it is with sadness that I do so—that in 1940 he was appointed sub-prefect of Morlaix by Mr Otto Abetz, whom some of you knew better than I. Otto Abetz appointed him managing editor of the *Télégramme de Brest*. With the money that he and his followers received they were able to set up a press that took up extremely clear-cut positions in support of the Nazism that had infested the heart of Brittany.

Let me speak from the heart as someone who knew this business from close at hand. With the Morels, the Tregoads and the Merriens, he put all his hopes in a Europe remodelled by Hitler. In newspapers of that period—in his newspapers—you can read how he wanted to make the Breton plateau the starting-point from which Hitler's forces could invade England. And you are defending him! *L'Heure Bretonne*, a local daily, wrote on 11 July 1942: 'We are fighting along with the Reich to deliver the nations oppressed by Anglo-Saxon capitalism and threatened by Jewish Marxism.'

You can imagine that these were not the ideas of the mass of Bretons at that time.

It is true that the verdict of 'guilty' was effaced, but there is still a deep scar on the hearts of Brittany.

A French socialist recently stated at the rostrum of Parliament: 'Yann Fouéré's past is such that he cannot find the least sympathy amongst socialists. Let us get the records straight, ladies and gentlemen!'

Let us allow the old devils inside us that have divided us so much to become dormant and disappear. Today should be the time for justice. Let us hope that the greatest fairness is displayed. But whatever the verdict is, we shall respect it, out of respect for the bench, including the bench of France. It is not for us to interfere in the decision that it will take.

(Applause from the Right)

President. — I call Mr Yeats.

Mr Yeats. — The question before us seems to be purely humanitarian. It is not a matter of the validity or otherwise of the charges laid against Mr Fouéré. Those are *sub judice*. They are being examined in accordance with the provisions of French law and we in this Parliament have no right to interfere.

None the less, it has been made clear in some comments during this debate that there is uneasiness about the length of time that Mr Fouéré has been in custody while the charges are under investigation. I intervene therefore purely in order to reiterate that the investigative process should be completed as rapidly as possible. It is highly desirable in the interests of justice that at an early date Mr Fouéré should be released or brought to trial.

(Applause from certain quarters of the Left)

President. — I call Mrs Ewing.

Mrs Ewing. — Winston Churchill once said that the hallmark of a civilized nation was the way in which it treated its criminal accused. I make no apology for having led a sheltered life before I embraced politics. I was a criminal lawyer in the city of Glasgow, and I made more money then than I do now.

We have a separate system of law in Scotland, and when criminal jurors meet at international conferences they jokingly say that if someone is thinking of committing a serious crime, the best place for him to be tried is in Scotland because we know how to protect the rights of the criminal accused.

Since 1424, anyone who has been in custody in Scotland has had legal representation from the

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moment of his first incarceration, and from about that time there has been a limit to the number of days a person can be kept in custody without his trial being completed.

As in other countries, bail is not always granted. Nevertheless, it usually is granted, but if a man is not given bail, for whatever reason—and every State is entitled to have its own views on why a man should or should not get bail—and if he is not given his liberty, then as far as we in Scotland are concerned, if his trial is not completed within 110 days he is a free man. It may be that there is a lesson in that situation for some of the democracies of the Member States.

I was involved in a *cause célèbre* in which, because it was a leap-year, in which the Crown got careless and did not do its calculations accurately, thinking that it had enough time, my client, though for all I know he may have been guilty, walked out of the dock a free man. The reason was that the Crown had miscalculated the leap-year and thought that it could get the trial over, but in fact it took 111 days. No one in Scotland thought there was anything wrong with that. They took the view that protecting the rights of people in custody is the way in which to judge a civilized democracy.

I have no personal interest in Yann Fouéré. I have not met him. But my closest political friend is a man called Gwynfor Evans. He and I represented our two parties alone at Westminster for about three years—in my case between 1967 and 1970. Gwynfor Evans was the man who put Yann Fouéré and his wife and children up for one year. Gwynfor Evans is a known pacifist, and he has pledged his life to me to ask you to accept that Yanné Fouéré is also a man of non-violent methods...

Mr Giraud. — (F) A pacifist... on Hitler's side!

Mrs Ewing. — Gwynfor Evans said that for anyone who knows Yann Fouéré to accuse him of any violent overtones is laughable and incredible, and I would stake my life on the word of Gwynfor Evans. I mention that last fact for what it is worth, but I cannot go further because I do not have personal knowledge of Yann Fouéré.

Yann Fouéré, whatever one thinks of his case, has devoted his life to his movement. He has written a book about it, and therefore he could be said to be a cultural man. We should bear in mind that he was under sentence of life imprisonment with hard labour but that he went back of his own volition to face his trial. I have here the document—not of his pardon, as one emotional speaker said, but of his acquittal.

Remembering, too, that, in that exercise leading to his acquittal, distinguished resistance leaders gave evidence for him, I think that we should stick to the point today, which is that here a man is being deprived of his liberty. As a lawyer, I respect the fact that his case is *sub judice*, but at what point does this Assembly say that it is wrong to go on claiming that it is *sub judice*?

I have already stated my country's legal position, which is that we have set a limit to the time that a case can be *sub judice*. The time is over by all reasonable democratic standards.

France is Scotland's oldest ally. I do not think the French always know history as well as do the Scots. Until de Gaulle apparently, for some reason I do not understand, curtailed our rights, we had dual citizenship of France as they had of Scotland. We shared it until very modern times. One would probably say that to a Scotsman, France would always be the second country. It is famous for its defence of rights. Perhaps I might say that we beat France to it a little, because our declaration of rights took place in 1320. Nevertheless, the French caught up with us. They are famous for and have given the world the ideas of rights, liberty, equality and fraternity.

I suggest that this matter is a blot on the fair name of France. It is time perhaps for France to say that she might look at her old ally's rules and, as we have borrowed so much from the Napoleonic Code, France might borrow a little home-made Scots criminal law and consider letting Yann Fouéré have bail or bringing him to trial.

(Applause from certain quarters on the Left)

President. — I call Mr Espersen.

Mr Espersen. — (DK) There have been some remarks made here that might give the impression that people who have committed certain deeds and have been tried for them should in one way or another be uneasy for the rest of their lives and not enjoy the guarantees enjoyed by other citizens.

I hope that this is based on a misunderstanding.

We cannot, of course, force the Commission to adopt a position on this matter, since it—as the Commissioner has rightly said—falls outside the framework of the Rome Treaty, in principle and purely legally.

On the other hand, I am sure that the Commissioner will understand that a Parliament like this, a forum like this, a forum for public opinion in Europe, cannot help but draw attention to matters that concern us with regard to with human rights, whether in Germany, Britain,

Espersen

Denmark or wherever. But there is a difference, and I should like to bring that out here.

We might possibly also bring up things from Denmark, Germany or Britain, and there have been newspaper articles that could be the basis for doing so. If we do not do so, but now have done so in the case of France, there may be a quite natural explanation.

If someone tells me that human rights are being infringed in Germany, Great Britain or Denmark, I shall say that these three countries have ratified the European Human Rights Convention and have accepted the individual right of appeal, and therefore that the proper forum is the Strasbourg Human Rights Commission and Court. Unfortunately, we cannot say this of France or of one or two other countries, and I would therefore hope that this debate can be taken as a call on France to shift the forum of discussion on Yann Fouéré and others to the proper forum, in the framework of the European Human Rights Convention. That is where the matter belongs, but it cannot go there until France accepts the individual right of appeal.

Since it has become a tradition to put supplementary questions, I would like in this connection to ask the Commissioner whether he agrees that if France accepted the individual right of appeal some of the Commission's valuable time and some of this Parliament's valuable time might be saved.

This is a question of mathematics, not a question of competence, and I ask whether it would not mean that this Parliament could be spared a debate and the Commission could be spared some work if France did what most other European countries have already done and accepted the individual right of appeal.

(Applause from certain quarters)

President. — I have no motion for a resolution on this debate.

The debate is closed.

17. *Oral Question with debate:*
Commission measures concerning migrant workers

President. — The next item on the agenda is the Oral Question, with debate, by Mrs Goutmann and Mr Marras, on behalf of the Communist and Allies Group, to the Commission of the European Communities (Doc. 509/75):

Subject: Measures by the Commission concerning migrants

Noting that the last meeting of the Council of Social Affairs Ministers adopted an action pro-

gramme on migrants—by means, however, of a resolution, which is apparently not binding on the Community institutions—we deplore the serious consequences for migrant workers of the economic and social crisis in the Community labour market, as revealed by the latest figures issued by the Commission.

In Germany alone, the number of foreign workers has dropped by over half a million (almost 20%) in the last two years.

It is common knowledge that, at the Brussels Tripartite Conference the emigrant workers' representative organizations presented a document containing a range of measures designed to protect the jobs of workers abroad.

We wish to ask the Commission:

1. To what extent does it intend to take these proposals into account when drawing up the document requested by the Rome Summit in preparation for the Second Tripartite Conference announced by the Paris Summit?
2. Does the Commission feel that the time has come to submit the draft statute for migrant workers, which it undertook to present by 31 March 1975?
3. When does it intend to organize the conference of migrant workers' representative organizations (trade unions, associations, etc.) following the request by the European Parliament (see resolution tabled by Mr Albers in October 1975)?

I call Mr Marras.

Mr Marras. — (1) Mr President, our group wanted another debate on the problem of migrants (a subject regularly discussed by this House, whose concern does it great credit) soon after the adoption by the Council on 18 December last, of the action programme in favour of migrant workers and their families which the Commission had drawn up and on which Parliament had given its opinion.

We have never underestimated the size of the task which the action programme represented for the Community bodies. Nevertheless, even at that stage, we said that the formula proposed for the execution of that task (the formula embodied in the resolution and adopted finally by the Council of Ministers) did not seem to us to be effectively binding either upon the Council or upon the Commission. Virtually all the groups realized this, and I remember how earnestly the Italian Christian-Democratic Members sought, by means of an integrated set of amendments, to make this commitment less vague and try to tie down the Council and the Commission to a definite time-table for the implementation of these undertakings.

But even this could not be achieved, and this is why we believe that the time has come to implement speedily the last paragraph of the

Marras

resolution by which the Council adopted the action programme:

'The Council

considers that future developments arising from this resolution should be examined in the light of the implementation of the Council Resolution of 21 January 1974 concerning a social action programme.'

I trust that the Commission has already begun considering how the content of the action programme is to be adapted to present conditions. I must say, however, that everything that the Commission and the Council have proposed in the social sphere area since the Paris Summit seems by now to have been largely overtaken by events in the social and economic sphere, which have evolved quite differently from what might have been predicted or proposed in 1973.

The migrants' problems, too, must now be seen in the light of what we all agree is the one most serious fact of Community life: the existence of five-and-a-half million unemployed and two million workers on short time. This is a development that has affected the migrant workers with particular force, to such an extent that the unemployment and underemployment rates among this social category are much higher than the national averages. I have here a document, the reliability of which could hardly be questioned. It was issued by the Federal Employment Office in Nuremberg on 27 November 1975. It shows that, in Federal Germany alone, up to March 1975 some 475 thousand migrant workers had lost their jobs.

Since then, in the subsequent ten months, the number has substantially increased. The document's text here is significant: 'There has been a particularly sharp fall in the number of Italians at work, 143 thousand, equal to 52 per cent of the Italian work-force at the end of September 1973'. In other words, the highest rate of job-loss among Community workers is registered for—precisely—Italian migrants, who, however, the Nuremberg Federal Employment Office document goes on to say, can take comfort in the fact that—thanks to the free movement of labour within the Community—if they lose one job, they can, just like the native workers, look for another in the German Federal Republic. A statement verging on the humorous, if not the sarcastic!

Well, in the face of such situations, pointed up by a number of recent questions in this House (I have in mind, for instance, the rather anxious question from Mr Pisoni on the restrictions imposed on foreign workers in Germany,

in which reference to really distressing cases is made, or, again, Mr Andreotti's question tabled last year on behalf of his group), the Italian migrant organizations met last December in Strasbourg under the chairmanship of the Italian Under-secretary for Foreign Affairs responsible for emigration questions, Mr Graneli. On the eve of the tripartite conference, which met on 16 and 17 December in Brussels, our Foreign Under-secretary distributed a document dealing more particularly with the positions adopted by the European Regional Committee and by the Consultative Committee for Italians Abroad, positions which were presented at the conference on Employment. I shall not expand on the points made by the Italian migrant workers' organizations in this document with regard to the socio-economic situation which has arisen, and especially the employment position.

Many of these proposals, such as that for the establishment of a Community fund to combat unemployment, are beginning to gain ground in Community circles, and even the British Foreign Minister has recently taken it up as a Community proposal.

I await with interest, therefore, the Commission's reply to our first question, whether and to what extent it is intended to take account of this document in the preparations by the Commission for the second conference on employment which the Rome Summit suggested for next spring, with more substantial and comprehensive proposals than those we heard at the last conference in Brussels.

I want to remind you also that two other deadlines have passed and not been met by the Commission: the submission of the migrant workers' charter, on which there had been a specific undertaking, and the conference of migrants' representative organizations. I think no one is better qualified than Mr Scarascia Mugnozza, who is responsible for relations with the European Parliament, to tell us whether the Commission intends to act on the European Parliament's vote at the time of the adoption of the Albers resolution in October 1975 urging the Commission and the Council to organize this conference. We feel that initiatives of this kind, as also, for instance, the conference on employment, are opportunities for demonstrating the Community institutions' democratic commitment and a way of bringing home to the millions of migrants the reality of the Community and of Community solidarity at this particularly difficult time for these workers and their families.

(Applause from the Left)

IN THE CHAIR: MR MARTENS

Vice-President

President. — I call Mr Scarascia Mugnozza.

Mr Scarascia Mugnozza, Vice-President of the Commission. — (I) Mr President, honourable Members, at the conclusion of the first tripartite conference, the Commission was instructed to make preparations for the second conference, which would probably be held towards the end of next June. Naturally, the Commission will bear in mind the conclusions drawn by the president of the conference, and in its preparatory work it will do its best to ensure that these conclusions are utilized at the second conference.

The Commission will also take account of the points made on various occasions by honourable Members and, on the basis of these considerations, and after consultation of the social partners, will submit to the Council the subjects it intends to propose for discussion by the second tripartite conference.

During the debate of this House on 24 September 1975, the Commission was able, through my colleague, Mr Hillery, to state its position on the question of a migrant workers' charter. I should like to remind you that Mr Hillery said on that occasion that, since the Community Treaties provide no mechanism for submission of proposals by the Commission to the Parliament, the only way of submitting to Parliament a migrant workers' charter was to submit it to the Council. Mr Hillery said that he was convinced that such a procedure would have delayed the adoption of the programme and of the specific proposals. I am repeating my colleague's statement here almost verbatim.

As you know, on 18 December 1975—that is, two months after Mr Hillery's statement—the Council adopted a resolution on the programme in favour of migrant workers and their families. The resolution does not fully correspond to the proposals put forward by the Commission; therefore the Commission can only confirm that it does not think it advisable to put forward proposals for the migrant workers' charter.

The Commission also bears in mind the following facts: first, Member States have taken note of the programme for migrant workers, and some proposals are now being worked out or have been already put forward; and, secondly, in the June 1975 conference debate on the Convention and on the recommendations on migrant workers, only Luxembourg, Ireland, Italy and

the Netherlands voted in favour while the remaining Member States abstained. Since the Convention dealt with many aspects of the mooted charter, this record is an indication of the likely reaction on the part of Member States.

Finally, I must recall that the Council of Europe has for many years concerned itself with the question of the charter and has not been able to draft a proposal. In drawing up the programme of action in favour of migrant workers, the Commission has consulted the social partners. Similar consultations were held during preparations for the tripartite conference. Following the submission to the Council of the programme of action for migrant workers, the Commission is getting ready to put forward proposals for specific categories of workers in various sectors referred to in the Council's resolution.

A new consultation with the social partners will also begin. In this connection, more appropriate procedures for discovering the views of migrant workers will be put into effect, and I think I can tell you that the recommendations mentioned by Mr Marras will be borne in mind.

With regard to Mr Marras's statement, again, I should like to add that the Italian *aide-mémoire* drawn up for the tripartite conference on the position taken up by the European Regional Committee of the Consultative Committee for Italians Abroad was distributed but was not debated. The Commission, therefore, is unofficially—but fully—aware of its content, but has not been informed officially. As for the figures quoted by Mr Marras on the number of unemployed, I wanted to confirm that this information is accurate and true and that the obviously higher percentage of Italian unemployed is due—this is entirely my personal opinion—to the fact that the European Community in its action in favour of workers returning home from one of the Community Member States had made no substantial provision for the real protection of the interests of all the workers employed in the European Community. This, in my view, is the reason why we find today greater unemployment among Italian workers. It is my impression, in fact, that all the measures that have been taken so far with the best will in the world have not really achieved equality of treatment for all the migrant workers employed in Europe, whether of European or, in some cases, of African origin. I believe that this is something that should be taken into account in all the future work on this subject not only of the Commission but also of the Parliament.

Scarascia Mugnozza

That was the first part of my reply to the oral question. I shall, of course, listen with great attention to further speeches and, if necessary, will ask for the floor again.

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

Mr Girardin. — (I) Mr President, honourable Members, the debate on this question provides an opportunity to draw attention once again to the tragedy of so many workers who are unemployed. Statistics mention over 5 million of these within the Community, but the tragedy is exacerbated for those workers who are obliged to return with their families to their own countries without hope of finding a job.

These workers, although they have made a significant contribution to Europe's prosperity, are nevertheless obliged to go back and find themselves rejected by Europe, too, just at the moment when so many hopes abound on the future unification of our continent. It is certainly not a Europe of the workers for which we have been working so far, since we have still not managed to provide minimal safeguards for these citizens of Europe, who are most in need of protection at the moment of their greatest danger—that is, at the time of unemployment.

The Commission ought—as we have repeatedly urged in the Committee on Social Affairs and Employment—to propose Community measures in both the economic and the social field to alleviate the sufferings of these people, for it is still only the Commission that has both the right and the duty to take such steps. The inertia of Community institutions at this moment is reprehensible, and the European ideal will not recover its credibility unless we are able to do something together to overcome this crisis by laying especial emphasis on the social aspect in the process of economic development. I hope and trust that when the next tripartite conference meets it will not be too late. It is essential that at that meeting both the Commission and the Council come before the social partners not only with proposals but with definite Community measures.

Finally, I should like to stress what was stated by Commissioner Scarascia Mugnozza in the Committee on Social Affairs and Employment, and earlier by Commissioner Hillery, that the Commission does not intend to submit a proposal for the migrant workers' charter. It has to be said therefore that the European Parliament and we, its members, have been clearly duped by the Commission which had given a firm undertaking to submit the draft of the charter—we hoped that it would be in the form of a proposal for a regu-

lation—by 31 March 1975. After repeated urgings, the Commission made its excuses and assured us that it would submit it without fail, whereas now we are being told officially that there will be no draft charter.

We make a solemn protest against this before the public opinion of the workers, because, while Parliament has done its part by examining such proposals as were made by the Commission, the latter now refuses to fulfil a definite undertaking given to us and therefore to European public opinion as a whole. Obviously, we as a Parliament should take the necessary steps to stop this mischief.

(Applause)

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

Mr Meintz. — (F) Mr President, the question by Mrs Goutmann and her political friends raises two aspects, a social one, which is admittedly dramatic, and a legal one.

The workers of the nine countries have played a decisive part in the growth that has characterized our economies and from which they have benefited. It is therefore reasonable for them to encounter difficulties in a period of recession along with other groups in society, but it would be unfair for them to be the principal victims.

We Liberals do not contradict Mrs Goutmann when she states that migrant workers ought not to be the safety valve for the continued development of certain Community countries. If it is true that the number of foreign workers in one EEC country has gone down by 20%, that is a serious problem. However, I should like the Commission or Mrs Goutmann to tell us what is the equivalent percentage for national workers.

Furthermore, my Italian colleague Augusto Premoli, who is very interested in social problems, has asked me to ask the Commissioner responsible whether there still exists discrimination between national workers and the citizens of other Community countries regarding unemployment benefits and other benefits for workers in difficulties.

I should like to make one last remark on the social aspect. We in my group feel that the Community ought to change its brand image, which is sometimes rather mercantilist, and concentrate more on people, so as better to protect the rights and interests of citizens. This is the line the Liberal Group long ago chose, and it has begun to be followed in Community circles. We welcome this.

Meintz

How could we be the spokesmen for the citizens if we did not speak their language, if we left their legitimate social needs unanswered? An example is worth more than any assertion of principles: for 6 million registered unemployed in Europe over 2 years, the Community has provided only 200-300 million units of account to deal with the entire range of social problems: professional training, aids to the disabled, re-training, etc. It is certain that if we wish to arrive at a North-South balance, as Mr Tindemans called for in his report, we shall have to consider recasting the Social Fund, reforming its structures and expanding its resources.

Contrary to Mrs Goutmann, we think that the quality of the draft Migrant Workers' Charter soon to be submitted by the Commission is more important than the speed of its production. The text is in fact one of such importance for our economic and social structures that it must be based on mature reflection and take account of all experiments carried out to date at the national level. In this connection one might mention experiments carried out in Italy and other countries. In any case it must be stated that the clauses of the Charter must be worded in such a way as not to compromise the competitiveness of our European industry.

The time has come to organize a European conference of migrant workers, in accordance with the European Parliament's resolution of last October and on the model of the large conference held in Italy a year ago, which deserves credit for having made public opinion, even outside Italy, aware of this pressing problem. But that conference will remain an isolated instance unless it is followed up at the European level.

We have to realize that this question concerns not only the country of origin but also the host country of the worker, and that it arises in different terms in each country, depending on the size of country and on whether it is housing, the education of children, adaptation, etc., that is concerned.

I should like now briefly to bring out the legal aspects of the question.

There are in the Community four types of legal act—regulations, decisions, directives and recommendations—in decreasing order of bindingness.

In cases of difficulty, however, the Council can find nothing better to do than resort to resolutions, which involve no real undertaking but only vague affirmations of principle.

One could understand the value of these resolutions if they gave instructions to the Commission to carry out the policy outlined, since the

Commission's objectivity and wide powers make it the most suitable body for such a task. But unfortunately this is not the case. Consequently, we feel that it would be more loyal and more constructive to bring out into the open the splits and oppositions, so as to overcome them at a future meeting.

In conclusion, I should like to say that the chairman of our Group, Mr Durieux, called, as long ago as the debate of 24 April 1974, for a revision of the principles governing decision-making.

President. — I call Mr Albers.

Mr Albers. — (NL) Mr President, it is clear that present economic developments are continuing to put a strain on the position of foreign workers in the European Community. The Commission has not failed to present the European Parliament and the Council with a number of priorities, applying notably to equal rights in trade-union representation, education for migrant workers' children and the unification of the family allowance system.

Unfortunately, the Council has accepted only the principle of equality of trade-union rights, but on the two other points it has taken no decisions, and is therefore in default. This has made it impossible to implement the action programme. A consequence is disappointment among migrant workers' organizations. Moreover, the national governments, when making proposals for legislation to regulate the position of migrant workers, are inspired primarily by economic and not by social motives. There is also a manifestly increasing disquiet among migrant workers, who have been very hard hit by unemployment; this is true also for workers from third countries, who are in even greater difficulties than those from the Member States.

The opinion delivered by the Economic and Social Committee on the action programme is very important. It contains very important observations. The Committee finds that the Communities have allowed the best years of economic expansion to go past without taking measures on behalf of this group of workers.

The priorities involved are not leading to the desired goal. A Council resolution at the moment will have no result at all. I am therefore thoroughly in agreement with the third question by Mr Marras. In my view there is every reason not simply to confine oneself to consultation with the social partners, as is normally done, but to make a genuine effort—particularly in view of the tripartite conference to be held again shortly—at getting the migrant workers

Albers

round the table and discussing with them what ought to be done in the present situation, what the possibilities are, and to look at the facts together.

We find that the enormous rise in unemployment has also had particular consequences for Community workers. That being the case, this is bound to have consequences for migrant workers.

There is one other phenomenon that deserves especial attention. Some groups of foreign workers, like the Turks and Moroccans, are coming increasingly under the influence of fanatical right-wing groups from their own countries that are very active and make it even more difficult for these migrant workers to go back to their own country after they have taken action in our Member States to maintain their rights.

Particular attention will have to be paid to that point in the consultations. For that reason I should like in conclusion once more to stress explicitly the importance of the conference with the migrant workers' organizations.

President. — I call Mr Andreotti.

Mr Andreotti. — (I) Mr President, I think that the Italian Members' particular concern in the subject we are debating is quite understandable. But I have asked for the floor to make two points which are unconnected with my being Italian but are complementary to the arguments—which I support—put forward by Mr Marras and Mr Girardin.

As we all know, the future of the Community involves a whole gamut of problems of varying nature: today alone, we have ranged from the right of detainees to a proper trial to the protection of birds—but in my view the Community's future depends primarily on our attaining a deep sense of social solidarity.

This is why we have spoken against the idea of a 'two-speed Europe'; this is why we do not agree that monetary union should have priority over an all-embracing economic and social programme. But in this longer perspective we shall retain little credibility if, in the face of the present crisis affecting the workers who offer their labour in countries other than their own, we do not manage to demonstrate a practical solidarity.

To what has already been said I should like to add that it would be desirable to get on with the mechanisms that are now being studied for the harmonization of employment opportunities in the Community. It would also be a good

thing if procedures were put into effect to inform young people and workers in good time of the sectors to which they should be directing their studies or vocational training.

These are the gaps that should be filled, and this is why I think that during the present debate we should call once again on the Commission and on the Council of Ministers to make every effort to support the workers and give real meaning to the free movement of persons, which otherwise is likely to remain a purely declaratory principle.

I listened to what Mr Scarascia Mugnozza was saying about the difficulties in drawing up a charter of migrant workers. We, too, are aware of these difficulties, but I believe that the Parliament should insist on this charter. The charter will represent a fixed point in the European Community's future, it will be an effective and perhaps irreplaceable means of providing broad—and absolutely essential—backing to all our efforts in the political and legal fields.

(Applause)

President. — I call Mr Concas.

Mr Concas. — (I) Mr President, I am grateful to Mrs Goutmann and to Mr Marras for tabling this question, which gives me, too, an opportunity to speak on a subject that is a very important, and in some respects a very pressing one.

As we all know, the Council of Ministers has approved a programme of action in favour of migrant workers and their families. We feel it our duty, however, to point out in a few words that the measures envisaged in the action programme are so general as to be inadequate, to say the least, and not appropriate to the present critical situation suffered by all the nine Member States.

The broad lines of the programme have our full support. But as to the measures to which it refers, these should have been adopted a very long time ago. Now they come too late and, unfortunately, take no account of the changed situation.

The situation in the Community, and more particularly the situation of the workers, is deteriorating daily. The cost borne by the workers today is extremely high: it is in terms of dismissals, unemployment, the dole; and it is a cost borne by only one social sector, the workers.

This is why I believe that it would have been better if the Commission tonight had indicated more precisely what measures, what proposals it intends to put forward shortly.

Concas

For, in effect, the Commission's reply is confined to an announcement of the conference of migrant representative organizations to be held at the end of June. We think that this may be too late. We should undoubtedly have preferred it to be held sooner.

The same may be said of the second point of Mr Marras's and Mrs Goutmann's question: the Commission's negative reply on the proposed migrant workers' charter is in contrast, as Mr Girardin has pointed out, to the very clear undertaking given at the sitting of 24 September 1975.

I can only, therefore, second the protest made by Mr Girardin and the Socialist Group.

I do not think the matter will rest there. We shall continue to strive for a migrant workers' charter, a regulation which will protect them from the many abuses to which they are now exposed.

As regards the formula adopted by the Council—that is, the form of a resolution—I am of the opinion that this is inappropriate because it is not binding upon anyone. We should have preferred, instead of a resolution, a regulation or a directive, obviously of the same content, which would have had the effect of binding the governments and the parliaments of all the countries as well.

For all these reasons we are dissatisfied with the answers given by the Commission. We demand more precise and effective Community measures in favour of the workers, measures which the Commission should explicitly announce and define if it wants to convince us of its political resolve to protect the rights and interests of the migrants.

This is one of the few existing proving-grounds of the Community's social solidarity. If this opportunity were also to be by-passed or lost, we should be bound to admit that in the matter of social solidarity many words are spoken but little is done.

President. — I call Mr Scarascia Mugnozza.

Mr Scarascia Mugnozza, Vice-President of the Commission. — (I) Mr President, I should like to refer back to some statements made by my colleague Mr Hillery and by myself on the subject now debated—not in a polemical spirit, but to clarify some points.

Thus, I note that Mr Commissioner Hillery, whilst supporting the need for a workers' charter, nevertheless pointed out that because of

certain difficulties of a juridical nature encountered in drafting the text he could not undertake that it would be submitted.

I myself, on various occasions, have spoken of this. I should like to refer once again to the opinion expressed by the European Parliament's Legal Affairs Committee:

'It must be noted that the Community does not have any legal instrument at its disposal which could be used as a basis for a text establishing a charter of migrant workers' civil, political, social and human rights and that, in any case, it is not competent to legislate in respect of workers who are nationals of non-Member States.'

These are the difficulties we are facing.

When I stated tonight that we should not be putting forward a migrant workers' charter, I did not mean to say that the Commission did not intend to implement those parts of the Social Action Programme which concern migrant workers and which have already been approved by the Council of Ministers: these are two completely separate matters, and I want to ensure that no doubt remains on that.

We shall be putting forward, very soon, a set of proposals for implementing the action programme which also affects migrant workers. I think that in this respect I gave sufficient assurances when I said that, when making preparations for the tripartite conference, we have done everything possible to hear the views of the migrants themselves, the party directly concerned, to see along what lines they would like to see action taken. This is the proposal which Mr Marras made to Mr Hillery and which he has repeated today, that organizations of migrant workers should be given a direct hearing.

Having said that, I must, to be consistent with my own statements and the Commission's decisions, add that we are not altogether satisfied with what has been done so far on the Social Action Programme, not only for migrant workers but for all Community workers. We have already said it clearly enough, and we are saying it again now, at a moment when the Community ought to be making internally, towards its own citizens, a substantial gesture of solidarity: this gesture is not forthcoming because the resolve is not there. When, at a difficult time, the Community should have been showing its human face to the workers of countries outside the Community, workers who had contributed to the development of our economies, the Community has failed these people and their families. All this hardly helps, either internally or externally, to promote what we claim to stand for.

Scarascia Mugnozza

This is how the Commission sees the situation. It will make further efforts to draw the attention of the Council of Ministers to these matters. The Commission also trusts that it will be possible to have a more suitable social action programme, which will give greater assurance to the workers and be better adapted to deal with the difficulties which are by no means yet over.

Within the last few days we have begun discussing in the Commission the large amounts of finance which will be needed to carry out this action. We hope that the European Parliament, too, will, at the appropriate moment, support the Commission's requests, so that the social policy becomes, not a mere phrase, but a system of practical measures backed by adequate resources.

President. — I have no motion for a resolution on this debate.

The debate is closed.

18. Agenda for the next sitting

President. — The next sitting will be held tomorrow, Tuesday, 10 February 1976, at 10 a.m. and 3 p.m., with the following Agenda:

- Joint debate on
 - the De Koning report on the fixing of prices for certain agricultural products and
 - the Della Briotta report on additional measures in the agricultural sector following the revaluation of the Deutsche Mark.

3.00 p.m.:

- Introduction of the Ninth General Report and presentation of the Work Programme of the Commission.

The sitting is closed.

(The sitting was closed at 7.40 p.m.)

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IN THE CHAIR: MR MARTENS

Vice-President

(The sitting was opened at 10 a.m.)

President. — The sitting is open.

1. Approval of the minutes

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

Are there any comments?

The minutes of proceedings are approved.

2. Welcoming of various personalities

President. — I take pleasure in welcoming to the European Parliament a delegation of members from the Chamber of Representatives of the Belgian Parliament.

They are all members of the Christian Peoples' Party and are here under the leadership of

President

Mr Wilfried Martens, Party chairman, and Mr Karel Blanckaert, chairman of the parliamentary party.

I believe I speak for us all when I say that we are greatly honoured by their presence. We hope that their stay in Strasbourg will prove to be both useful and pleasant.

(Applause)

3. Presentation of the Ninth General Commission Report on the activities of the Communities

President. — I have received from the Commission of the European Communities the Ninth General Report on the activities of the Communities in 1975 (Doc. 524/75).

Pursuant to Rule 20 (2) of the Rules of Procedure, the various parts of this report have been referred to the appropriate committees.

4. Fixing of prices for certain agricultural products — Decision on additional measures in the agricultural sector following the revaluation of the Deutsche Mark

President. — The next item is the joint debate on the report by Mr De Koning, on behalf of the Committee on Agriculture, on the proposal from the Commission of the European Communities to the Council on the fixing of prices for certain agricultural products and accompanying measures for the 1976/77 marketing year (Doc. 522/75) and the report by Mr Della Briotta, on behalf of the Committee on Agriculture, on the proposal from the Commission of the European Communities to the Council for a decision on additional measures in the agricultural sector following the revaluation of the Deutsche Mark (Doc. 519/75).

I would also remind you that all amendments to these reports should be moved and defended during the general debate.

I call Mr Houdet on a point of order.

Mr Houdet. — (F) Mr President, despite my respect for the decisions taken by the Bureau and Parliament on the organization of this debate and the restriction of speaking time, I would ask you to make an exception for our rapporteur who has to make an extremely complex and important statement to us on behalf of the Committee on Agriculture.

In previous years, that committee had several rapporteurs but this year it has only one.

Mr President, I therefore ask your indulgence for Mr De Koning who will certainly not abuse your forthcoming attitude.

President. — I have discussed this point with Mr Spénale and it seems fair to us that the rapporteurs and perhaps also the spokesmen for the political groups should be given extra speaking time. After all, this debate concerns both price proposals and monetary arrangements, as well as fundamental changes to basic regulations. I shall therefore consider your request favourably.

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

Mr Scott-Hopkins. — Mr President, you have said that we shall be dealing with the issues covered by the amendments during the general debate. I draw attention to what I have said before. We now have 10 amendments translated into all the languages, but there are about 60 amendments. Speakers in the debate before lunch will not know what those other amendments say. I blame no one—certainly not the staff, because a great deal of work has to be put into getting the amendments translated into all the languages—but this is not the way in which to conduct a debate. I suggest once again that on this kind of issue we should be in receipt of the amendments earlier so that everyone knows before the start of the general debate what the various proposals are. That cannot be done today, but I put down a marker to raise the subject on another occasion.

President. — I agree with what Mr Scott-Hopkins says. We really do have very little time in which to study the amendments. However, we shall have to do the best we can.

I call Mr De Koning to present his report.

Mr De Koning, rapporteur. — (NL) Mr President, allow me to begin by thanking Mr Houdet for suggesting that I should be allowed more time for my speech and you, Sir, for responding to his suggestion. I shall, nevertheless, try to keep this introductory statement within certain limits. The Committee on Agriculture has drafted a very detailed resolution in 38 points. Those representatives who are not members of the Committee on Agriculture will, I believe, gain an adequate insight into the issues under discussion today by reading that resolution and my explanatory statement.

On this occasion, the agricultural prices are being fixed for the next marketing year under particularly difficult political and economic circumstances in all the Member States of the

De Koning

Community. The European Commission was aware of this when it presented its proposals.

In the explanatory memorandum accompanying its price proposals, the Commission states that it has made allowance for the economic recession and widespread unemployment in the Community, as well as for the need to combat inflation and safeguard the interests of consumers, to which particular attention must be given at this juncture.

Secondly, the Commission stresses the need to maintain the earnings of farmers which can only be safeguarded if farmers are compensated for their higher costs.

Thirdly, the Commission speaks of the need to restore unity of the market. It wishes to offset the consequences of the revaluations and devaluations of recent years which have had a particularly detrimental effect on agriculture.

Fourthly, the Commission indicates its wish to restore the equilibrium of supply and demand. We have large stocks of skimmed milk powder and considerable difficulties with wine. Through its proposals, the Commission wishes to help restore the unity of the market, for these and other products.

Last but not least, the Commission wishes to hold the costs of the agricultural policy within reasonable limits.

It must be recognized that all these factors in agricultural policy are based on political and economic reality. In the view of the Committee on Agriculture, these factors should therefore be borne in mind in our assessment of the price proposals. It accordingly believes that the broad lines of the Commission's proposals can be endorsed although amendments are called for on a number of important points. In principle, however, we are able to agree with the Commission's approach to the matter.

I have mentioned amendments to a number of important points. These include first and foremost the percentage proposed by the Commission for the average price increase. The Commission believes that an average price increase of 7.5% will be sufficient. It has reached this figure on the basis of what it calls the objective method, taking into account the trend in the cost of the means of production while also having regard to the rise in earnings in the non-agricultural sectors.

The Committee on Agriculture likewise attaches great value to calculations by this objective method as the basis of a pricing policy. I am pleased that COPA, representing European farmers organizations, subscribes to the same

view. In this connection, I welcome the fact that COPA has shown understanding for the present economic situation and decided not to add the factor of biotechnical productivity to the results of its deliberations which led to a proposed price increase of a good 10.5%.

I believe that this responsible attitude deserves to be called to the attention of members of our Parliament.

We note that this year, the objective method unfortunately provides little opportunity for precise calculations. There are two reasons for this. The first is the duration of the reference period on which the calculations are based. In calculating the increase in costs and the development of incomes, the use of a reference period of three rather than two years gives a difference of no less than 4% in the final result. At a time of steep inflation which is unfortunately still with us, the Committee on Agriculture gives preference to a short reference period of two years, enabling cost trend to be followed more closely.

The second reason for which the objective method gives us little to go by is that it is not clear whether the change in parity of the Italian lira must be allowed for fully, partly or not at all.

If that parity change is disregarded, the result of the calculations is 4.5% higher than if the change is fully taken into account; this shows just how imprecise the objective method is if we try to use it as the basis of our pricing policy under the special circumstances prevailing this year.

Taking a three-year reference period and making partial allowance for the change in value of the Italian lira, the Commission arrives at a price increase of 7.5%. The Committee on Agriculture proposes an increase of 9.5% on the basis of a two-year reference period and partial inclusion of the lira adjustment. Let me stress that both these percentages fall within the limits of the objective method but reflect a different weighting of the factors referred to earlier which are relevant to the price decisions we have to take this year.

In the view of the Committee on Agriculture, the Commission's proposal takes too little account of the combined effect of cost increases in agriculture and the monetary compensatory amounts. The effect of both these factors on farmers' earnings must, in our opinion, give a percentage higher than that shown in the Commission's proposal. The incomes of Community farmers' earnings must, in our opinion, give a policy unlike the incomes of other groups. It

De Koning

therefore seems to us that attention should be focused on farmers' incomes when we come to fix prices.

On page 15 of the explanatory statement in my report, I have summarized the price rises considered necessary by the Commission for each Member State. These figures provide a striking illustration of the inadequacy of the common agricultural policy following the revaluation and devaluation of national currencies.

No single uniform price increase can do justice to the true situation in the agricultural sector of the different Member States resulting from varying rates of inflation and monetary adjustments. It is impossible to steer a politically justifiable middle course between the price adjustment of -11% in Italy and $+13\%$ in Denmark calculated by the objective method. For that very reason, the Committee on Agriculture once again stresses the need for a coordinated economic and monetary policy, leading ultimately to an economic and monetary union. This also explains why the Committee on Agriculture is able to agree to a further reduction in the monetary compensatory amounts as a step forwards towards restoration of the Common Market, however painful that step may seem at present to certain Member States. The Committee feels, however, that a uniform average price increase of 9.5% better reflects the cost increases in each Member State than the 7.5% increase proposed by the Commission. It also believes that restoration of the Common Market by removing the monetary compensatory amounts in Germany and the Benelux countries will be more easy to attain with a 9.5% increase than with one of 7.5% . In our view, restoration of the common agricultural market is essential if the common agricultural policy and with it—I mean this quite literally—the Community itself are to remain in existence.

Mr President, my remarks so far have concerned the general percentage of the price rise and the reasons for the conclusions reached by the Committee on Agriculture. I shall now turn to the price proposals for the individual products.

Firstly grain: in principle we support the Commission's proposal to make a distinction between the price of milling wheat for bread and that of feed wheat, thus meeting a long-standing request of the European Parliament. This step was all the more urgent as a political decision can be taken to abolish the denaturing premium.

We realize it is an untenable situation that, for historical reasons, a relatively wide disparity has remained between the price of feed wheat

and that of other feed grains; in some Member States over 90% of all wheat grown is used for cattle feed purposes.

The Committee on Agriculture fully supports the Commission's proposals on this point but it is not at all convinced of the suitability of the instruments which the Commission wishes to use to maintain this distinction in practice in a manner acceptable to all concerned.

The Commission has told us that the 'baking test' which is supposed to provide evidence of the distinction, has been submitted to the national laboratories and that the result concerning the usability of this method will not be known in the different Member States until April, in other words after the price decisions have already been taken. Allow me to warn Mr Lardinois once again of the trouble which will be created if differences arise on a large scale with the suppliers of wheat which, in their view, is of baking quality although the intervention offices do not classify it as such and therefore make lower payments. The decision of the intervention offices must be based on objective grounds which are also acceptable to the wheat producers. We have therefore stated in our report that this policy which is in itself correct, cannot be introduced until the baking test has proved effective.

We also agree to a closer alignment of the different feed grain prices. In our view, the threshold price for maize must determine the price level for other feed grains.

More generally, we would ask the Commission to follow closely the actual development of grain prices in the coming year. The abolition of regional intervention is an experiment which may, in principle, be beneficial to the market process for grain but in our view, when unexpected market trends appear, particularly when prices fall unreasonably, the Commission must be able to intervene in order to counter the drop in prices.

There is all the more reason for the Commission to be vigilant on this point as its proposals are characterized by a weakening of the price policy mechanism. This applies not only to grain but also to dairy products and meat.

I will not hide the fact that the Committee on Agriculture is very concerned about this point. Its concern is apparent in a number of passages in the motion for a resolution. Farmers in the Community obviously have a great interest in a price level being achieved at which they can work profitably with a reasonable margin for investments and for the modernization of their farms.

De Koning

It is no less important, however, for this price level to be actively supported by appropriate market measures. With all due respect to the Commission's efforts to retrench and encourage commercial initiatives for the sale of agricultural products, we still believe that a weakening of the intervention mechanisms for grain and dairy products entails serious risks as far as the achievement of the desired price level is concerned.

I would ask Mr Lardinois to bear this point constantly in mind.

I shall not make any detailed remarks on the subject of durum wheat, olive oil, wine and tobacco. I think that the corresponding observations in my motion for a resolution speak for themselves.

I would just like to make one comment on the grubbing-up premium for fruit growers. This measure is very important to restore equilibrium of the fruit market. The Committee on Agriculture believes that the proposed premium of 1 100 u.a. per hectare falls short of what is necessary to make the grubbing-up campaign really successful. We therefore propose an increase in the premium to 1 400 u.a. per hectare.

Secondly, I would urge the Commission to do all in its power to gain the cooperation of all the Member States with a view to making a success this time of the grubbing-up campaign. Experience has shown that unless all the Member States cooperate, no real results can be achieved.

Turning to the problems of the dairy sector, we realize that a policy is needed here, given the great economic and social importance of dairy farming to agriculture in the Community. The structural imbalance of supply and demand must be corrected.

Point 15 of the motion for a resolution suggests a number of measures which could lead to a socially acceptable solution of these problems in the longer term. We are proposing measures to curtail milk production or enable farmers to change over from milk to other forms of production. We are also calling for measures to increase sales both in the Community and in third countries.

We recognize the need for milk powder to be compounded with cattle feed. In our view, this must be done in such a way that inefficient production processes are prevented and incentives provided to import cattle feed whose production is not viable from the macro-economic angle.

Finally, we believe that price policy in the dairy sector must be placed in the service of this effort to achieve a permanent market equilibrium.

As we see it, the Commission's price proposals do not stand up to examination. A price rise of 2% on 1 March and 4.5% on 1 September is not acceptable to us. It will not help the earning potential of the producers who make up a substantial part of the Community's agricultural population. A price rise of this order also makes scarcely any contribution to the necessary long-term moderation of price rises in the dairy sector. However, at the end of the milk marketing year, the level will be practically equivalent to the mean price increase for all agricultural products, the shortfall being only in the order to 1%. I consider that the Commission's proposals must be reviewed both as a system and as to their level. A higher price level must be aimed at which takes greater account of producers' incomes while falling short of the very considerable rise in cost prices in the dairy cattle sector. It will then be possible to boost producers' earnings while, at the same time, preventing the price increase from acting as an incentive to expand production.

One brief observation on the proposal to get rid of the milk powder mountain by compounding it with animal feed. The Committee on Agriculture is convinced of the need to take appropriate measures. We want the Commission to do all it can to make the largest possible quantity of skimmed milk powder available for human consumption. We believe that the Commission should work energetically on the proposal concerning a quantity of 200,000 tons by way of food aid. This will not be easy to achieve. We consider, however, that compounding with animal feed must not be effected at the cost of pig and poultry breeders.

There is no causal link between the activities of pig and poultry breeders and the growth of the mountain of skimmed milk powder. The pig and poultry breeders are not responsible. We should thus be setting a new precedent if we were to solve the problems of one sector of agriculture at the cost of another. As we see it, the proposed measures are an unfair burden on a particular group of producers. And it is very doubtful whether they will be able to stand this increase in costs.

I would like the Commission also to consider the technical difficulties for poultry farmers. Lactose is after all harmful to the health of poultry. I would like Mr Lardinois to explain on what legal basis the Commission can decide on the compulsory compounding of milk powder with animal feed.

De Koning

Will it require the Member States cooperation for this purpose? If so, how can that cooperation be obtained?

Mr Lardinois has told us that his long-term aim is to channel the skimmed milk back to the farms. I see this as an excellent proposal which can help to prevent unnecessary production costs. However, it will not be possible to make the proposed measure compulsory. It seems to me that the voluntary cooperation of the farmers concerned will be necessary to obtain any lasting effect. Voluntary cooperation can only be gained if the skimmed milk is made available at a competitive price. If a programme of that kind is the long-term aim, I fail to see why in the short-term the cost of disposing of the skimmed milk powder should bear heavily on certain groups of producers. We have therefore included a paragraph d) in point 20 of our motion for a resolution in which we explain that it is an unacceptable feature of the Commission's proposals to place such a large proportion of the financial burden entailed in marketing this surplus on the producers of pig meat and poultry farmers.

I fully recognize the financial implications of this remark. If the cost of compounding skimmed milk powder with animal feed is to be borne entirely by the Agricultural Fund, this will involve an amount of 250 to 300 million u.a. We believe, however, that the objections to the Commission's proposal are so great that this sacrifice must not be demanded of a group of producers chosen at random; on the contrary, these costs must be met from public funds.

Once again, I consider that the Community must not place the burden resulting from its own policy and regulations on a particular group which has no responsibility for that policy or for the regulations concerned. More is at stake here than just money although the sums involved are considerable. It is also a matter of the fitness of political decisions and the responsibility for them.

As to the proposals on the non-marketing of milk and those on beef policy, I would refer you to the relevant paragraphs of the motion for a resolution which, I think, speak for themselves.

I have three more observations to make. We wish to stress the need for decisions to be taken now at long last on the complete introduction in all Member States of the structural policy directives. We want the benefits and support amounts to be adapted to take account of inflation. We urge the Commission to see to it that decisions are now taken on its proposal concerning support for young farmers, a pro-

posal on which Parliament delivered a favourable opinion sometime ago.

My second remark concerns monetary policy. We support the Commission's effort to restore the unity of the market. This means that we must continue to do away with the monetary compensatory amounts where they still exist, taking account, however, of the resulting effect on the incomes of farmers in the Member States concerned. We believe that the Green Fund must be adapted more closely to the true value of the pound sterling. We also consider that our efforts must be directed towards the achievement of economic and monetary union. This is the only permanent and definitive solution to problems in the monetary sector.

My final observation relates to the cost entailed by the proposals of the Committee on Agriculture as they are now submitted to you. Mr Cointat will consider this point in more detail in his capacity as draftsman of the opinion of the Committee on Budgets. The Committee on Agriculture must also turn its attention to these costs, but it considers them acceptable for 1976 and in the longer term. Yesterday evening, the Committee on Budgets strongly criticized the lack of detailed information on the precise financial consequences of the price proposals presented by the Commission and of the consequences of the amendments suggested by the Committee on Agriculture.

I agree with the Committee on Budgets that the procedure for dealing with the price proposals must be improved. For the present, however, I wish to draw Parliament's attention to an even more important matter. All these price proposals are designed in an endeavour to meet the aims of Art. 39 of the Rome Treaty. This must be done in the context of the present political and economic circumstances which have been so excellently summarized by the Commission. The Committee on Agriculture has considered both the Community's long-term objectives and its aims under the circumstances prevailing today. Our motion for a resolution seeks to establish a balance between these two aspects. I am convinced that Parliament will recognize our effort and show the political resolve to support all our aims.

(Applause)

President. — I call Mr Della Briotta to present his report.

Mr Della Briotta, rapporteur. — (I) Mr President, ladies and gentlemen, the Commission's proposal presented to us on the basis of the Council's decision of January 1974 has

Della Briotta

reached us late (since the date fixed by the Council expired one year ago) and has arrived at the same time as the price proposals with which it is being assessed.

The problem arises from the revaluation of the Deutsche Mark in October 1969 at which time the German Government was authorized to take a series of measures considered suitable to offset the loss of earnings of farmers in that country.

These measures included, in the first place, the institution of a direct compensatory system through value added tax within the limit of 3% of the sale price obtained by farmers. For that specific measure no time limit was set. Secondly, a system of direct aid per hectare was introduced but subsequently abandoned at the end of 1973, i.e. four years later.

The Community participated in the financing of these measures to the tune of 90m. u.a. from the 1971 budget and 60m. u.a. from the 1972 budget.

The Federal German government had undertaken for its part to take social and structural action to compensate for the degressive scale of Community financing.

In January 1974, the Council of Ministers noted the cessation of direct aid per hectare compensated by structural and social measures financed by the Federal budget. At the same time, the German Government was authorized to maintain the temporary assistance scheme of 3% of VAT, subject to a commitment to review the situation at the end of 1974. The proposal now before us discharges that commitment even though, as I said earlier, it has reached us 12 months late.

The proposal seeks to gradually reduce aid to German producers with a view to its final abolition on 31 December 1978. The 1975 figure of 3% will drop to 2.25% during the year, to 1.50% in 1977 and subsequently 0.75% in 1978.

German agriculture has thus enjoyed a whole year's grace and will still have three years to adapt gradually to the market whose unity, broken in 1969, will at long last be restored. I believe that the Commission's proposals should be approved by Parliament especially as it has already endorsed this particular policy.

However, this proposal is meeting with objections from the Federal German Government which must take account of a Bundestag vote on the need to phase aid out gradually over five years instead of three.

Parliament's decision must also take account of another fact, namely that when the 3% direct

subsidies were introduced in 1969, the compensatory amounts did not yet exist; they are, however, a highly effective form of aid.

I would remind you also that the Commission wants these compensatory amounts to be reduced from 10% to 7% or 5% in the context of its agricultural price proposals now under discussion. This means that the proposals on the complementary measures following the revaluation of the Deutsche Mark must be considered jointly with all the others and not as a separate issue.

The problem is therefore that of determining whether the level of prices on the German market is such as to make the proposed measures suitable. The information supplied to us leaves us with an overall positive opinion.

Mr President, I have commented on the content of the proposal. I wish to say further that the Committee on Agriculture has approved the proposal and recommends Parliament to approve it in its turn.

(Applause)

President. — I call Mr Cointat, draftsman of the opinion of the Committee on Budgets.

Mr Cointat, draftsman. — *(F)* Mr De Koning has explained to us with great clarity the technical and political aspects of the agricultural price proposals. As draftsman of the Committee on Budgets' opinion, I must now look at the financial and budgetary aspects of this important matter.

The Committee on Budgets approved by a majority the draft opinion I have presented to you and also the resolution of the Committee on Agriculture for which Mr de Koning is the rapporteur. I must say at the outset that our discussions were far from easy. The first reason is that in its proposals the Commission has paid scant attention to the financial implications. Only four pages of the three volumes are devoted to the financial aspects, although agricultural expenditure accounts for 73% of the Community budget. This shortcoming must be made good.

Secondly, only expenditure has been looked into. No mention is made of the repercussions on Community revenue and levies. Thirdly, there is no budgetary forecast. The figures contained in the Commission's report relate only to the year 1976. The Commission's proposals do not take following years into account. However, many of the proposed measures, particularly in the area of agricultural structures, will not have a financial effect until 1977, 1978 or even 1980.

Cointat

It was therefore difficult for the Committee on Budgets to form an opinion, and, with the assistance of the Commission's services, we had to analyse the financial consequences of the measures envisaged so as to answer as best we could the questions put by members of our committee.

This procedure which is not altogether satisfactory had led the Committee on Budgets to draw a few general conclusions which I should like to explain briefly to you.

First and foremost it requests the Commission to supplement its proposals in future by a detailed financial study. It would like three-year budgetary forecasts to be added to these agricultural price proposals, as the Commission did for the first time in presenting the 1976 budget.

In addition the present method of presenting the new agricultural prices which are accompanied by many monetary, structural and economic measures, leads to very substantial transfers between chapters, in the order of 500m. u.a. While remaining within the overall limit set on appropriations, this method is liable to conflict with the spirit of the 1976 budget.

The budget would cease to be an instrument of economic guidance as is its true function. In that eventuality, the Council may place the European Parliament before a financial *fait accompli* and we conclude that the Council's legislative power then takes precedence over the Parliament's budgetary power; this is not a normal state of affairs. The Committee on Budgets therefore considers that the agricultural price proposals should always be accompanied by an amending budget; the discussion would then be perfectly clear.

Your committee therefore repeats its proposal that the financial implications of the new prices should be entered each year under Chapter 98 in order to strengthen the character of the amending budget and avoid recourse to the easy way out—supplementary budgets.

It therefore proposes an amendment to the Committee on Agriculture's resolution. The Committee on Budgets wondered whether it would not be preferable to fix the agricultural prices in September to enable the budget for the following year to be finalized in a more satisfactory manner.

Following that general introduction, I should now like to put to you my committee's budgetary and financial observations.

First the budgetary aspect. Examination of the Commission's proposals shows that the overall

increase in expenditure for 1976 is in the order of only 53m. u.a. As I said just now, this presupposes transfers of some 500m. u.a. between chapters.

On the revenue side, with particular reference to the levies, the Commission's proposals lead to an increase in the Communities' own resources of some 180m. u.a. in 1976. The own resources will not be used to balance the budget but simply to reduce the Member States' contributions. Thus an overall expenditure increase of 53m. u.a. on the one hand and an increase in revenue of 180m. u.a. on the other, show a positive balance representing a saving of some 127m. u.a.

However, I must correct the weakness of these figures by a projection onto subsequent years: between 1977 and 1981, these Commission proposals will result in additional expenditure of some 275m. u.a.

Having regard now simply to the additional proposals of the Committee on Agriculture, we arrive at a saving on expenditure of 72.7m. u.a. for 1976. As one of my colleagues has pointed out this is in fact a rather subtle saving since what is involved is essentially a saving of 120m. u.a. obtained by aligning the green pound on the true value of the pound sterling. The impact on own resources would be an increase of some 18m. u.a.

For 1977, the 2% average price increase proposed by the Committee on Agriculture will lead to additional expenditure in the order of 120m. u.a. In all then, taking the Commission's proposals together with those of the Committee on Agriculture, we arrive for 1976 at a saving in expenditure of some 20m. u.a. and an increase in the Communities' own resources of close on 200m. u.a., 198 to be precise.

However—and I am glad Mr de Koning made this point just now—the problem of skimmed milk powder still remains. If the price of this milk powder for animal feed purposes is reduced, as the Committee on Agriculture would like, we arrive at an additional expenditure of 300m. u.a. which I have not included in my calculations because the Committee on Agriculture did not say who should pay these 300m. u.a.: the Community or the producers? The consumers or the taxpayer? Probably they would all have to pay a share. The Committee on Budgets is entitled to enquire whether the resources of the Community are being utilized judiciously, whether these proposals comply with the aims of Article 39 of the Rome Treaty and whether this expenditure justifies the hope of a future reduction in the

Cointat

burden on the Community through a dynamic, more productive and better organized agriculture. I must say that the Committee on Budgets has its doubts. We note that the earnings of farmers in fact fell considerably in 1974 in relation to 1973 (— 18.8%); even if 1975 is a good year it will not be possible to make good this handicap. We also know that assistance from the EAGGF varies considerably depending on the products concerned and that farmers' earnings also vary widely according to the different sectors and regions. Moreover the Committee on Budgets has found that the measures relating to the market machinery are more important than the price fixing as such.

There is in fact no point in setting target prices in the absence of a coherent market organization. But the Commission's proposals in this are disparate, severely limited and bereft of any overall guiding policy. The Commission's boat has no helmsman—it is being driven by the wind and tides.

Finally we might have hoped for medium-term measures in an attempt to lessen the Communities' expenditure. Here too it seems to us that the Commission has been excessively timid.

Once again these are proposals for cashiers rather than for financial experts and politicians. They reflect nothing more than a short-term policy dictated by the circumstances and exigencies of the moment.

I know Mr Lardinois will say that the Committee on Budget's remarks are severe but it has made them with an eye to changing the concept of a day-to-day policy; the proposal put forward by Mr de Koning tries to correct our course and improve a worrying situation.

Despite all these remarks, the Committee on Budgets has endorsed the proposals of the Committee on Agriculture since, in 1976 at least, these proposals will only have minor repercussions on European finances.

(Applause)

President. — I call Mr Hamilius.

Mr Hamilius, President-in-Office of the Council. — (F) Mr President, ladies and gentlemen, I welcome this opportunity to make the acquaintance of this Assembly at the beginning of your debate on the Commission's proposal concerning agricultural prices and certain related measures for the year 1976-1977.

The excellent statements made by your two rapporteurs, Mr De Koning and Mr Della Briotta, have already provided you with an

outline of the central problems arising in this sector, and that outline has been usefully completed by the opinion drafted on behalf of the Committee on Budgets by Mr Cointat who is particularly well placed to deal with the financial aspect of agricultural problems.

As you know, ladies and gentlemen, the Council has so far only held a general discussion and will not begin its detailed consideration of the Commission's proposal until its next meeting, on 16 February by which time your opinion will be available to it.

At this stage I shall therefore obviously refrain from taking up any position which might prejudice the later work of the Council. I am therefore here today not so much to speak as to listen to you and report back to my colleagues.

However, I do not think I shall be failing in my duty as President if I make a few general remarks dealing with the scope and aims of our work. The situation facing us in the agricultural sector is complex. The Assembly and Council have already given their attention to it on several occasions, particularly during the discussion of the 'stocktaking' of the common agricultural policy.

You will no doubt remember the conclusions reached by the Council on the stocktaking at its meeting of 11 November last.

On the one hand, the Council noted that the common agricultural policy which on the whole merits a favourable assessment, remains a cornerstone of Community development; the difficulties experienced by agriculture in the Eastern countries and elsewhere will certainly not lead us to change our opinion on this subject.

The Council also recognized that a number of shortcomings, understandable in such an extensive undertaking, had arisen; an effort was therefore necessary to improve the machinery of the common agricultural policy.

The Council first turned its attention to the problems of market equilibrium. There is no need for me to speak to you at length on the difficulties which have arisen in the dairy products, beef and wine sectors.

On all the problems concerning equilibrium of the markets, the Council adopted a qualified position in its conclusions of 11 November.

It put these situations which have come in for excessive criticism and sometimes too facile irony in the press and elsewhere, into their proper perspective, while also recognizing that

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corrective action was necessary. Allow me to quote the text on this subject:

'The Council considers that, while keeping farmers' incomes in mind, steps should be taken to improve market balance. To this end, besides price policy, and taking account of its limits and of the possibility of aligning it on modern farm holdings, additional measures in the following areas could be considered: policy concerning stocks, consumer policy, export policy, food aid, producer participation in market risks, measures concerning production potential.'

That is admittedly a cautious text but it reflects the complexity of the problems at issue. In the last resort our decisions will depend on an assessment of the relative importance of the various factors referred to. You are familiar with the conclusions reached by the Commission and by your own committee. I now await your reactions and opinions which I shall convey to the Council.

Two other sectors were given particular attention by the Council at its meeting of 11 November:

- firstly, the consequences of monetary fluctuations; the Council noted that the means (monetary compensatory amounts) used to overcome these difficulties might lead to a distortion of exchange rates if they remained in force for an extended period; it therefore called for pragmatic solutions allowing their gradual abolition;
- secondly, the cost of the common agricultural policy; here too, without dramatizing the situation, the Council stressed the need to implement agricultural policy in the most effective and least expensive manner possible, having regard both to the economic costs and to the budgetary costs.

I thought it useful to remind you—perhaps at too great length—of these conclusions reached by the Council on 11 November. In my opinion these conclusions clearly delineate the nature of the problems under discussion here today.

It must be recognized that in formulating its price proposals for the next marketing year and its proposals relating to a number of ancillary measures, the Commission has tried to meet the wishes expressed by the Council on 11 November; it is important for the general strategy defined by the Council to be implemented without delay through practical measures. Here I must pay tribute to the effort made by the Commission, whose task was not easy. Action to improve the situation—as regards market

equilibrium, monetary measures and budgetary costs—cannot be taken without detriment to particular interest groups.

Assuming that there is agreement on the general aims to be achieved as defined by the Council, it is your responsibility to consider the Commission's proposal and, in particular, to determine:

- (1) to what extent they are appropriate to attain or bring us closer to these goals;
- (2) whether they are perhaps too vigorous and may go beyond the aims set, unless, on the contrary, you consider them too timid;
- (3) to what extent these proposals can be reconciled with the legitimate aspirations of our farmers who are faced with rising production costs and understandably wish to achieve a level of earnings comparable to that of workers in other sectors of the economy.

Your debate today, like the Council's discussions next week, will not be easy. The press and professional organizations have already told us of the reactions of the categories directly concerned to certain proposals made by the Commission; the reaction is by no means favourable in every case. It would, however, be a serious development if, through fear of a certain understandable discontent, we were to adopt facile solutions or simply postpone measures which are essential to solve the most pressing problems. We must realize that if we make no effort to solve these problems, they will merely rear their heads again very soon, at the latest next year, in an even more difficult and dangerous manner; you, in this Assembly and we, in the Council must therefore shoulder our responsibilities and take the essential measures.

I hasten to add that this is not only an economic and social problem but above all a political issue. The common agricultural policy is the most advanced and best structured of all our Community policies. It is often described as the cornerstone of Community development. Our decisions must therefore prove that we are able to administer this policy and adapt it flexibly to situations as they arise. Inadequate or fragmentary decisions would cast doubt on the credibility of agricultural policy and, in so doing, weaken the process of Community construction.

These observations lead me to refer specifically to an important point raised in the Committee on Agriculture's report: this report suggests in fact an average increase in prices of 9.5% instead of the 7.5% anticipated by the Com-

Hamilius

mission. As President of the Council, I cannot now pronounce for or against a figure of 7.5 or 9.5%, or indeed any other average figure.

However, I fully understand the reasons advanced by the Members of the Committee on Agriculture in support of this suggestion. They will certainly please some of my colleagues and I am able to inform you that during the Council's first general debate on 19 and 20 January last, problems relating firstly to the rise in production costs and secondly to the need not to heighten the disparity between the earnings of farmers and those of other categories of workers were a matter of concern to all the delegations. However, this Parliament, like the Council, must have regard during its discussion of the agricultural prices, to all the implications of price decisions for agriculture and the economy as a whole and also for the financial and budgetary policy of our Community.

This last point deserves a special mention. You are familiar with all the criticisms which have been made of the cost of the common agricultural policy which is considered excessive in some quarters. You know that the Council of Ministers of Agriculture has reacted to these criticisms and shown that the present level of expenditure on the common agricultural policy cannot be considered excessive, having regard to the fact that this is the most highly developed of our policies and the only one in respect of which the Member States have transferred a substantial proportion of their financial responsibilities to the Community; the Ministers also pointed out that this policy ensures security of earnings and employment for a very large number of workers while also providing our citizens with a domestic supply of food which, if it were to be weakened, would surely cause much more serious difficulties than those facing us today.

However, especially under the circumstances prevailing today, this does not relieve us of the obligation to ensure that expenditure on our policy remains within reasonable limits, corresponding to a balanced economic development of the Community and the need to combat inflation. In this Parliament, your Committee on Budget has given close attention to these problems.

All this goes to show that during your debate and our subsequent discussions in the Council on agricultural prices, we must have regard to many factors which are unfortunately not always compatible.

It is my earnest hope that, in the interests of producers and consumers alike and of the taxpayer, in other words of all our citizens, we

shall be able to find the appropriate solution to the problems now confronting us.

Mr President, ladies and gentlemen, I have made a brief statement at the opening of this major debate. My colleagues and I shall pay close attention to the conclusions you reach.
(Applause)

President. — I should like to thank the President-in-Office of the Council for his words, and particularly for the fact that he intends to be present here today for the debate. I hope that the views he hears expressed will help the Council to find a speedy solution satisfactory to everyone.

I call Mr Houdet.

Mr Houdet. — (F) Mr President, Ladies and Gentlemen, at the opening of this general debate on the Commission's agricultural price proposals, allow me in my capacity as Chairman of the Committee on Agriculture to make a few observations on the extremely detailed and effective discussion leading up to the presentation of the motion for a resolution which our rapporteur has just introduced to you.

First of all we are extremely grateful to Mr De Koning who has analysed these proposals in the very limited time available to us. He has just made such a clear and comprehensive oral statement that those of you who do not belong to the Committee on Agriculture will have been able to assess these proposals and the value of the amendments resulting from the discussions in that committee.

Although it is not really for us to do so, I shall also congratulate Mr Cointat, the draftsman of the Committee on Budget's opinion, who has set accurate figures to the budgetary repercussions of these proposals; unfortunately those figures were not available to us during our own discussions in the Committee on Agriculture.

Finally, a word of thanks to Commissioner Lardinois who agreed on three occasions to answer a great many questions put to him by the committee and who gave information without which our opinion could not have been formulated.

I have already said that the time available to us for consideration of this matter was too limited. For other reasons Mr Cointat would like these proposals to be made in the autumn before the debate on the general budget. That may be difficult but it is also essential because, in order to meet our commitment to European agriculture and define the economic conditions for the next marketing year before 1 March, we had to hold, in the space of 45 days, four excep-

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tional meetings authorized by the bureau and two ordinary meetings. I pay tribute to our colleagues in the Committee on Agriculture who were unstinting in their attendance and effort.

Mr President, this request is repeated every year in a variety of forms. I hope that the Commission will seek ways and means of complying with it because it is well-founded.

Agricultural production remains an essential component of Europe's internal economy especially as its secondary effects are a permanent factor in maintaining employment in the agricultural sectors. Despite all the difficulties, it must be recognized, as the Council of Ministers said in its memorandum of 17 November, that agricultural policy constitutes and must remain an essential factor in European integration. We are all familiar with Art. 39 of the Rome Treaty: it implies solidarity between European producers and consumers; it aims to ensure that producers are equitably rewarded for their work while guaranteeing consumers reliable food supplies at appropriate prices. It is easy to show that the agricultural policy has not as yet failed in this responsibility. Subject to improvement of the market machinery, since all human endeavour is open to improvement, it can and must continue to pursue its objective of European solidarity.

For several years, our Parliament asked for agricultural production prices to be fixed by an objective method based on costs, on the productivity index, on reference holdings defined by Directive No 72/159 and on the reward for work. This objective method has been applied since 1972 but this year the Commission is proposing its correction by reference to other considerations of a social, general economic and monetary nature. It has thus taken a political decision. The European Parliament is now able to take a political decision of its own leading to a change in the rate of price increases proposed to us. The rapporteur explained this decision at length just now.

The unity of the market which is the foundation of European integration, is jeopardized by monetary fluctuations. Agriculture is not responsible but our common policy is imperilled as a result. We all hope that common economic and monetary policies will be laid down despite the difficulties with which we are familiar. As long as this wish remains a pious hope, agricultural policy will be at risk and with it the unity of Europe and our credibility to public opinion in Europe.

To counteract these inequalities of earnings, some Member States have granted national aid. Point 33 of our motion for a resolution envisages

the abolition of these measures and their possible replacement by Community aid; to achieve this aim which we all recognize, the common prices fixed—and this is a political decision—must cover the two aspects of Art. 39.

One criticism levelled at the common agricultural policy is that it creates surpluses through an overliberal price policy. There are two kinds of surplus: conjunctural surpluses against which even the most carefully thought-out regulations are of little value and structural surpluses against which a reaction is necessary. The medium-term solution therefore seems to lie in long-term planning of European agricultural production. We know that this is difficult but we would ask the Commission to give the matter serious thought and submit appropriate proposals to us. We welcome the fact that the Commission has proposed ways of reducing the present milk powder surplus. We think it necessary, however, to ensure that the financial responsibility for absorbing surplus milk production is not shifted to poultry and pig farmers by a compulsory requirement to compound milk powder with animal feed.

We have always accepted that price policy must be linked with structural policy and this applies both to production structures and to processing and marketing structures. I therefore urge the Council of Agricultural Ministers—in the presence of its President, Mr Hamilius, whom I thank for attending our debate—to act on the draft regulations submitted by the Commission and approved by our Parliament: special aid to young farmers, producer groupings, regulations on the processing and marketing of agricultural products, and organization of the market for wine and wine products; these texts were all received by the Council of Ministers a long time ago.

Mr President, I have come to the end of my remarks, our rapporteur has made a brilliant speech and I wish to take no credit from him but I hope, ladies and gentlemen, that you will consider these few remarks before pronouncing on the details of the proposal submitted by your Committee on Agriculture which is a carefully thought-out compromise between the opinions of its members; that compromise was approved by 14 votes in favour with 8 abstentions.

(Applause)

President. — I call Mr Laban on behalf of the Socialist group.

Mr Laban. — *(NL)* Mr President, on behalf of the Socialist Group I wish to make a few general remarks on the Commission's price proposals

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for the next marketing year together with a number of observations on structural policy and food aid. My colleague, Mr Frehsee, will be speaking on behalf of the group on the measures relating to the principal agricultural products.

I wish to endorse the congratulations addressed by Mr Houdet to the two rapporteurs on their outstanding work.

The price proposals now under discussion are extremely complex. Far-reaching changes are proposed in a number of basic regulations and their effects on farmers' earnings is not entirely predictable. Moreover, the proposed abolition of the monetary compensatory amounts in a number of countries will have a serious influence on the effects of the price increases.

In its proposals, the Commission has been guided by a particular line of thought, the principal factor being the general economic situation which calls for restraint in deciding price increases with a view to combating inflation and keeping the earnings of agricultural producers at a reasonable level.

In addition, measures must be taken to restore the disturbed market equilibrium, especially in the wine and milk sectors. Under present conditions, the existing surpluses must be considered structural in nature.

The unity of the market which has been disturbed by the fluctuation of exchange rates and by national support measures must also be restored as far as possible.

Finally, the cost of our agricultural policy must be held within certain limits. Our group has always supported the broad objectives of the common agricultural policy as formulated in the Treaty, although in regard to the practical implementation of this policy we have always made critical marginal observations concerning a number of disturbing side effects. In the memorandum on adaptation and in the stock-taking of the common agricultural policy approved by a majority of members of this Parliament, we find several points which the Commission has also taken into account in its price proposals. It is therefore not surprising that we are able to subscribe to the general formulation put forward by the Commission. At a time of recession and unemployment when the great mass of workers are being asked to contribute to the restoration of the economy by foregoing a real increase in their earnings, a reasonable sacrifice must also be demanded of self-employed groups such as farmers and market gardeners. The emphasis here must be on the word 'reasonable'. This brings me to the politically most striking point of the price pro-

posals, namely the average price increase and the proposals regarding the monetary compensatory amounts for certain Member States which are also relevant in this connection. The rapporteur has shown in his usual clear manner how the Commission has arrived at its average price increase using a somewhat refined objective method. There is no need for me to repeat his remarks.

The proposed 7.5%, corrected by the monetary compensatory amounts, will have widely varying net effects on prices in national currencies in the individual Member States. In a number of countries, such as Germany, the United Kingdom, Ireland and Italy, there will be over-compensation; in the other Member States, the rise in the cost of the means of production and in wage costs will not be covered by the increase in product prices. As a result not all the members of my group are altogether convinced at present that this proposal is reasonable. With the policy of wage restraint applied at present by many of our Member States, workers in industry and other private enterprises and also civil servants are always compensated for the rise in the cost of living. The trade unions make sure that this is done. I believe that the same principle should also apply to our farmers and agricultural workers. One aim of European agricultural policy is to ensure for farmers an average income level roughly equivalent to the earnings of a skilled worker in industry. In large modern agricultural holdings, this is often the case and sometimes earnings are even higher, but the unsatisfactory implementation of the agricultural structural policy means that we still have a great many smallholdings whether we like it or not.

Earnings there are much lower. If the rise in production costs is not covered by the measures proposed by the Commission, these smallholdings will suffer an additional loss of earnings. That is cold comfort to the small farmer and my whole group opposes such a result. It is also undesirable for a great many more people to be forced away from farming at the present time of high unemployment. Our group advocates guidance of production to viable modern farms through a policy of social compensation in the context of a good structural policy. I know that the prices actually received by farmers and market gardeners depend on more factors than the price increases calculated on paper which offer no more than a certain guarantee. I would therefore ask Mr Lardinois to explain here in public how, in his view, the proposed price increase will not in fact lead to a real fall in earnings even in the Member States which he has calculated receive inade-

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quate compensation. I hope that he will not try to hide the facts. Clarity is essential here.

The Luxembourg Minister of Agriculture has rightly pointed out that the common agricultural policy is one of the few areas in which we have made substantial progress in Europe. We must now see whether that progress can be continued by remedying the existing shortcomings or whether this policy will be brought to an end because the governments are obliged to give in to the pressure to take national measures. This alternative would be bad for both the producer and consumer and would ultimately cost the Member States dear.

Under the difficult circumstances prevailing today, it is more than ever necessary to keep a cool head. The Ministers of Agriculture have not yet agreed on the price proposals. In particular, they have not decided whether the fight against inflation must take priority over reasonable prices to farmers and market gardeners. The Economic and Social Committee has delivered an opinion but it is powerless. In Parliament, there is a dividing line between these two opposing interests. The national parliaments cannot exert much influence because they have transferred their authority to the European Community. The central issue is whether priority is to be given to a reasonable reward for farmers or whether a supplementary budget is to be avoided at all costs. Mr Lardinois must now put his cards on the table so that we can vote with a full knowledge of the facts.

Mr President, I see little value in a Parliamentary debate in which no one listens to the exchange of views but adheres to preconceived positions.

I have already said that a broad majority of my group endorses the proposal for a 7.5% price increase. There are objections to certain secondary measures which my colleague, Mr Frehsee, will explain to you. We should like the fullest possible information on the additional expenditure that would result from the views of the Committee on Agriculture and, to my mind, this point must count in our final decision. Mr Cointat has made a number of highly relevant remarks on this matter and also on the financial consequences of the Commission's proposals. I hope that Mr Lardinois will answer him in detail.

I have heard that a decision has been taken to grant monetary compensatory amounts in Italy in conjunction with the necessary adjustment of the green lira. I would like to know what the financial consequences of this will be for the agricultural fund and in particular whether the decision has been accompanied by provisions for

subsequent suspension of these monetary compensatory amounts.

My group and indeed this whole Parliament have called previously for a better planned agricultural policy. The basis here could be an estimate of the demand for the principal agricultural products over a five-year period. There should be a small surplus in normal years to compensate for poor harvests. Prices should be based on the estimated production levels above which no guarantee should be given. This would be an ongoing five-year plan with an annual adjustment of prices and quantities depending on whether shortages or surpluses are anticipated on the world market. Of course, this is easier said than done. May I ask Mr Lardinois to look into the possibilities with his staff. Contacts with COPA have shown us that this organization is open to proposals on such lines.

A plan of this kind must also provide for food aid which should be included in the production schedules. My group rejects the notion that, to get rid of our surpluses, we should make the occasional generous gesture to countries in which thousands of people are dying of hunger. We now have the case of the 200,000 tonnes of skimmed milk powder. Mr Frehsee will no doubt be saying more about this in a moment. I am always angered by the hypocritical lip service which we and our representatives in international organizations pay to the third and fourth worlds when the latter ask us to help first make good their present food deficit and subsequently grant them aid to produce the food they need in their own countries. Europe and the rest of the industrialized western world which owe their prosperity in part to the cheap raw materials obtained from their colonies, cannot be content with mere words.

Aid to the developing countries demands a genuine sacrifice on our part—a sacrifice which will really hurt. In short aid is a question of genuine solidarity with our less privileged brothers and sisters in the Far East, Africa and South America.

Our credibility and future relations between peoples of the whole world are at stake here.

I know human weakness I know how difficult it is to give up some of our acquired habits. But we must do so if we genuinely want our children to live in a world in which all men are free from the spectre of hunger. They must be given the opportunity of leading a dignified human existence. A very simple definition of socialism and, as I see it, also of a policy guided by Christian principles, could be: a little more happiness for all men. Only recently I read a poem entitled 'The development set' in a United

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Nations journal. It is a hard and bitter poem. I shall just read two verses to you in the hope that they can be translated from the original English:

'We discuss malnutrition over steaks
and plan hunger talks between coffee-breaks.
Whether Asian floods or African droughts
we face the issue with open mouths.

We bring in consultants whose circumlocution
raises difficulties for every solution,
and guarantee continued good eating
by showing the need for another meeting.'

I hope that we shall all give further thought to this problem and try to put an end to this poor image in our national parliaments and here in this House. In the long term I believe this is far more important than an argument about a price rise one percentage point higher or lower, however relevant that issue may be to our farmers and market gardeners.

We agree to the Commission's proposals for a realistic determination of the support amounts in the existing directives; we also approve the regulation on hill-farming. We consider that a more fundamental debate should be held on this issue on the basis of an evaluation report to be published shortly by the European Commission. In my view the Committee on Agriculture must also report to Parliament on this matter. I shall end on that note in the hope that Mr Lardinois will answer a number of my urgent questions.

(Applause)

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

Mr Martens. — *(NL)* Mr President, ladies and gentlemen, allow me to say a word of thanks and praise to the two rapporteurs, Mr de Koning and Mr Cointat, and assure them once again how highly I value their work. They have presented outstanding reports to us.

I shall now confine myself to three principal thoughts. Firstly, it is my belief that the price proposals and accompanying measures must be aimed essentially at fixing the earnings of farmers at a level equivalent to that of persons employed in sectors other than agriculture.

My second point is that the Commission's proposals are unacceptable because they would cause the incomes of farmers to lag still further behind.

My third point is that the proposals must be substantially improved on the lines proposed by Mr de Koning.

Firstly then there is the question of fixing reasonable earnings. The income of farmers consists of course of the difference between the proceeds they obtain on the market and the cost incurred by them in growing their products; in seventy or even ninety per cent of all cases, this difference simply compensates the farmer for his labour.

I am thinking mainly of small and medium farmers and not of the large-scale farmers who are few in number. I am thinking mainly of the great mass of agricultural producers who put in a great deal of strenuous work, invest substantial capital and bear considerable market risks in return for low income security. They also fall far behind in the area of social security and are tied very closely to their holdings. They have hardly any leisure time and some of them must work three thousand hours each year to earn a reasonable income. At the same time they are the custodians of our countryside and it is they who enable us to sit down each day at a well stocked table.

These proposals concern the only earnings on which consumers are consulted, the only earnings which are discussed at European level. These proposals must guarantee a reasonable income for nine million hard-working men and women. We consider the proposals unacceptable on this occasion. They amount to an increase of 7.5% in units of account. Allowing for the effect of the monetary measures, in most cases only 5.5% is left and in some countries as little as four per cent. Allowing for the consequences of inflation, it is quite impossible with these figures to reach an income level equivalent to that in other sectors of agriculture.

The proposals also make fundamental changes to market mechanisms. In this connection Mr Cointat has rightly said that these mechanisms are often just as important in determining the price level.

The rapporteur has made it abundantly clear that an average price increase of 9.5% would be more responsible and far more realistic than the 7.5% proposed by the Commission. The Commission says that it has used objective criteria but everyone knows that its figures are determined by the budget for 1976. It is, to say the least, significant that this percentage increase coincides roughly with the budget.

We must seek to attain an income level which will put an end to the great rural exodus. We must help young people to overcome their fear of going to work on the land. The income gap must be made good without too heavy a burden on the consumer.

Martens

What are the Commission's aims? Firstly, it wishes to combat inflation. Then it would like the cost paid by the consumer for his food to be stabilized. It also wishes to prevent structural surpluses. Finally it wants to do something about the budgetary consequences of those surpluses.

As I remember it, the memorandum on the common agricultural policy and the accompanying stock-taking stressed that the Commission's policy was anti-inflationary, that our food had been very cheap especially at a time of high world market prices for sugar and milling wheat for bread. Surpluses must of course be avoided but they are sometimes inevitable. Moreover the cost of our agricultural policy has been on the low side: 0.4% of the gross Community product and 2% of the national budgets. I was therefore not surprised when I heard Mr Ortoli say in Berlin that this 0.4% and 2% were a moderate insurance premium to pay for secure food supplies and to guarantee lower prices, and that there was no intention of setting a ceiling on this expenditure. But what is happening now? We see that the guiding principle in these proposals has been to set a ceiling on expenditure.

In the United States the share of public intervention amounted to 35% in the years 1956 to 1970. In 1971 and 1972 that figure fell to 29% and it dropped still further to 18% in 1973 and 1974. This is more than twice what we spend, namely some 7 to 8% of our national income. How much more would it have cost in the absence of a common agricultural policy? Take the case of potato prices. Here there are no market regulations. Are the consumers now convinced that such regulations cost less? I firmly believe that the common agricultural policy has been of great benefit to us; in the final analysis it has not cost too much.

When I look at the contrast between the stock-taking of the common agricultural policy and the Commission's present attitude I am reminded of La Fontaine's fable 'Les animaux malades de la peste'—the animals stricken by the plague. Had La Fontaine been writing today he might well have chosen a different title 'La société malade de l'inflation'—society stricken by inflation.

After the lion had summoned the other animals together in the forest, he told how he had devoured a great many sheep and sometimes the shepherd too. The other animals went on to recount their own misdeeds; finally it was the donkey's turn for self-criticism:

'I remember passing by a monastery garden when hunger and the devil drove me to

seize my chance and taste the lush grass; I took a good mouthful, to which, if the truth be told, I had no right. At that they called the donkey a thief, a wretched, distempered beast, a criminal who deserved to die—the source of all their ills.'

Mr President, I have the impression that the Commission, and with it unfortunately the socialists, are now treating our farmers like the donkey in the fable. This is unjustifiable...

Mr Radoux. — (F) I wonder which party the donkey belongs to!

Mr Martens. — (NL) ... after all no-one can claim that 0.4% of our gross product is more than a mouthful of grass measured against the whole.

I have already said that we cannot be content with a price increase of 7.5%. But there is more to it. Important changes are also being proposed to the basic regulations. Mr De Koning has already spoken about the proposals on cereals. I shall now look for a moment at the central issue, the difficulties in the dairy sector.

The Commission is proposing a kind of symbolic increase in two stages. If we deduct the monetary corrections and also allow for the possible consequences of eliminating the intervention price for milk powder and if the Commission does not allow for the rise in processing costs in the dairy industry, the overall result for 1976 will, in my view, be lower. I find it laughable to maintain that the producers will have reached a normal price level at the end of the year after a two-stage price increase. This is like telling someone 'You will get a rise at the end of December and you had better be satisfied with it for the whole year'. The proposed price increase applies to barely 1/3 of total production!

The surpluses are also quoted as an argument. These surpluses are certainly not attributable to a substantial rise in production. Supplies on 1 January 1973, 1974 and 1975 were never high enough to cause concern.

A warning was given that stocks might reach substantial levels in 1975. We now find that those levels were in fact reached, for one thing because the Commission made too few efforts to dispose of its dairy products on the world market as it has done in the past. We have seen a fall in sales of all kinds of dairy products on the world market. This is partly attributable to the rise in prices. Another important contributory factor is that following the

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oil price increases, the developing countries were no longer able to buy these products. Other countries with which we had a gentlemen's agreement profited from this fact to replace our products by their own.

Is it possible to speak of surpluses in the dairy sector considering that each year we import some three million tons of vegetable fats to replace butter fat? Can we speak of protein surpluses considering that we import some 14 million tons of vegetable products to produce protein? I am convinced that the problem is not being considered in its true light; basically, there are no surpluses. I believe that our dairy policy lacks consistency.

We tend to speak too much about milk and too little about the relationship between milk and beef. These are two products of the same animal. I would remind you that dairy cattle raising is still the backbone of western European agriculture; 35% of our gross agricultural product comes from this sector, 45% of our land is permanently used by it and 50% of our agricultural workforce is employed in this sector. I would stress that the number of small farmers is high. We must also not forget that for each person employed in agriculture, 3 more work in supplier and processing concerns. I would also remind you that beef cattle raising is the most important source of animal protein and the raw material of that protein is grass for which there can be no other utilization than the production of beef and dairy produce. If dairy cattle or beef cattle farming go into a decline, I am afraid that the cornerstone of our west European agriculture may be undermined.

Before the Commission decides to exert heavy pressure on prices, it should give the matter further thought because we know that the agricultural difficulties in 1971 and 1974 were primarily caused by a similar approach.

Mr De Koning's proposal is very reasonable. It may be summarized as follows. The cost increase has been in the order of 12 to 13%; we are assuming that production must be inhibited by pressure on prices. Assuming that half the cost increase is involved and that the monetary corrections are subtracted from the rest, quite clearly there is indeed heavy pressure on prices. If we follow the Commission's proposal, I believe that we shall be faced with a decline rather than an improvement in income levels.

One final remark on market management in connection with the expenditure of the agricultural fund. I must say that I am sometimes able to approve of the Commission's intentions but I cannot always support its actions. I realize

that the Commission is doing all it can to ensure supplies to consumers at reasonable prices but the safeguard measures must not then be borne by the producer. I would remind you of the difficulties in the beef sector in 1973. Then again, we are exporting wheat with export refunds although we can sell wheat with export subsidies.

I should have liked to say a few words about sugar imports and the poultry sector. Little if anything has been done here; we must make sustained efforts to bring about a genuine structural improvement in that sector. Time is short and I cannot say any more about structural policy or the need to pay more attention to the interests of young people.

I hope that Parliament will approve Mr De Koning's report by an overwhelming majority so that the Council will have our backing in procuring for our farmers an income level which they so richly deserve.

(Applause)

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

Mr Scott-Hopkins. — I am grateful to my colleagues of the other two groups for allowing me to speak now. As the House knows, the British Members have a problem in that we must return to the United Kingdom rather earlier than we would like.

I am also very glad that the President-in-Office of the Council in charge of agricultural matters is present. I listened with great interest to his speech. I was particularly impressed when he said that he had come here to listen rather than to talk to us—that he wished to take back our words of wisdom to his colleagues on the Council and to inform them what we were thinking. The reason why we are thinking in this way is perhaps the most important point of all. I am sure that he will do that.

I also offer my thanks to Mr De Koning. He has presented an excellent report and one which merits a great deal of thought. I hope the House will give it much thought during the coming hours of debate.

There is no doubt that the most important issue which has been mentioned by every speaker up to now is whether the Commission's proposals for 7.5% represent a sufficient increase this year. I shall not go into all the figures. A mass of figures has been produced concerning the issue of how 7.5% affects each country.

It has become quite clear even from the speeches which have been made up to now, particularly

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from the rapporteur and Mr Cointat for the Committee on Budgets, that in many products and many countries the cost increases are such that farmers will be under-recouped by the Commission's proposals. That is why, without going into all the details of the various products and the percentage figures, in principle my group supports Mr de Koning's proposal that we should increase the Commission's proposals by 2%.

I have heard Mr Laban, who I am sorry to say is not present at the moment, speak many times in the past. Speaking on behalf of the Socialist Group this morning, he was in my view particularly uncomfortable in putting forward the suggestion that the Socialist Group would adhere to the 7.5% and not accept Mr De Koning's proposals.

It is all very well saying that there are other problems. Of course there are. The President-in-Office of the Council mentioned the economic problems that exist throughout the Community. Of course we know about them. Nevertheless, we do not want a depressed industry. We do not want people leaving the land. We do not want farm workers being under-recouped. That is exactly what could happen if the level of price increase during the coming year were not adequate. I do not believe that the 7.5%, which comes down to 5.6% or 5.7% on average, will be sufficient. That is why my group supports the proposals put forward by the rapporteur.

I turn to the various products. As to cereals, in principle, I accept what the Commission are doing and the way in which they are changing things. I have always been an advocate of a common price for feed grains. I believe this to be desirable. In my view, a 15% differential between feed grains—feed wheat for that matter—and milling wheat for bread is a correct proposal. However, I go along with what has already been said in that the present lack of a test for milling wheat is a situation which we as a House cannot accept. My honourable friend, Mr Howell, has an amendment tabled concerning this matter to which I hope the House will give serious consideration when it comes to vote on Thursday. Unless we can have an absolute assurance from the Commissioner that there will be an adequate and practical test which can be followed throughout the Community at all levels, in my view this proposal will have to be dropped.

The prices of most cereals are to be levelled up. The price of maize has gone up a good deal — I think too much. The net result will be a decrease in feed grains, a reduction not in the target price but in the intervention levels. This proposal must be considered long and hard

before it is accepted. I understand that the Socialist Group has an amendment expressing its anxiety on that issue, but I gather that its spokesman will not be able to speak on the matter. My group, too, is worried about it. We think that the Commission has not given sufficient thought to it.

It has been pointed out that a great deal of planting and sowing has already been done, that the winter wheat and the spring wheat are in because of the favourable weather conditions throughout the Community, that many farming plans have already been made and implemented. I therefore ask the Commission seriously to consider whether it is trying to go too fast and too far for this year. I think that in principle the Commission is right on this issue, as I have said over many years in this House, I wonder whether it has not produced this proposal too late for this year. That is the view of many of the farming organisations. They accept the principle of what the Commission proposes but take the view that the proposal is too late to affect plantings and sowings this year, and they believe that it might affect confidence among cereal farmers.

Confidence among cereal growers throughout the Community is essential. Is the Commissioner able to say that what he proposes will not erode that confidence? Personally, I think that it is almost certain that there will be reasonably high prices for grain this year, if we are to judge by what is already happening on the international markets and remembering the contracts between Russia and America. One hesitates to make forecasts in farming, but I think that there will be a reasonably firm price for grain this year. But who knows what will happen at the next harvest?

Milk is another major product to be covered by this price review. My group accepts the Commission's proposal for a two-stage increase in the price of milk. I know that this proposal has been criticised by many, and our rapporteur himself was not particularly happy with it. When farmers are calving on grass and the milk is coming basically from the grass, their costs are that much lower, and that is the time for them to build up a surplus. But when they are calving down and feeding a greater proportion of compounds, in the winter and the autumn, it is equally necessary to maintain production at a time when expenses are greater, but it is a time when the farmer does not create most of his surplus. That is why my group accepts what the Commission has suggested in this respect. Whether it is sufficient is a matter for argument. I do not intend to go into that, although milk is plainly one of the main products from

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which there will have to be increases in returns if confidence is to be maintained.

However, is the Commission devoting enough resources to encouraging the consumption of liquid milk throughout the Community? As is generally known, in the United Kingdom a great deal is spent in that way, but I do not think that that can be said of all the Community. But this encouragement is the key to disposing of much milk direct from the cows and not as a manufactured product. Money used in this direction would be well spent and the increased consumption would improve the health of the people of the Community. I hope that more emphasis will be placed on that point.

I turn to the subject of the surplus of skimmed milk. Although the Commission's Report says that there should be greater emphasis on the disposal of liquid skimmed milk, there are no proposals to that end. I should have thought that it was essential to have a whacking increase in the subsidy, in the guarantee, for liquid skimmed milk in preference to drying the milk and then putting the water back. The latter seems a remarkably foolish way of going about it, and it helps to increase the surplus. Surely the Commission could have come forward with proposals in this respect. It should have done so, and I hope that it will do so before the matter goes to the Council, and that there will be a proposal for increasing the consumption of liquid skimmed milk by farmers feeding pigs, for instance, which is one obvious method of disposal.

I turn next to the subject of the mountain of skimmed milk powder. I am confused about this because I understand that the Commission is to come forward with proposals for a deposit scheme by which the importer, the compounder, will have to pay a deposit on any other type of protein that is used, getting it back when he has taken from store the equivalent amount of dried milk for feeding to poultry and pigs. I do not know that that is the proposal, but if it is, it makes a nonsense of all that has been said in our report.

What is unacceptable is the proposal by which compulsion would be used to ensure that 2% of compound feeds for pigs and poultry should be made up of dried milk, up to 600 000 tonnes. My colleague, Mr Howell, is particularly incensed about this proposal and would have said so had he had the opportunity.

There seems to have been a change of mind, and perhaps the Commissioner will have an opportunity to say so, on the subject of disposal. Is it true that there is a suggestion that the export restitution should be increased for skim-

med milk so that we can sell 400 000 to 600 000 tonnes to Russia? There is a strong feeling that there may be a proposal from the Commission in that sense. I have no quarrel with the disposal of a surplus of skimmed milk powder, but if we are to do this we should examine every possible means of disposing of it within the Community rather than go through all the nonsense that we had with butter in 1973, when we disposed of our surplus to the Russians with a subsidy that put the price below the world market price. Rather than pay a subsidy, let us use that money in the Community instead.

Is the Commission happy about the provisions for the non-marketing of milk? Is it not a fact that there are not enough incentives? Is not the incentive spread too thinly? Would it not be better to concentrate the incentives on a smaller band than is proposed? If that were done we might get something worth while.

I gather that from 15 September 1976 there will be a change in the system of support for skimmed milk powder. Is the support system to relate to a reference price—we have an amendment down on this—whereby there would be a target of between 94 and 102% of the guide price and it would be by tender? This is liable to make the market uneven. The milk producer will not know at what level it will be. Therefore, rather than do that, it would be better to have a low fixed intervention price. That would be better than having this moveable figure which will always be at the bottom level. Moreover, we shall not know exactly what it will be.

There are other issues and other products that are important, but I do not have sufficient time to deal with them. The main point is that our industry has been going through a rough time. As Mr Martens said, what the Commission is trying to do is right in principle, but we do not believe that it has sufficient funds at its disposal to achieve its aim. We must have a reasonably stable industry with the maximum efficiency that we can achieve within the Community. I do not believe that the Commission's proposals will enable that end to be achieved. That is why I support Mr De Koning in wishing to increase the figure by 2%.

There are other smaller issues. One can think of cauliflowers coming to the United Kingdom and protection being wanted for them to a certain extent to stop the market from being disrupted between January and March 1977. One can think also of olive oil, tobacco, silk worms and other small items on the periphery which are important to the people producing them but are not the central issue from the point of view of cereal growers and beef and milk producers.

Scott-Hopkins

I hope that the Commission will draw back its proposal that we should do away with the beef premiums because this is an essential part of the whole of the milk-animal structure. It is illogical that we should be saying that there is no point in having a beef premium system because the price will be so high. If the price will be high, why have an intervention system at all? Why not do away with the whole lot? The point of having a premium system, as well as one of intervention, is to give added confidence to the beef producer.

We shall need the extra meat that will come, and needs to come, from our beef herds. Bearing in mind the need for both beef and dairy herds, it is essential not to erode the confidence of this sector of our industry during the coming critical months, and I hope that the Commission will think again about its proposals. I know that my honourable friend Mr Hughes feels as I do about them. I hope that the Commission will think carefully before proceeding fully along this line.

The important point is that the main sectors of the agriculture industry should be confident that they can see a future for themselves. I should like the five-year programme to which Mr Laban referred, but it is not practicable. I should like a three-year programme, and perhaps that is practicable. I hope that we shall be told how expenditure is going from year to year and have the details properly laid out.

Above all, I want producers on modern farms to have the confidence that their product is needed throughout the Community and that their marketing structures are right. I hope that they will get the support that they so richly deserve not only from this House but from the Commission. If the Commission and this House accept our proposals, they will take a step towards restoring confidence within the farming industry. *(Applause)*

President. — I call Mr Cipolla on behalf of the Communist and Allies Group.

Mr Cipolla. — *(I)* Mr President, ladies and gentlemen, once again we are discussing agricultural prices according to the same old ritual and on the basis of an antiquated approach and proposals in which the Commission perpetuates a policy that—as we have stated on several occasions—has proved disastrous to the consumer, the tax-payer and the great mass of agricultural producers in the Community. This year we were surely entitled to expect major changes in the common agricultural policy. Everything pointed in that direction: the en-

largement of the Common Market now consolidated following the British referendum, the downturn in the economic cycle, inflation, the halt in industrial growth, the increase in unemployment and identical changes on the international market.

I must stress here the gravity of the situation of the European Economic Community which, at a time when cereals, together with petroleum, are one of the most important weapons of international trade, imports cereals to produce milk powder or butter—products which no one wants to buy on the international market except at ruinous prices.

Mr Scott-Hopkins expressed his regret just now that the milk powder might finish up like our butter in the Soviet Union. That is quite likely to happen and perhaps the Soviet Union will do us a favour by buying our milk powder. But if instead of this milk powder we could have had at our disposal the mountain of imported cereals—soya or fodder maize—with which cows are fed in Holland and other countries to produce this milk powder, perhaps the economic situation of the Community might have been different.

There is a constantly growing awareness—reflected in the unrest among wine growers in Southern France and Italy—of the injustice of the common agricultural policy which provides no protection of earnings to large masses of producers.

I would ask Mr Lardinois where the logic lies in the regulation on the market on wine and wine products which fails to guarantee producers the intervention price offered to cereal-growers and producers of milk and cheese, and what is the logic for applying monetary compensatory amounts to the wine sector where there is no guaranteed prices despite the struggle of the French and Italian wine growers. Nothing is being done about this situation because those governments which had given the strongest commitments to change our policy in this sector have gone back on their word. There was I believe widespread disappointment when the German Government, which had imposed a discussion of the results of the common agricultural policy a year and a half ago, was ultimately content with a reduction in the Community budget to the detriment of the social and regional funds, leaving the common agricultural policy untouched. There was greater disappointment with the British Government whose policy, unlike the Community's protectionist approach, has been traditionally designed to protect the consumer. During the renegotiations the British Government was content to obtain a few more units of account than

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Mr Heath had already obtained, especially in order to guarantee the price of sugar from the former British colonies.

The situation is, however, deteriorating. Commissioner Lardinois told our Committee that if things go on in this way the mountain of milk powder which amounted to one million tons at the end of the year will reach 1 600 000 tons by the summer. The commercial crisis is increasing with serious risks—as we are seeing in the wine sector—because instead of following the line proposed by the Commission and reducing excise duties and VAT on wine to increase consumption, VAT is in fact being raised in various countries and compensatory amounts imposed leading to a reduction in the possibilities of developing trade in wine and other products.

There have also been monetary developments such as the devaluation of the lira. I would ask you to note, ladies and gentlemen, members of the Commission, that the obligation to purchase products at protected prices and sell agricultural products at international prices and the obligation to pay into the Community's coffers far more than we receive result in a burden of 1 400 thousand million lire for my country's balance of payments, almost equivalent to its trade balance deficit. We have had to pay 55% more for beef and veal and 100% more for butter and other dairy and cheese products while our wine and fruit and horticultural products receive the treatment with which you are perfectly familiar. Such is the result of this ruinous policy.

I come now to the proposal. Those of my colleagues who had said that the increase in prices falls short of the demands of our agricultural producers are no doubt right, but it is also true that any increase would fall short of these demands and inevitably create disparities. While it is true that the price of milk in Europe is 300% higher than in New Zealand or Poland, it is equally true that there are farms capable of producing at the international cost, although the mass of smallholdings is unable to do so. We cannot go on increasing our surpluses, thus favouring the most advanced farms and destroying the smaller one. We need a new system.

My socialist colleagues are right when they say that surpluses must not be increased by raising prices; but their mistake is not to suggest alternative solutions for small farms especially at the present time when, because of the economic crisis, industry would be unable to absorb those small producers who decided to leave farming.

As I have said, the time is ripe for us to strike out on a new path. A serious political pointer has been given by the Community's Economic

and Social Committee which, for the first time, under the pressure of all the European trade unions representing workers in our towns and countryside, agreed to call for a reform of the common agricultural policy which conflicts with the Commission's proposals.

The text finally approved by the Economic and Social Committee states that the Commission's proposals

'will lead to new imbalances within the sector... Such increases will increase costs, be of little benefit to the majority of farms, and will not be in the interests of consumer protection... The prices policy... should (a) be harnessed to programmed targets on which farmers can base their decisions, (b) provide better protection for the EEC's Mediterranean products and (c) provide small farmers with personal income supplements to help them to improve the structure of their farms.'

The document then goes on to say:

'The Commission has made no such proposals. Given the pace of increase in the cost of prices policy, there is little chance of obtaining funds to achieve a more efficient structural policy or to encourage the development of producers' associations.'

That, Mr Cointat, is the answer of the European working class!

I thought it desirable to remind you of the Economic and Social Committee's position not only because I fully support it but also because—ladies and gentlemen of the left and in the Christian Democratic Group please note, since the unions which managed to gain approval for this concept included Catholic unions from Belgium, Italy and France as well as the British unions—we must maintain closer links with the demand coming from the base, not through any desire—as communists we lay particular stress on this aspect—to set the interests of workers against those of agricultural producers but to offer the latter measures which are genuinely adequate to the situation, in other words different measures involving far-reaching reform on the lines of the proposals from the unions which I quoted and those which have been worked out long ago by the entire European left.

I stand in admiration of the tenacity with which Commissioner Lardinois and Mr De Koning defend Dutch cattle raising but I would remind them that this form of agriculture is 'in an intensive care unit', to borrow a medical expression; how is it possible to maintain in an age of international competition and open markets that we in Europe can pay three times the

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international price of butter? The poor farmers in Southern Italy and France would continue to tend their vines and citrus fruit trees even without this policy, but if Dutch agriculture were to be deprived of the intensive care it has enjoyed for so long, not one single farm would stand the pace. Europe, the European working classes and the same European industrialists who must every day face up to competition from the United States, Japan and the newly industrialized countries on international markets, cannot go on paying the cost necessary to protect Dutch agriculture.

The problem is not therefore one of deciding whether agricultural prices should be increased by one or two percentage points; the real need is to respond to the concrete demand for far-reaching and radical reform. Europe is not moving forward because the only policy which it has managed to set up takes a form which is not accepted by the majority, resulting as it does only too often in a heavier financial burden and destruction. Europe cannot move forward if, in face of world hunger, it destroys its orange crop or uses milk powder to feed cows which then produce more unsaleable milk, thus perpetuating an endless cycle. In a word, Europe cannot continue on these lines; it must take a new path involving far-reaching reform of the common agricultural policy.

(Applause)

President. — I call Mr Durieux on behalf of the Liberal and Allies Group.

Mr Durieux. — (F) Mr President, Mr Commissioner, Mr Minister, like those who have spoken before me, I wish to congratulate our rapporteur, Mr De Koning, for his excellent report. In this important and difficult debate it should enable our Assembly to adopt a position that could be decisive in the process of fixing agricultural prices for the 1976/1977 marketing year.

Mr De Koning's position on the fundamental point of the general price level is very firm. He proposes, on behalf of the Committee on Agriculture, an average increase of 9.5% on the basis of a two-year reference period, for he is convinced that the rise in production costs must be taken more fully into account.

Unlike the 7.5% proposed by the Commission, his report constitutes for us Liberals a compromise that is more or less acceptable. I will therefore touch only on a few particular points concerning which my group has tabled a number of amendments which will be defended by Mr Bourdellès and myself.

Mr Lardinois will have to show a great deal of imagination if he is to do away with the sur-

pluses in the milk sector and yet continue to ensure that producers continue to receive fair incomes that do not constitute a threat to their economic existence.

In this connection I was somewhat surprised to hear Mr Laban, speaking on behalf of the Socialist Group, state a while ago that farmers must be reasonable, that they must make an effort at least as great as that made by the workers. But doesn't Mr Laban think that the farmers have for some years past been making great efforts, as year after year their incomes have been declining?

Incidentally, I know quite a number of small farmers whose income is below that of a semi-skilled workman in a factory. In fact, it is not the farmers who can be held responsible for this mountain of milk powder, estimated today at 1 200 000 tonnes. It seems to have been forgotten that in 1972/73 trade was buoyant. The trouble began at that time, when people were scared that there would be a soya shortage, and so the exportation of milk powder was made much more difficult. From the commercial angle the Commission must, in my view, bear a great deal of the responsibility, since by fixing offer prices at the frontier, largely through the system of subsidies, it can make certain operations possible or can block them.

The powdered milk market is difficult because it is the sellers who are besieging the buyer. As soon as an offer price is known, there is always a competitor about who is likely to make a lower price, and in this sector there are plenty of snipers. The man who wants to win a contract must be quick off the mark if he is to succeed. Sometimes it helps to hustle administrative procedures. Obviously, this is no longer done today. Consequently the European Community, the world's leading producer of milk products, has completely lost the initiative on the world market. There have been chances of exporting, especially to the Mediterranean market at the time when New Zealand could not meet its commitments because of drought at home. But this is not at all what happened. When Great Britain joined the Community, New Zealand became the tenth Member State. Today the Community is satisfied with such markets as others leave for it.

All this passes the understanding of the small producer, who is entitled to a fair return on the work he does. The increase in two stages, as proposed by the Commission, is completely unacceptable. The 2% increase on 1 March, which in France for instance would mean, after allowance for the currency adjustments, a rise of 0.7%, would apply to the main milk-producing period.

Durieux

So the Commission is running the risk of driving a number of small farms out of existence and increasing still further the number of unemployed persons in the Community; for the dairy farmer is, in most cases, a small farmer who has a herd of 10 to 40 milch cows, he lives in a less favoured area and has no chance of turning to other crops. The Commission has no right to blame him for a situation which is entirely beyond his control, any more than a factory hand can be held responsible for the possible failure to sell what he has produced.

Of course, the Commission is showing imagination in proposing that 600 000 tons of milk powder shall be included as a 2% admixture in animal feedingstuffs. But this measure could lead to a rise of 5 to 7% in the price of the feed. It is once again the pig and poultry farmers who will be the sufferers, especially as this rise will be compounded with the effect of the higher prices for grain. Who will pay? The producer, the consumer, or the Community? This is the question our rapporteur, Mr Cointat, was raising just now.

Last week the Commission of the European Communities increased the export refund on powdered milk by 20 u.a. per ton, bringing it to more than 50 u.a. The subsidy given to the people who compulsorily mix powdered milk in their animal feedingstuffs might well be increased in the same proportion, for under the Commission's present proposals it is limited to 36.5 u.a. I am quite aware that this will cost money, but I must say that if we export powdered milk to the U.S.S.R. and give it a subsidy of 50 u.a., I see no reason why our small farmers should not benefit equally when they are forced to include milk powder in their animal feed.

Moreover, this proposal that milk powder be incorporated in animal feed can be considered rather shocking, for while I agree that we must reduce this mountain of milk, I do think that when, as we know, so many human beings are suffering from malnutrition, Europe must make generous proposals, going to the limit of what is technically possible, and I wonder whether this limit cannot be pushed beyond the 200 000 tons proposed for the food aid programme.

In the beef and veal sphere, the use made of the safeguard clause has had an extremely beneficial effect, having rendered possible a recovery in prices, whereas only a year ago the debate on this subject was relatively heated and fraught with passion. The measures recently taken by the Commission, the last of which came into effect on 2 February, make the import arrangements definitely more elastic. My fear is that they could undermine the equilibrium that has

been so laboriously achieved. The widening of the margin between the intervention price and the guide price is also likely to reduce considerably the impact of the higher prices, seeing that the rise is very insufficient by comparison with the appreciable advance in production costs.

The appreciable advance in production costs is also felt by the planters of sugar beet, most of whom are—contrary to what appears to be the general opinion in this Assembly—small farmers with sixty to a hundred acres. Costs are very high with this sort of crop, while for the last two years yields have been decidedly mediocre. In my view, therefore, the proposals on price increases for sugar beet will not be found tempting. Far from bringing the situation back to normal, they could lead to a reduction in the area under beet. In restoring the producer levy on B sugar and fixing the maximum quota at 135% of the basic quota, you are running the risk of causing fresh supply difficulties. I for my part am therefore submitting an amendment which calls for the maintenance of the maximum quota for sugar undertakings at 145% of their basic quota.

Our attention is riveted on the line to be followed by producers even more than on the price level itself. What are the Commission's production targets? It is high time they were fixed, for the ranks of the discontented are growing day by day. The winegrowers are being joined by the dairy farmers and, in a spirit of solidarity, by the rest of the farmers in the Community. Let there be no mistake: they are sick and tired of the ditherings of those in authority.

The European Parliament has a role to fulfil, it has to give warning that the anger in the countryside is great. I hope this warning will be heeded. Let no one forget that on 23 March 1971—it was but yesterday—100 000 farmers, enraged at the sacrifices thrust upon them in a situation fully comparable with that of today, sacked Brussels, and that the baptism of blood given to the construction of the Community left one person dead upon the ground.

As Mr Hamilius said when he spoke a while ago, it is a difficult economic, social and political problem. We must all accept our responsibilities. For our part, we shall do so.

(Applause)

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

Mr Liogier. — (F) Mr President, ladies and gentlemen, it is unfortunate that the proposals put before us for our examination should be in large measure the reflection of the endeavour

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to keep expenditure within an effective ceiling more or less imposed by the Council. I do not wish to enter into polemics over the budget, but would it not have been possible, if there were to be no costly measures, to show more realism and yet to remain within the limit of the 5 400 million of the agricultural budget?

To accept an increase of 7.5% in target prices would in fact be simply to affix the stamp of authority, for the third time running, on the leeway to be made good in the advance made by our farmer's incomes. In support of its price policy the Commission takes as its starting point what are called modern undertakings, and it has in mind the creation of a production structure based on cost prices. But it no doubt forgets that these prices have gone up considerably, to such an extent that farmers—and here I am quoting the annual report—have been confronted with a rise in the costs of the means of production amounting to over 30% in 1974 and 1975. It was precisely in order to give due weight to the inflationary factors of the last two years that our rapporteur, Mr De Koning, chose a more recent statistical base. For this we can but congratulate him, just as we must congratulate him on the extremely serious way in which he has prepared his report.

And that brings me to the objections raised by Mr De Koning, who claims that the relation between the cost of labour and the cost of capital is identical in modern undertakings and in the undertakings we call balanced. Such an affirmation is, in our view, mistaken, for some modern undertakings, even industrial ones, are moving down the path of diminishing returns, they have 'diseconomies of scale', and so rising costs. Is it these undertakings that Mr De Koning has in mind? If so, they are no more than a minority, and the reference to modern undertakings would not be very clear. Our economic definition of balanced undertakings has the advantage of clarity, or at least we think so. And that is why I ask my honourable friends to adopt our Amendment No 1, a point we have already discussed on several previous occasions.

Our Committee on Agriculture has, then, been led to propose an increase of 9.5%. For our part, we consider such a figure to be a minimum advance if this House really wishes to try to ensure a fair standard of living for the farmers of the Community, as laid down in Article 39 of the Treaty, without prejudice to the interests of consumers. This does not however prevent us from recognizing that the increase of 10.6% proposed by COPA is in our view the most reasonable, especially as this increase ought to apply to the target and guide prices and the intervention prices, and as effective measures to

deal with the organization and the management of the market ought to be taken both internally and in our dealings with third countries, thus making it possible for producers to obtain the prices fixed.

It must also be pointed out here that these sums are expressed in units of account. As a result of monetary disparities in our Community, no farmer in fact receives his income in units of account, but in his own currency. In this connection, we realize the need to return one day to the uniform prices without which there can be no common agricultural market; but this in no way lessens the need to ensure here and now that producers are protected against the effects of currency fluctuations. They cannot be held responsible for the fact that economic and monetary union has not yet been attained. At a time when farmers' incomes are not advancing, there can be no question of thrusting brutal deflation upon them for monetary reasons.

Likewise, producers cannot be held responsible for the stocks that build up because of bad organization or perhaps, where milk powder is concerned, because of bad management of the markets.

For the producers of milk the Commission, then, proposes a 2% increase on 1 March and 4.5% on 1 September; but from this increase we must deduct the percentages for monetary adjustment, which incidentally affect the States which are major producers.

If we add to this the fact that more than half the milk produced is marketed before September, it is more than obvious that the intention has been to lay real responsibility at the door of the producers, as they will in fact receive no increase on 1 March. Socially that seems intolerable, and all the more so in that, although it is evident that there is a surplus of milk powder, there is not necessarily any surplus of fresh milk or simply processed milk. It is evident that there is a contradiction between the analysis and the solutions proposed.

It is paradoxical that, to deal with a problem which is described as structural, the Commission should put forward proposals which are all short-term, in other words counter-cyclical, and consequently destined to disappear in the course of time. If the intention really is to modify structures through price measures—a method rejected by all economic theories—why then give an increase in two stages, the second being the larger? Such is the reasoning behind Amendment No 4.

Our Group of European Progressive Democrats considers that, in order to tackle at one and the same time both the structural surpluses and the

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cyclical surpluses, we must achieve structural equilibrium. The problem is also one of selection. For many small farmers, milk represents their wages. For them, working often in marginal and uncompetitive areas, it is milk that brings the best and quickest return on their work. Funds must be made available to help with the conversion of these farms, or social aids, but we must not penalize all dairy farmers and, at times, the whole farming community. The premium paid for the non-marketing of milk powder will not go far towards solving our problems. We believe that in their hearts the Commission's staff are aware of this; their proposal is nothing more than a modest and temporary expedient intended to gain acceptance for other and less popular measures.

With our Amendment No 6 we are today proposing that the guarantee system, which covers only milk powder, butter and certain cheeses, should be adjusted. The range of the guarantees should be extended to include drinks based on fresh milk, yoghourts and other varieties of cheese. In parallel with this there must be a bold—I repeat, bold—price policy embracing all oils and fats of vegetable origin. This policy must satisfy the true interests of our consumers and producers in Europe, and not those of this or that State outside the Community. Likewise, we shall have to think about converting certain of our dairies, which have been concentrating too much on milk powder. These measures call for the introduction of a coherent policy covering remunerative prices, structures that are in line with the true needs of the Community, and social aids. Such a policy would have the advantage of clarity.

The compulsory admixture of milk powder in animal feedingstuffs raises a problem that deserves further thought. Moreover, Mr De Koning's report—very guarded on this point—proposes that a subsidy should be introduced with the aim of avoiding any distortion of competition in cost prices. And where we might expect that action would be taken, in view of the threats facing the economy, to strengthen and improve the organization of the markets, we find on the contrary that many of the market support mechanisms are being weakened. We must oppose with all vigour this practice of using the annual farm price reviews as cover for the whittling away of the guarantee that originally was offered to farmers through the market regulations—a system introduced by the pioneers of Europe.

To take the example of wheat: the distinction which the Commission has introduced—and it is a subtlety that will prove difficult to apply in practice—between wheat for fodder and wheat of bread-making quality would result in

an appreciable restriction of the prices offered to farmers.

And take again milk powder. Here it is proposed, that the intervention price should be suppressed, from September onward, and the price for milk powder would tend towards a minimum because of the system of public invitations to tender. In addition, the producers would have no guarantee that the intervention agencies will feel they must buy. That, then, is why we have tabled Amendment No 5.

These two examples, drawn from many others, show how the guarantee given to producers in almost all sectors is being weakened. Only the intervention prices are really meaningful for producers, and the Commission apparently wishes to diminish their value to the farmer. This is notably the case with beef and veal, where the Commission has just widened once again the gap between intervention price and guide prices. True, the production cycle for beef and veal is at present in the upward phase, but this upswing is far from secure; and it is curious to note that the measures proposed for beef and veal constitute a further obstacle on the path of farmers wishing to drop milk production and move over to meat production.

In these circumstances, some people might feel that the Commission's proposals have been made solely with an eye to the immediate situation. Now, the Commission is inclined to follow a 'concertina' policy, pressing a little on one side and holding back on the other. On sugar, for instance, quotas for 1975 are raised, but in 1976 they will be reduced, while the price of sugar is being increased by more than the average advance in prices. All this rather frightens us, as does the present self-effacement of the Council when it should be tackling difficult situations and adopting truly basic regulations.

We do not intend at this point to return to the quarrel about wine, but we must state very clearly that the Commission's proposals on wine prices are meaningless as long as the Council fails to adopt the reform of the common organization of the wine market. But until such time as the Council is ready to adopt a serious regulation which will put a brake on production by imposing on traders the minimum of discipline needed to rid us of the uncontrolled liberalism which is strangling the economy of southern Europe, it must be clear that this or that State will be forced, absolutely forced, to adopt holding measures if the least favoured producers are not to be driven to despair and revolt.

On fruit and vegetables, we consider that the Commission's price proposals are entirely un-

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satisfactory, and insist once again on the need for meaningful reference prices.

We agree with the grubbing-up subsidy for apple trees and pear trees, and welcome the fact that, thanks to the adoption of our amendment in the Committee on Agriculture, the subsidy is being made more attractive and consequently more effective.

This crisis throws into relief the wide disparity between incomes in the various countries and even more the differences in output. Allow me, in conclusion, to quote a few figures, some of which, I know, throw doubt on the correctness of the method used in the calculations, perhaps because they are too clear. Thus, every farmer will in 1974 have received from the Guidance and Guarantee Fund the following amounts: in Italy, 500 u.a.; in France, 1 500 u.a.; in Germany, 1 600 u.a., in Great Britain 1 800 u.a., in the Netherlands, 8 000 u.a.

These disparities are today causing an atmosphere of mistrust amongst our farmers. The first priority, then, is to halt the deterioration in their incomes which would undoubtedly entail a decline in agricultural investment; this in turn could not but aggravate unemployment in the Community and lower the already unduly depressed level of production in certain sectors. Only if we take such action will consumers be able to obtain supplies at reasonable prices.

For all these reasons, and despite all the efforts made by the Commission, we must reject the proposals submitted. Together with Mr Bourdellès, our group tabled 25 amendments in the Committee on Agriculture. A number of them were adopted, and this we welcome. The resolution before us today, though it does not entirely satisfy us, has received our approval. By a few other amendments we are trying to introduce some further improvements which, we hope, will be accepted by this House.

(Applause)

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

Mr Frehsee — *(D)* Mr President, I am glad that there was still time for you to call me during this sitting, first because what I will have to say may restore a certain balance between the Commission's views and the proposals put forward by the Committee on Agriculture, proposals which most speakers have so far supported, and secondly because I have after all to put the Socialist Group's views concerning the various products. In addition, it is surely very much to be hoped that Mr Lardinois will reply.

Unlike the speakers to whom we have just listened, we consider the Commission's proposals to be suitable and, Mr President, we also consider that they are progressive and courageous. It is interesting to see how relative these concepts can be. Mr Liogier has just been calling for a courageous price policy on quite different lines. We consider that the price policy which Mr Lardinois has put forward is a courageous price policy. We have of course our comments to make, but they are the reverse of those we have been hearing. The prices suggested for sugar and beef, for instance, seem to us to be still too high.

At any rate, the Commission's contribution to fixing the new agricultural price levels is also a contribution to the fight against inflation—which is something that cannot be said of the proposal put forward by the Committee on Agriculture. Mr President, my political friends are convinced that the Committee's proposals would provide a new spur for inflation—and that it does not constitute a contribution to the struggle against inflation. We have therefore tabled amendment No 36, approving the Commission's proposal for an average price increase of 7.5%.

Mr President, I must add that we welcome the measures which the Commission says should accompany this increase. As I must be brief, I will point only to the aid for mountain and hill farmers, a larger percentage of which is to be financed from EAGGF money. And I would also like to draw attention to our Amendment No 36, which does not merely say 'agrees to an average price increase of 7.5%', but links this with 'the express condition that this rise should be accompanied by direct aid measures for the producers with the lowest incomes and measures for a considerable strengthening of socio-structural aid'. That is socio-agricultural policy. It is however, we must concede, not a protectionist policy such as most speakers so far have been demanding.

And now I turn to the various products. For cereals, there can be no doubt that the Commission's proposals will produce far-reaching changes in the system of the cereals market organization; they are intended to give the producer a share of responsibility. This is a line which has been discussed a number of times in earlier debates on farm prices, and most of us have supported it. Now the Commission is acting in accordance with this wish that has been put forward a number of times; we congratulate the Commission and support its move.

An attempt is being made to establish a better relationship between the various feed grains on the basis of their value as feed and by bringing

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closer to each other the prices for feed wheat, maize and barley. These are all moves which we wanted. Let us encourage the Commission to continue along these lines and to aim in the future at determining the prices of feed grains entirely on the basis of their value as feed.

We fully understand that the Commission is pursuing this objective stage by stage, and welcome the stage that has now been reached. We do however agree that barley may be a little too dear and wheat by comparison perhaps a little too cheap, so that there may have to be a lot of intervention buying of barley. Agreed. We will find, and can confidently expect, that the new proposals will completely alter the pattern of trade. But we are none the less sure that the proposals will lead to more stable trends in market prices and so ease the task of the intervention agencies, with consequent benefits for the taxpayer and the EAGGF. In this matter we can congratulate the Commission on its courageous decisions in the cereals sector, which will of course be very unpopular and controversial in the member countries; they will be heavily attacked, but in reality they are very sensible and progressive.

That is all I have to say on cereals, and I can now turn to sugar. The last speaker had a great deal to say on this subject. He regretted that the maximum quota is now to be reduced to 135%, when last year it was 145%. This decision, like the others, we consider to be right. In 1975 there was a record harvest despite the relatively poor weather. We lifted 77.6 million tonnes of beet, or 14.2% more than in 1974. Despite the considerable price rises in the previous year—14%—and the fixing of the maximum quota at 145%, the Commission had reckoned with an increase of 4.9%. In the event, the figure was 14.2%. For sugar, the figure in 1975 was 10.4 million tons, against 9.1 million tons in 1974—in other words, also far more than had been expected. The area under cultivation was extended by 15.1%, and an additional 248 000 hectares were planted to beet. There is therefore, Mr President, a distinct danger—it cannot be excluded—that we may have another sugar mountain. That is very far from what we have just been told, especially by Mr Durieux, whose assertions, I must say, greatly surprised me. What he had to say on the trend of agricultural incomes is not true either. In 1975 and 1974 these incomes were indeed low and had fallen, but in 1975 they went up again and are today in a completely acceptable state, comparable with industrial levels. It is therefore a good thing that the maximum quota should be brought down to 135% and that a 30% levy on production is being instituted, for the good reason that we must otherwise fear the formation of a sugar

mountain. So the Commission has seen what the future could hold in store, and not without reason. Only recently we have read that the 400 000 tons of sugar which were to be shipped under export-import arrangements and now cannot be exported are as a result pouring into the intervention stores. So we already have our mini-mountain of sugar.

So much for sugar, and I now turn to rice. The Commission has proposed an increase of 7.2%. The Committee decided on 15%. We are tabling an amendment to the effect that the Commission's proposal be restored. In the interests of the consumer we think it would be a mistake to raise the price by 15%.

For wine, Mr President, the Commission proposes an increase of 6.5% on table wines. A link has however been established with the adoption of the market organization for wine which we discussed and approved six months ago, but on which the Council has not yet been able to reach agreement. We welcome this link and wish to encourage Mr Lardinois to refuse to apply the higher prices until the resolution is accepted and the proposals on the revision of the market organization for wine are adopted. We hope the Council will at long last make up its mind to take a decision in this somewhat critical area. We still have a lake of wine, there are still eight million hectolitres of wine to be distilled. To raise prices when we already have a lake of wine really is a nonsense. But in combination with the other proposals we could do something about it, and so the link is a most welcome move; on this point we are fully in agreement with the resolution of the Committee on Agriculture, where the link is quite clearly brought out.

And now a word on beef. For this, the increase proposed is 8%. Although we also have a beef mountain and have to spend a lot of money to get ourselves off the hook, and although we have to close the frontier and impose a ban on imports of beef, once again the proposed increase is 8%.

This we find too high. I have said so before; for sugar, too, we find that the price increases proposed go a bit too far. I know the Commission is expecting the market price for beef to rise by 10 to 15%, but I am sceptical, perhaps the rise will be 5%, and in that case the 8% is too much. That is our view.

And that brings me to milk, the last big chapter. Here too the Commission has put forward proposals which cannot be said to be consonant with the idea of the producer sharing responsibility. The proposals include raising the price of milk in two stages—a method which we

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welcome. We are glad that the Committee decided, though by a very small majority, to support the rapporteur's proposal to retain the two stages. In the matter of compulsory admixture of milk powder, we too see both advantages and disadvantages—but we have to look hard to find the advantages. Mr President, we predicted that there would be those surpluses of skimmed milk powder, we predicted them three years ago, when we were discussing the butter mountain for the first time and the Commission suggested altering the fat/albumen ratio. Now we've done it. All the skimmed milk has been delivered, a high price was paid, and nothing was taken back. As a result, we now have 1.2 million tons of skimmed milk powder. We've got to get rid of the stuff, for it only keeps for two years. What can we do with it? It can be given away, but even that is not so easy. It can be sold with the help of export refunds, but that is very costly. Or it can be used, as suggested, in mashed potatoes, in bread or in animal feed. To my mind, the best thing is to add it to animal feed, although there again the operation will be costly and not without possible drawbacks.

As a socialist, Mr President, I would like to add that one may well hesitate on ethical grounds before incorporating a foodstuff in animal feed. But it is not possible to distribute so much skimmed milk powder even as food aid. And that too raises problems. We have all heard the accusation brought against Nestlé in connection with the effects produced by skimmed milk powder or by the milk prepared from powder because—that is the theme of the accusation—allegedly there has been a rise in the infant mortality rate in countries to which we have given milk powder. The trouble came, however, from the water that was used with the milk powder. This illustrates the limits to what can be done on these lines.

In the light of these facts we are of the opinion that the Commission's proposal is right. It is unavoidable. The only possibility is to incorporate the skimmed milk powder in animal feed.

With regard to the increased cost of pig production, the Commission has already proposed to compensate this by an 8.5% rise in the basic pig price. I would just like to have that in its true perspective. Here too all is as it should be. For apart from this increase in costs, we are convinced that there would be no case for such an increase in the basic price level for pigmeat. It is simply to compensate for the extra 3 DM per 100 kg that will have to be paid for feeding-stuffs now that the admixture of skimmed milk will be compulsory.

I am coming to the end. We support the Committee's proposals on milk policy, which are intended to reduce the number of dairy cows and bring down the production of milk. Here the resolutions are firm and courageous. The Committee has proposed that quite firm measures should be re-introduced, measures such as the slaughtering premium, which is not of course a particularly pleasant method. However, these proposals had to be made. It is clear to us that the only way out of the milk surplus is to bring down the size of the dairy herd and so limit the quantity of milk produced.

That, Mr President, is my last point. I think I have kept within the time allotted me. May I repeat that we support the Commission's proposals—not the Committee's proposals with the 9.5%—and we do so in respect of all products, subject to the provisos I have indicated, because they are courageous and progressive; and we wish to oppose the attempt which the Committee is making to delete these elements of courage and progress.

(Applause)

President. — The sitting is suspended until 3 p.m. The House will rise.

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

IN THE CHAIR: MR SPÉNALE

President

President. — The sitting is resumed.

5. Ninth General Commission Report on the activities of the Communities in 1975 and Commission work programme for 1976

President. — The next item is the presentation of the Ninth General Report of the Commission of the European Communities on the activities of the Communities in 1975 (Doc. 524/75) and the Annual Work Programme of the Commission for 1976.

I call Mr Ortoli.

Mr Ortoli, President of the Commission. — *(F)* The year which has just begun will be this present Commission's last year in office. Naturally, we want to make it a key year in the building of Europe, so you will understand me if I dwell upon the projects we would like to complete and those we would like to see launched before we leave. However, before outlining our programme for the year ahead I feel that,

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even more than in past years, we need to look back at what the Community has achieved and to make a true and fair assessment of its successes and failures.

In point of fact, the last few years have seen a good deal of both.

In economic and social terms they are the worst we have experienced since the end of the second world war. It was not until late in 1975 that the economies of certain Member States looked as though they were in sight of a recovery and it became possible to hope tentatively for a reversal of the trend. What is more, the economic crisis had different effects in each Member State, and although, with vigorous encouragement from the Commission, serious attempts have been made to get economic policies closer in step with each other, the gaps between us are wider now than they were when the crisis began.

On the other hand there is a greater awareness of Europe. The need to build Europe as a united response to problems facing all of us has been felt more keenly both by the powers that be and by the man in the street.

Three very important factors go to illustrate this.

First, British public opinion came down firmly in favour of staying in the Community. This was a hurdle which had to be cleared before we could start moving forward again.

Second, recent years had seen great progress in institutional terms: decisions can now be taken more efficiently and are subject to greater democratic control.

It has been decided that Parliament will be elected by direct universal suffrage, and a date has been set. Parliament's budgetary powers have been extended. Its meetings with the Council have been more frequent and have dealt with matters of greater substance—at times quite heatedly; we welcome this as a new step along the road towards a more democratic system.

1975 was also the year in which the European Council was set up. When I spoke to you here last year, I looked to the future in a spirit of optimism qualified by certain apprehensions: I was concerned that the Community machinery might be encroached upon by the less reliable procedures of intergovernmental cooperation. The risk is still there, but I am in no doubt that something has been gained: the European Council has provided us with a new organ capable of taking major decisions under the Treaties which set the future course of the

Community and its Member States. Take, for instance, the successful conclusion of the 'renegotiations', the decision on direct elections to Parliament or the decision that the Community would speak with one voice in the North-South Dialogue.

On the whole, then, the European Council can be said to be an asset, but let us hope that it will continue to combine flexibility, decisiveness and creativity with respect for the institutional system and the rules laid down in the Treaty.

A great deal of fruitful consideration has been given to European integration—witness the reports made by the individual institutions and subsequently the Tindemans report. I shall be coming back to this later.

The third of the factors to which I alluded is the definite progress that has been made in implementing those common policies which are the stuff of the Community's life.

A shining example here is our policy on development in the third world. The Lomé Convention provides 46 African, Caribbean and Pacific countries with a whole series of development facilities on a hitherto unparalleled scale; some of these, such as the export earnings stabilization scheme, are truly audacious in their novelty. Lomé goes well beyond the merely economic: it gives a complete picture of how the Community views its links with the developing countries—peace, dialogue and cooperation. In addition to Lomé we have introduced measures—such as the generalized system of preferences—whereby the Community can take action all over the world and, as was seen in the United Nations, have further developed our global approach to relations with the third world.

Our overall Mediterranean approach has progressed beyond the confines of trade relations to give expression to the full potential of our cooperation policy. We have just completed the negotiation of agreements with the three Maghreb countries, and similar agreements have been offered to Egypt, Syria, Jordan and Lebanon. Shortly we expect to begin negotiations for an outline agreement on economic and commercial cooperation with Canada, and there is a prospect of talks on a trade agreement with China.

The Community has made significant progress in its economic policies at home. Three aspects strike me as being particularly promising:

- (i) the Member States are making increasing efforts at concerted action on the basis of general economic policy recommendations from the Commission, and their economic

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policies are gradually coming closer into line or at least becoming more compatible;

(ii) now that the Regional Development Fund is actually operating, more and more resources are being channelled to our poorer regions and a further dimension has been added to the Community's commitment to solidarity;

(iii) after so many years of apathy a decision has at last been taken to get the Community institutions moving again on energy policy.

Another item to be entered on the credit side is that measures to counter the economic crisis have not led to a resurgence of protectionism in the Community. This is no small achievement.

But I would be falsifying the picture if I failed to mention the debit items. The biggest of these is the absence of any decisive progress towards economic and monetary union. Circumstances are largely to blame, but there has been a lack of conviction too. Yet it must be made clear that economic and monetary union is not only essential to European integration: it is also, quite simply, the only remedy for the ills that beset us individually.

The Commission and, I hope, the other institutions will therefore be concentrating on these items.

This year will be devoted mainly to projects of a practical nature, and we shall seek to work with the facilities already available to us in order to discharge three fundamental imperatives.

The first of these, and the most immediate, is to present a united front on the major external problems of the day.

The second is that real progress must at last be made towards economic and monetary union and that the common policies which are the living proof of European integration must be strengthened.

The third is that we must play a full part in the institutional debate which began with our separate report on European Union and will continue now that Mr Tindemans has published his conclusions.

First imperative: if we are to present a united front on the major external problems of the day there are certain things we must do.

The first of these concerns the *Conference on International Economic Cooperation*.

The Commission looks upon this Conference as an event of cardinal importance. The North-South Dialogue will quite certainly be one of

the most ambitious attempts since Havana and Bretton Woods to reshape international economic relations on lines that will make for a just and more equitable economic order.

We should be guided in this undertaking by three maxims: comprehensiveness, unity of action and flexibility.

Comprehensiveness, because it is agreed—and quite rightly—that the topics to be dealt with are related, that there is a degree of overlap between the problems of energy, raw materials, development and finance.

Needless to say, a comprehensive approach does not mean that it is any the less necessary to take exact stock of each individual problem, to relate the part to the whole. We shall have to agree on how to share out the work and the time available for the separate negotiations that will develop on each point. The really important issue, however, is to maintain a measure of overall coherence with a view to arriving at a broad vision of future relations between nations.

Unity of action, because, having agreed to take part as a single delegation, the Community must continue throughout the Conference to speak with a single voice if it is to defend its interests effectively.

Flexibility, because the Community must do all it can in providing the impetus for finding solutions and reaching compromises.

It is in this spirit that the Commission, which is honoured to have been appointed co-Chairman of one of the Commissions of the Conference, will set about its work this year. It will strive to make the Community a major contributor to the great debate which is about to open.

One aspect of this work which still remains to be tackled seriously is the study of the potential consequences of the Conference for the Community's economy. These must be examined most carefully so that we do not commit ourselves blindly and so that we can prepare ourselves for the future better than we are doing at present.

The quest for independence: I mentioned a year ago the great importance that I attach to this particular objective. An independent Europe is a Europe that is able on its own to take those great decisions that shape its destiny. But it will not be able to do so unless it is sufficiently aware of its own identity and possesses enough material resources and economic power to make the transition from talk to decision-making.

That there is a European identity is something of which we are all convinced. Europe's geogra-

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phical situation, its deficiency in energy and raw materials, its history (whence the special ties it has with the Third World) — all this means that our interests are not the same as those of all and sundry, and that we view the great problems of the moment from a different angle than the other great industrialized regions of the globe.

Awareness of this identity is steadily growing. To the world outside, the Community is a real entity, a new kind of international being. Within the Community, too, the idea is making headway, though the debate will not be really rounded out until we can talk openly about defence.

What we still lack—and that by a great deal—are the resources that would secure our independence. In this context, let me stress the vital need for a common policy on energy.

No doubt the situation today appears less precarious than a year ago. The oil is flowing. The price is high, but our economies have managed to adjust to the new energy situation, albeit at the cost of a severe recession.

Let us not repeat the mistakes of the past, but make provision for the future.

The strategy which the Commission has brought before the Council month after month, and which has been given confirmation by the Heads of Government meeting in Rome, is still entirely relevant. It consists first of all in setting targets for greater self-sufficiency, subject to review at any time, and then taking action to reach them by more economic use of energy and the development of new sources. Our latest proposals are along these lines. Once it has obtained your opinion, it will be for the Council to decide. I would urge it to make haste.

The Greek application for membership means that we are going to have to give some thought to the Community's physical shape. The Council dealt with this question just yesterday. It is a matter on which, as required by the Treaties, the Commission has delivered its opinion. This, as you know, suggests that an unambiguously favourable response should be given to Greece's application. All I want to say here is that the Commission makes no reservations as to the ultimate aim, that it attaches no political strings, and that steps it advocates are designed to facilitate Greece's accession while taking account of the realities.

It is with these realities in mind, moreover, that the Commission has proposed that Greece should have access to the facilities for structural improvement available to the Community.

Yesterday, the Council gave the green light to the Greek application. It was agreed that the preparations necessary to establish a common basis for negotiation would begin as soon as possible and would be positive in their approach.

Second imperative: progress on economic and monetary union.

If progress is to be made at political level—that is to say, towards European Union—the Community needs firm internal foundations. If its influence is to be felt in its relations with the rest of the world, it must have the solid backing of a more soundly based economic and monetary unity. If past achievements are to be preserved, the number of fields where policies, structures and attitude are the same or in line with each other must be increased further.

It is a thankless task, and there is scepticism about the final objective. Wrongly so, for we are not claiming that differences do not exist between the economic situations in the Member States. Such differences do exist, and to some extent restrict our scope for action and delay the day when the Union will be completed. But if we attach too much importance to them, the danger is that we will see them widen and lose sight of our goals.

But three basic facts must constantly be borne in mind. In the first place, we have already achieved a high degree of integration: a single industrial market, the common agricultural policy, mobility of labour, the scale of intra-Community trade (more than half our trade is between Member States) — all this is now reality.

Secondly, in the economic, monetary and social fields, major steps forward are possible on many points, and—what is most important—this is true despite the disparities between economies.

And finally, Europe, as an entity, can and must take steps to close gaps and bring structures into line: agricultural policy, industrial policy, regional policy, energy policy and social policy can all be employed to restore equilibrium and have yet to be exploited to the full.

Let us not throw up our hands in despair, real as our differences may be; let us, rather, put our minds to eliminating them. That is what European politics is all about.

The attempt to harmonize economic policies, announced in December 1974 and reaffirmed in Venice in August 1975 on the basis of a Commission recommendation, continues to be inadequate.

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In line with the recommendation it made to the Member States last July just before they got together to adopt their plans for restimulating the economy, the Commission will continue to keep a close watch on the economic situation, for it is anxious to ensure that economic policies within the Community are mutually consistent and that available budgetary and monetary instruments can, if necessary, be redeployed. The major task for us all in 1976 will be to enhance the economic recovery and to make lasting inroads into unemployment.

The Commission's action must be reflected in concrete decisions. It is, for instance, time to begin effectively applying the provisions of the Decision of 22 March 1971 which require guidelines to be laid down at Community level for the size of all the national budgets of the Member States and the methods for financing or using budget balances. The Commission will therefore propose that a working party be set up within the Monetary Committee to report on the development of national debts.

In the monetary field as well it is important that we in the Community close ranks at a time when a new international consensus is emerging.

This does not mean—quite the contrary, in fact—that the countries participating in the snake should give up their present commitments. But as an initial step towards the harmonization of exchange rate policies and to prepare for the Community's future in this field, the whole system should, as Mr Tindemans has suggested, be incorporated in a Community procedure in which representatives from all the Member States would participate—both Ministers of Finance and Governors of the Central Banks. In this connection, the Commission will make proposals on exchange rate policy with the aim of inducing all the Member States to define jointly their objectives and instruments. Further to the overhaul of the intra-Community currency exchange system undertaken in 1975, changes could be made in the rules for intervention, the financing machinery and the definition of and compliance with the economic discipline which goes with greater solidarity.

In this connection, particular attention should be paid to the problems of money creation, a basic factor of economic equilibrium. The fact that the international mechanisms for creating money are not functioning smoothly and the need to finance constantly growing budget deficits are two of the principal factors behind the present disorder. With the monetary policies of the Member States lacking in coherence, the Eurocurrency systems were allowed to go on producing surplus liquidity unchecked. Since

arrangements to control domestic money creation and intervention on the foreign exchange markets act together on the national money supply, it is essential that monetary authorities collaborate closely within the Community in managing their internal and external policies.

If internal and external monetary stability is to be achieved and maintained, a single body needs to be set up at Community level to assess decisions relating to credit, liquidity policy, interest rates and exchange rates. This could be done by the European Monetary Cooperation Fund if it was given wider powers and greater resources and provided with an appropriate administrative structure.

In particular, in connection with the recent international decisions on gold, the Commission is considering the possibility that a proportion—still to be determined—of the gold which the IMF is to return to the Member States might form part of the reserve assets and European currencies to be deposited with the EMCF by the Member States. Once these deposits had been lodged, the EMCF would provide directly short-term and very short-term financing. This multilateralization of credits would further be facilitated by using the new European unit of account—the EUA. Its role could be extended so that it may be used in settlements between monetary authorities and as a reserve instrument.

The EUA is already being used within the Community (EIB, EDF, and ECSC), and the Commission is making every effort to encourage its use in banking and business, particularly by banks in which it has deposits and by firms which have direct dealings with the Community institutions. Why not denominate Community loans in EUA? This parallel currency approach deserves to be systematically explored.

These are areas for immediate action, which, by substantially strengthening our common means of influencing the economic situation, would help us in our major tasks of combating unemployment, restimulating economic growth and countering inflation. However, the key equilibria cannot be restored and the new pattern in the terms of international trade cannot be properly coped with unless the Community sets itself objectives, and thereby commits the Member States to a line of action based on a medium-term policy programme. The Commission will be expressing its views on a draft programme in July. In so doing, it will bear in mind that efforts to coordinate economic policies—short- as well as medium-term—cannot be sustained for any length of time without restoring, within the Community at least, a monetary stability

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which will require each Member State to accept a degree of discipline in its economic policies.

I have laid stress on the Community's economic and monetary union. Work in this field must be seen in a worldwide context. The monetary measures envisaged would lend strength to the Jamaica agreement. Furthermore, efforts to establish coherent domestic economic policies will have to take account of the interdependence of the Community and the other major economic powers, particularly the United States. These factors underline the importance of consultations between the Community and its principal partners on all economic and monetary problems.

Having said that, I will now return to the main theme of this address: that the Community can do a great deal to strengthen its internal cohesion and its common economic and monetary policy structures. So far I have referred only to the strictly economic and monetary aspect of such measures, for this is where the gravest doubts lie and the strongest action is needed. But let us also put into effect the energy policy we propose; let us show our interest in industrial policy by offering the aircraft industry a market larger than purely national markets, and hope that it will be able to take advantage of it; let us move towards a more comprehensive tax policy; let us make social and regional policy contribute something over and above mere financial compensation; and I can guarantee that many of the doubts about economic and monetary union which are entertained in high places will then be erased by the stimulating properties of action.

I am frankly tired of this continual talk of the difficulties ahead and of our lack of imagination: the files are on the table, the opinions have been given and the proposals have been made. Why should we look any further, now that the time has come to take a number of decisions which are feasible, do not involve any conflict of interests, will be truly the decisions of the Community of the Nine and will enable us to achieve that progress which everybody, individually, is calling for in such eloquent terms.

In making what will be the last declaration by the present Commission, I feel that this is the key question before us today.

If we have the courage to work out a practical programme covering fields in which we already have experience and which can be given serious consideration, this will prove that there has been no lack of opportunities or, indeed, of proposals.

I personally hope that the strengthening of our institutions will lead, first of all, to the methodical and systematic examination of projects

which can be rapidly implemented. This in no way means that we should forsake our ambitions, for our imagination must remain as keen as ever. But imagination serves no purpose if the situation does not call for it. Many fine words have been written about the quest for new ideas, but rather than attaching undue importance to novelty, let us capitalize on the opportunities afforded us today.

When viewing these prospects—which our determination can transform into reality—we must not lose sight of the social aims we are pursuing. Each new measure in the economic field—and in particular the search for greater cohesion between national policies—will play a part in our employment policy and in eliminating social inequality. And the converse is also true: each specifically social measure will directly influence the maintenance of economic equilibrium.

For its part, the Commission will ensure that when devising its plans of action it pays greater attention to social objectives, and particularly the most pressing need—that of improving the employment situation. It will continue the long and laborious work of analysing and harmonizing social policies and will endeavour to see that the resources of the Social Fund are used as effectively as possible.

If our efforts in the social and economic fields are to produce decisive and lasting results, we must involve all the social and economic groups directly concerned more closely in our work, by keeping them informed and enabling them to take part in the Community decision-making process.

The Economic and Social Committee is of great value in this respect—both for the opinions it gives and as a means of providing information about Community activities.

The Standing Committee on Employment, which comprises the Ministers of Social Affairs of the Member States, the Commission and the two sides of industry, should forge ahead on the basis of last year's resurgence of activity.

Above all I would like to say a word about the Tripartite Conference in 1975, which was attended by workers' and employers' representatives, the Ministers of Social Affairs, most of the Ministers of Economic Affairs and the Commission. At the Conference a start was made on assessing the overall economic and social situation in Europe and the groundwork was done for future decisions. Full account of its work will be taken in drawing up the fourth medium-term economic policy programme. The next tripartite meeting, due to be held in the middle of the year, will need to analyse prob-

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lems in greater detail and adopt more far-reaching conclusions. Together with workers' and employers' organizations and the Member States, we are making every preparation for the discussions, the first task being to draw up an agenda which covers the real and essential problems.

Third imperative: participation in the institutional debate.

This will be the year of the great debate about Europe. Following our own contributions, it has got off to a good start with Mr Tindeman's comprehensive report, rich in ideas and proposals. In the present situation in Europe, the publication of the report is in itself a political act. Eighteen years after the Rome Treaties were drafted, Member States and institutions are, for the first time, considering what direction they should take in their pursuit of European integration.

The Tindemans report contains many proposals on which decisions can be taken without delay. These measures will take effect gradually. But—and Mr Tindemans himself emphasized this—they 'cannot occur without a transfer of competences to common bodies... without a transfer of resources from prosperous to less prosperous regions... without restrictions, freely accepted certainly, but then enforced unreservedly'. The only way to make our joint undertaking more effective is to develop the common policies implemented by the institutions and to increase their means of action. In our own report we stated that this transfer of powers should take place in fields where a common European policy exists to ensure that Europe will progress and prosper and that its influence will be felt in the world.

The report also calls for a review to be carried out in 1980, when it should be possible to take a fresh look at the future and to make further progress.

But how can we stop thinking in terms of more radical change, when election of Parliament by direct universal suffrage will, in the next few years, recast the structure of the Community at a time when it must again tackle the problem of enlargement? The Commission feels that the future course of the construction of Europe should be given immediate consideration and receive constant attention over the years ahead.

Today I shall speak only about some of the problems arising in connection with European Union in order to see how we might quickly reach sound decisions.

Let us look first at the Community's action abroad. Its effectiveness and its continuity hinge on how many and how comprehensive are the common policies; genuine European policies exist today only where powers are exercised by the institutions, for instance commercial policy, the customs union and agricultural policy. Only where proposals are put forward by a neutral institution will the minority accept the majority viewpoint.

If Europe is to be provided with an external policy, the loose coordination which is the essence of political cooperation must gradually be abandoned and common policies introduced in new fields.

So the Commission warmly supports the proposal gradually to transfer to the Community a substantial proportion of national funds earmarked for cooperation and development aid, to be used for major development projects, food aid or financial assistance. It also welcomes the proposal to adopt a common position on any general political issues which might arise in our relations with the Third World.

Mr Tindemans is right to highlight the need for a single institutional framework within which Europe's approach to the rest of the world could be thought out and prepared. The practice of holding consultations on political cooperation in the Council needs to be encouraged until it becomes systematic. This is already a significant measure, given that the aim is to replace cooperation increasingly by common policy.

Furthermore a single institutional framework is essential if Europe's action in speaking to the rest of the world with one voice is to be more effective. The formula of joint representation, with the Presidents of the Council and Commission acting 'in tandem', proved successful in the Euro-Arab dialogue and the North-South Conference and could be used in other fields, for instance in certain contracts with the United States.

For policies towards the rest of the world to develop, progress will have to be made on internal matters, especially on the economic and monetary front. Any action here must of course allow for the structural disparities between the economies of the member countries. The Community must steadily eliminate them and thus foster the harmonious development of the whole. This does not mean that policies cannot to some extent be varied to deal with the specific problems of the member countries. Indeed the Treaty of Rome provides for such variations and lays down strict rules to govern them. However, such possibilities must not make us lose sight of the essential point, which is that

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unity and a determination to go forward together are both our objective and our strength. I am convinced, as I have tried to point out, that an ambitious yet realistic programme can be implemented on this basis.

The principle, and this I wish to make clear, must therefore always be one of joint action by the Nine. Variations in policies must be exceptional and not one of the normal features of Community development. Should they be necessary, they must be limited in time, kept within bounds by Community discipline and backed by measures of solidarity, to help us move closer together and not get further out of line. The principle is that of common law; the same rules, the same progress, the same discipline for all.

As I have said, this is the line the Commission will take when, in response to Mr Tindemans's call to reopen the debate on Economic and Monetary Union, it prepares its detailed proposals for measures which should normally apply to all the member countries.

As the range of Community policies is gradually extended, so it becomes imperative to increase protection of the fundamental human rights. The Commission is gratified by the concern shown by Mr Tindemans in his report with regard to this difficult problem. The studies required to set up the appropriate machinery, which will doubtless involve much time and hard work, must be started on without delay.

Let us turn finally to the institutions.

Mr Tindemans's proposals are inspired by the need to inject new vitality into the existing system. But it is essential in the process not to disturb the balance between the institutions, regardless of whether their aim is to promote Community interests or to present legitimate national ones. For it is this balance which is the source of the Community's achievements to date.

The European Council is without doubt the new factor in the present phase of the effort to build a united Europe. From now on the Heads of Government must act as members of a Community institution, with all the responsibility which this entails. I have already explained how this new organ will be able to make the contribution we expect of it.

If the elected Parliament is to be true to its calling, it must be given legislative power. We must work steadily towards this goal, attempting in the meantime within the Community system to maximize the role and impact of parliamentary debates and resolutions.

As for the possibility of assigning to Parliament—within the existing institutional framework—the role of lawmaker in the strictest sense of the term, this is a matter which closely concerns both Parliament and the Commission. The two institutions must meet and seriously discuss this important proposal—on which I must confess we have our doubts—a task which will fortunately be made easier by the bonds built up between us by trust and solid work.

A word about the Commission. If the common policies are to be developed further, the Commission must be capable of fulfilling satisfactorily the role assigned to it by the Treaty—the role of initiating and implementing decisions, the role of 'watchdog of the Treaties'.

I have just remarked upon the right of initiative. As for the carrying out of decisions, Mr Tindemans has rightly attributed considerable significance to this fundamental issue. From the wide variety of alternatives offered by the Community institutions a solution must be found which is in keeping with the spirit of the Treaties.

The Commission is examining with great care the proposals to strengthen its cohesive force, notably by bringing Parliament in on the appointment procedure, and is at the same time bearing in mind the need to safeguard its collegiate character. It intends to play a constructive part in the discussions to be held on this subject.

1976, the final year in our term of office, could well be a great year for Europe, if together we succeed in giving a new impetus to a faltering internal policy and if together we play our part in discussing the changes required in preparation for the new phase to be triumphantly heralded in by direct elections. But the struggle for Europe is no different from any other struggle. It will not be won unless our hearts are in it. Nor will it be won without that 'political resolve' we hear so much about, which after all is no more than a high-sounding abstraction for ordinary, everyday tenacity.

(Applause)

President. — On behalf of this House I should like to thank President Ortoli for his introduction to the Ninth General Report of the Commission and for his comments about the future of the Community.

Without intending to open the debate today, I should like to react very briefly to one or two points in Mr Ortoli's statement.

I should like to begin by saying to him that I hope that this declaration is not the last we shall have from the present Commission.

President

Secondly, I too hope that the time we still have left to work together will be a period characterized by progress in building Europe. You, Mr President, have only barely more than a year left to you; as for us, we have just over two years to go before direct elections to the European Parliament—at least, we firmly hope so.

During this short space of time we must face our present responsibilities together, which are important both in view of the current crisis and the institutional changes, which, each in our own way, we shall be facing. But I am convinced that, as long as both our institutions remain aware of our responsibilities towards the Community and its development, we shall succeed together in making the months to come a rich and constructive period for European progress. In accomplishing this task, Mr President, you can, whatever happens, count on this Assembly.

(Applause)

I would remind the House that the debate on the Ninth General Report and the Commission's work programme will take place the day after tomorrow, Thursday, 12 February 1976.

6. Fixing of prices for certain agricultural products — Decision on additional measures in the agricultural sector following the revaluation of the Deutsche Mark (resumption)

President. — We shall now resume the agricultural prices debate.

I call Mr Lardinois.

Mr Lardinois, Member of the Commission. — *(NL)* Mr President, a moment ago you said that you would like to hear a lot more from the Commission in the course of 1976 than what Mr Ortoli has said. In fact, after only five minutes, the Commission has to state its position in an important debate on the observations made this morning by Parliament on the proposals on prices and related matters. To begin with, however, I would like to address a few words to the chairman of the Committee on Agriculture. As the fourth speaker this morning, he pointed out that on this occasion the Committee on Agriculture had had to work under great pressure of time. I agree with this and in the name of the Commission would like to express my particular thanks to Mr Houdet and the Committee on Agriculture for the strains which they have put up with in order to deal with this large and important file within about a month.

I hope that in future years circumstances will be different and that we no longer have to

demand such a major effort from Parliament and its committees.

I am particularly grateful to Mr Houdet and the Committee on Agriculture in any case for their cooperative attitude during the past month. Mr President, I would like to address myself particularly to the rapporteur of the Committee on Agriculture, Mr De Koning, who has of course borne the bulk of the burden. The rapporteur, although this is not the first time he has made a report on agricultural prices, has broken all records in this case. Only a man of his experience could complete such an important piece of work so quickly. I say 'such an important piece of work,' but I do not mean by this that I agree with him in every detail, no more than he is in complete agreement with what I have proposed on behalf of the Commission.

I should also like to express my thanks to the second rapporteur of the Committee on Agriculture, Mr Della Briotta, for the report he drew up on behalf of the Committee on Agriculture with regard to future adjustment of the VAT subsidy in Germany. I am grateful for this opinion and recommend it to Parliament's consideration.

Mr De Koning began with the observation that he subscribes to the general train of thought on which the Commission has based its proposals. He judged the various details somewhat differently, and he is quite within his rights to do so. The Committee on Agriculture, or at least a majority of its members, shared his view that agricultural prices should be two per cent higher. The difference between his proposal and my proposal is therefore two per cent. Although this is not much in itself, we are dealing with agricultural prices applicable for some years ahead, and since there is a danger of surpluses in many areas where the budgetary consequences will not be inconsiderable, we must consider an increase of even two per cent very thoroughly, seriously and carefully. I am delighted that the rapporteur can, on behalf of the Committee on Agriculture, give his full support to our monetary measures. In previous years, things have been quite different.

He has furthermore criticized and questioned some of the details of our proposal. He first dealt with the matter of wheat policy. He approves of our proposal provided that we make arrangements for a series of instruments able to function efficiently. In 1973 we started on changes to the intervention system for rye. We encountered a lot of criticism then, particularly in Germany. Once they were finished, this criticism ceased. In 1975 we did the same for barley. Again we encountered great opposition

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and much criticism. Since then, however, I have not heard anything more about it. Our measures worked excellently in both cases. This year we intended to introduce changes in the system for the most important type of grain, namely wheat: this will have an effect not only in Germany and the Benelux countries but in the whole Community. I am convinced that the new system for wheat will, after a certain running-in period, produce even less problems than we have experienced in previous years when making changes to the system and the method of intervention for rye and barley.

Certainly, in the first year, we shall have to be flexible on the reference price system for wheat for bread-making, particularly, with regard to certain regions which have not yet been fully integrated into the new system. I am thinking here for instance of certain regions which lie at a slightly greater distance from the central market and which used to occupy a somewhat privileged position in the old intervention system.

Furthermore, I think that we can operate the reference price system for wheat for bread-making in these areas in such a way that we emerge somewhat above the prevailing reference price. For this purpose, we can act somewhat more flexibly in the great surplus wheat areas—for example central France—but then in the direction of a price reduction. I believe that Parliament must give us the chance to implement the new system even though we are not yet quite ready with the series of instruments. As a matter of fact I intend to submit a proposal to this effect to the Council. If the system is not ready by 1 July, we must of course be able to fall back on another system. If we decide against this now, we may find ourselves in a dangerous position in the years ahead. In any case I ask Parliament to have some faith in our common sense in applying the system. We will draw the necessary conclusions if we think that the various mechanisms will not be ready for the coming harvest. I willingly make this promise to the rapporteur. Moreover, the rapporteur has argued that the grubbing up premium we have proposed for some types of apples and pears should be raised. It was an arbitrary decision to make it 1 100 u.a. A few years ago the grubbing up premium amounted to 800 u.a. The system worked very smoothly then. There is talk of an increase of 35 per cent. Some say that more would be achieved by an increase of 70 per cent. This may well be so, but we must also take account of the fact that ultimately this is the taxpayers' money we are talking about. This is certainly a factor to be considered in a debate on agriculture. I do not mean it is our intention to grub up

all the Golden Delicious and the Passe Crassane pears in Italy. Only a part of the existing crop is concerned; above all the least profitable part. You must take account of this in a grubbing-up system. It is certainly not intended to create an artificial shortage.

The question of milk and the elimination of the surpluses of milk powder is probably the most difficult point with which the rapporteur dealt. The best solution is to drink more milk. I shall not fail in this duty myself at lunch-time. I support what Mr Scott-Hopkins has said on this, namely that far too little drinking milk is consumed on the continent of Western Europe. I am in complete agreement with him. We could still learn a lot on this from the British. We are moreover very receptive to the many different lessons which we can learn from them in this. It is to be hoped that they are just as instructive in a number of other sectors, sectors in which they perhaps still have something original to contribute. Six Members of the Community can learn from them.

One way might be to provide great incentives to the dairy industry to sell liquid milk rather than produce powdered milk; this is what was done in England. We must adjust the systems to allow for this. There is no other alternative. Time and time again in this Parliament it seems to me that when one wants to change a system, it is regarded as a sort of sacred birth-right which must not be infringed. Whenever there is an intervention system for a certain product, then there is a general opinion—I am thinking of Mr Cointat and Mr Liogier—that the worst thing one can do is to weaken it. I think, on the other hand, that if intervention mechanisms are not adjusted continuously, they weaken of themselves. They can even become so weakened that they are no longer politically tenable and eventually have to be abolished.

I will take an example. Last summer, a very large proportion of the powdered milk produced went to the intervention agencies. Heavy pressure was brought to bear then to have the whole intervention mechanism stopped completely. I said that I could not take responsibility for this at the height of the season. This would be quite possible under the terms of the regulation. However, I do not need to explain how great the chaos would be in such a case. If intervention mechanisms are not adjusted in the light of technological developments, as in the case of forage wheat and wheat for bread-making, or if we come to a position where dairy products are no longer sold but are put into intervention, as unfortunately a number of dairies feel themselves entitled to do, then the mechanism will have outlived its usefulness.

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A more pragmatic approach would be needed to get things moving again.

The rapporteur referred to powdered milk and disposing of the stocks of it. I am delighted that the Committee on Agriculture agrees with our proposal in principle, even though it does not want to commit itself to saying that the costs can be borne to a slightly greater extent by the Fund. It is a step forward that some Members expressed the opinion in the preliminary discussion that the agricultural fund must be saddled with all of these costs. I am pleased that the Committee on Agriculture has avoided any mention of this in its resolution and talks only of the size of the contribution which stock breeders must make. Furthermore, this is a standpoint which is much more conservative and much more cautious than that of the agricultural organizations themselves. The agricultural organizations, banded together in COPA, have displayed great openness on this point—compulsory mixing—before we drew up our proposals.

That is to say that as far as the adjustment of the system is concerned—a guarantee system in place of compulsory admixture in percentages per product—COPA has had a very constructive and open attitude up to now. I hope that this Parliament can also go as far as the agricultural organizations who are the ones who have to pay the largest share.

There is also a difference of opinion within the agricultural organizations themselves. I can understand this very well. It is very easy to say that ultimately it is the pig breeders and poultry farmers who will have to pay even though they did not cause these surpluses. Examining this more closely, one recognizes in any case that dairy farmers are very concerned about this, something which is still denied by many others. I shall return to this presently.

I felt that I had to make this proposal on the disposal of powdered milk and bring in the dairy farmers to the extent of having them bear part of the costs by a minimal price increase on 1 March. We want a crash programme of one to eight months whereby at the moment when the largest part of the powdered milk is produced, which is partly removed at the cost of other farmers, the price of it is not driven up again.

Parliament should not lose sight of the fact that it has been repeatedly argued that a levy system should be introduced for soya and similar products. If this was adopted, it would not mean an incidental burden even on poultry farmers and pig farmers. A system of levies on this sort of product would naturally be a permanent fix-

ture. In all the discussions, which I have followed for more than ten years, on the question of whether or not levies should be put on products like soya, I have never heard that those who are not responsible for the dairy surpluses have to pay for them.

I believe we have to look at agriculture and stock breeding as a whole. If we intervene at a given moment, as was done last year, in the price formation of cereals, one cannot say that this measure was taken for the benefit of arable farming. On the contrary, arable farming had to bear the burden at that moment. I consider that compulsory admixture, as we have proposed, is a very difficult procedure which probably cannot be put into practice simultaneously in the nine Member States, because in some of them the national Parliaments have yet to have their say.

At the moment, therefore, the Commission is working on the details of a guarantee system whereby caution money is levied both on products originating in the Community such as cole-seed cakes and on imported products, and this caution money is repaid at the time when the obligation to buy and process denaturated skimmed milk powder for the feedingstuffs has been fulfilled. We are working on this proposal and we hope that it will greatly lessen the problems in poultry farming, for the purposes of which powdered milk does not have such great nutritional value, as well as in pig farming. The feedingstuffs industry has complete freedom to use this powdered milk except in the calf sector, since of course we could not allow our normal market in the calf sector to be ruined by such action.

I am delighted that the rapporteur also paid attention to the problems of young farmers. I am glad that the President of the Council is here today because it was he who raised these problems in the Council for the first time at the meeting in January. I hope the Council, under Luxembourg's chairmanship, will start drawing up a decision on this point, and I shall give them as much help as possible. In my opinion we have already been waiting for a decision for far too long. The rapporteur made a plea for the green pound to be adjusted. I agree that this must take place once again, but it must be at the right time. I do not consider that now is the right time. At the beginning of August, we adjusted the green pound by 5 per cent and at the beginning of October by almost 6 per cent. This has produced an extra price rise in England of almost 11 per cent. This has to be set against the price rises due on 1 March plus the price rise resulting from the annual adjustment of the Community price

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levels. If we now undertake another adjustment of the green pound, I firmly believe that great difficulties will arise with regard to sales. In Great Britain the price of butter would then have to rise by more than 30 per cent. I am convinced that such an increase, coming so soon after the previous increases, would itself lead to a drastic fall in consumption. That is the last thing we want. We have already got our hands full at present with the large surplus of skimmed milk powder. I hope we will not have another butter mountain, as it is popularly known. I am prepared for anything else but that, because anyway the adjustment of the price of butter in Great Britain this year, even if we do not increase any prices, is still very considerable after the adjustment of the pound last autumn. Moreover, because of the very mild autumn and a winter which has been, up to now, very favourable for dairy farming, milk production is considerably higher than was expected.

I warn Parliament emphatically against trying to do too much too soon particularly with regard to the green pound. If this happens, then sales would be severely affected, principally in the dairy market in Great Britain which is the most important market for the dairy products of the other eight Member States.

Mr Cointat, as draftsman of the Committee on Budgets, in fact made a plea for higher guarantees and for more security for the producer. He says that the budgetary consequences of the increases which the Committee on Agriculture proposes are of no great importance. This remark was music to my ears. I am unused to this attitude on the part of the Committee on Budgets. On the other hand there was an undertone in his report which I did not welcome. Mr Cointat began by saying: the Commission has presented a report consisting of 250 pages; the financial aspects, however, were disposed of in three pages. I wish we could have disposed of our proposals in three pages. They would probably then be much clearer and better than they are at present. I am convinced that the seriousness of proposals and the way in which a financial problem is approached must certainly not be judged by the amount of paper used to set them out. I think that we have always given full information about the state of affairs to the Committee on Budgets and the Committee on Agriculture. We always make our experts available when asked. We do not keep these matters secret. As far as this is concerned we are completely open if only because we look back with gratitude on what this Parliament and Mr Cointat in person did while the budget was being considered last autumn, when we were under heavy fire from

people who are certainly not the most easy-going in Europe. I am grateful to the Parliament for this. I believe that Mr Cointat has also done excellent work. However, I feel that he has somewhat under-estimated the consequences of the proposals of the Committee on Agriculture.

The consequences of the Parliament's proposed amendments for 1976 amount to some 230 m. u.a. This includes a deduction of 120m. u.a. for the 'green pound'. I repeat that these proposals, certainly in the short term, are unacceptable to us and that we would have to make an even bigger cut somewhere else; a cut which I assume to be 350m. u.a. And then there is the overflow on the next year's budget of 140 to 150m. u.a.

I agree with the rapporteur of the Committee on Budgets that this is only the expenditure side of the matter. It takes no account of the higher revenue from levies. However, in the budget there is no indication — if we are talking about a supplementary budget — as to whether there have been higher revenue from levies or not. The budget is purely a budget of expenditure. If expenditure rises by for example 350m. u.a., we shall have to introduce supplementary budgets. It does not help us to say then that we have received more money, for example the same amount or half of it, from higher levies. Unfortunately this has no effect on the matter and influences only the key contributions from the Member States.

I would like to see the agricultural fund turned into a true equalization fund working with a balance i.e. expenditure minus revenue from levies. This would give a much better picture of true expenditure in the agricultural sector. As long as the fund is not like this, we cannot operate it and unfortunately I cannot follow the rapporteur's argument in this matter.

Mr Cointat said that the Commission is working without clear guidelines and that this makes intervention more difficult. I have already given my opinion on this. One of the clear guidelines to me is that the intervention mechanism must be continually adjusted whenever it threatens to become meaningless and whenever it threatens to miss its target. If the system is not adjusted immediately, then we are committing an error. The result of this will be that the whole edifice will collapse. This danger should not be underestimated. This is a real threat particularly in an era when technical innovations in agriculture are appearing as quickly as today. This is a very clear guideline. I will not let the intervention system go its own way. We must be able to adjust it in a flexible way from year to year.

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Mr Martens has gone so far as to say that our fixing of prices is comparable, as far as European farmers are concerned, with the fixing of workers' wages in Europe. I am in complete disagreement with him on this. In my opinion this is a complete misrepresentation of the picture. Of course, our measures and our proposals do have some effect on farmers' income, but it must not be thought that we are limiting the income of European farmers. Far from it! European farmers are and remain entrepreneurs who must naturally operate in a specific economic climate.

They are much more dependent on the weather than on our prices, as far as their incomes are concerned. Our prices influence at most about a half of the agricultural production in Europe. Moreover in most sectors, we do not fix the actual prices, only the floor price in the market. Let us not over-estimate what we are doing or its influence on farmers' incomes. This situation is not comparable with what for example happens in the wages and salaries sector. Fortunately so, I would like to add. I am happy that neither the national nor European authorities have this power. Mr Martens spoke on the dairy sector. I have already said something about this. He noted that the increase of the price of milk has not had much influence on the following year's production, because two-thirds of the production took place before the middle of September and one-third afterwards.

The final price does perhaps show a real increase of 7%, but according to Mr Martens this applies to one-third of the production. Mr Martens need not follow me in the reasoning concerning the final price. As far as I can see he is taking the average price. Let us compare the average intervention price for 1976 with the average intervention price for 1975. Then we see precisely the same increases. One should of course not compare the average for next year with the final price for this year, nor do I compare the final price for next year with the average price for last year.

In the middle of September 1975 we increased the milk price by 5%. Even if we did not allow an increase as from 1 March, the farmers would still get a higher intervention price in spring and summer than last year at the same time, since the increase works through in the following year.

If we do not have the intellectual capacity to draw a comparison between the final price for last year and the final price for this year or between the average for last year and the average for this year, then we shall as soon as possible have to depart from the system of two

price fixings. That would force on us a system whereby we should annually raise the prices of milk far too much through a spiral effect and thus make the surplus problem insoluble.

I say this in general to those who think that the Commission could have gone a bit further with its proposals for milk. The dairy sector is by far the most difficult and most costly sector in the Community. Earlier we were still able to say what Mr Martens has said today, namely that we should not look at milk by itself but take it together with beef. That was not done previously, since a few years ago beef was costing practically nothing, but now as far as costs go the beef sector has come up to second place.

Dairy products and beef unfortunately absorb about half of the total budget. In view of the contribution of these important sectors to total production, that is a disproportionate share. That is why we cannot go on like this.

I am thinking of what Mr Cipolla said. Here he says, as it were, what is going on in the south of the Community. This is a serious point that we should not take too lightly in comparison with the wine question.

Mr Martens said that the Commission shared some of the guilt for the surpluses in the milk powder sector. In his view we could have exported more. Mr Durieux said the same thing. You can always say things like that. If we do not have to look at the pennies at all, then we can always sell off milk powder at the price of soya. But if we wish to try not to make the international market in dairy products completely collapse, we have to be careful. It is certainly not true to say that it is only the Community that has shown caution here. We have a huge milk powder mountain. We have total stocks of seven months' production. Did you know that New Zealand, that has set up an organization created entirely by the farmers themselves, has production stocks of 18 months? Australia has stocks of six months' production, while the United States, which last year was still importing a few hundred thousand tons, now has stocks of around four months' production. The producers I have just mentioned are the most important in the world. I predict—and I have also said this to our New Zealand friends—that we, if we are not careful with our refund policy in the dairy sector, shall in a very short time be dealing with a situation on the world market comparable with that in the beef and veal sector. That means prices from which even the most efficient producers—and the New Zealanders are certainly among them—cannot live, with all the social consequences this has in these extremely efficiently producing countries. I should certainly not like to see a repetition in the dairy sector of the drama that has

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taken place in the last 2 years in South America in the area of beef production. It is in our interests for an important market to continue to exist in the Community, and not only for skimmed milk powder, since that is only one of the basic products in the whole dairy package.

The argument that we can always adapt our refunds sounds rather too facile to me.

Politically too, there are things that we can no longer manage at a particular moment in Europe. So we have to be cautious.

Mr Martens further pointed out that last year we imported sugar that we are now exporting again. We are also exporting wheat with refunds, whereas last year we exported no wheat. If it is not to be assumed that we in our own market often have to pursue a stability policy and therefore have to turn on the export tap, we are thoughtlessly being expected to know the market prospects better than the long-term exchanges and the big warehouses. Then we should have to stop it. We do not have the necessary staff. The people who would be able to do the work are not available. It annoys me to keep on hearing that in the Community planning, that we have not looked far enough ahead and that we have not foreseen that the prices on the wheat market would go up or down. I pity the Commission if with present European cooperation it were to dare to state precisely the amount of production we shall need in the coming year, to put it down in black and white and thereby also completely take over the moral responsibility for European production. Europe seems to me to be too weak to carry on such a policy. All the sins committed in the area of agriculture and the agricultural markets are even now being ascribed to Brussels without further ado. I do not wish here to go into all the debates and the facile lines that could be taken in this case to put the guilt on the shoulders of the Commission and a few hundred officials. I once had a study carried out, proportionately on the basis of the last 5 years, i.e. on the basis of the years 1971, 1972 etc., into how the production goals would have looked for the next five years if we had to state, taking account of then available knowledge, how much ought to be produced in Europe. I came to the disappointing conclusion that inevitably for a large part of the production we would have made mistakes almost every year. That does not mean that if the Community had in fact reached greater consolidation, particularly as regards third countries—I have in mind here particularly the world trade agreement that is now being prepared in Geneva—we would not have had to make cautious attempts for a few products. I have said this before in this Parlia-

ment. I am thinking here particularly of the grain and dairy sectors. In my opinion, however, these ought not to be production targets, but only indications that could be discussed both with the professional organizations and with Parliament, so that we can gradually develop systems without them becoming an object of the policy. I feel that the Community, at its present stage of development, is in any case biting off rather more than it can chew. I have kept my promise to go into this point exhaustively. I think it is important enough for that.

Mr Laban put a difficult question. He found the price level proposed for some Member States not high enough and asked what level the Commission considered necessary to ensure that incomes are maintained. In the first place he said that it is an illusion to think that we, the Council or whoever it may be, fix the income. We take decisions with fairly important consequences for the basic products. That does not however mean that we determine incomes. It may well be that 1976 will be at least as good as or better than 1975 without any price adjustment having been made.

That depends on quite different factors from those I have just mentioned. We want to arrive at a middle course over the years. We cannot fix the price each year at the level of the Community country whose costs have risen the highest. That would really mean that we would be turning the Community into a community of inflation, as the Germans say.

I will give you an example here. Last year we proposed a price increase of 9.5%. Considering the prevailing rates for the franc this proposal was increased by 1.4% to 11%, whereas we had reckoned that last year France would require a rise of 18%.

To bridge part of the 7% gap, we thought some national aid could be given. That was done. The amount concerned was some 1.5%. That meant that in France they were falling 5.5% short. This year the position is such that France still probably belongs to the countries that need the most, but that the difference has become much smaller. The difference is no longer 7%, but less than 2%. That is what we have achieved in one year, whereas we base ourselves on a period of 3 years. I hope that it will in fact be possible next year to close this gap, at least on paper, both for France and for Benelux—helped by the general situation regarding price rises both in France and in Benelux.

As for as the lira is concerned, as from yesterday we have fixed a monetary compensatory amount between Italy and the rest of the Community amounting to 6.25%. For the first time

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this has also been fixed for the next 14 days. After 14 days the normal machinery that we also use for the pound will come into play.

We hope that the figure will then be lower. This depends partly on developments in the cost of the lira. The costs of the lira amount to some 20m. u.a. per point over a full year. Some 20 to 22m. u.a. per point are involved, so that if it comes to 6 points, it will cost the EAGGF around 120m. u.a.

For this year it is somewhat smaller since the first month and a half is already past. Moreover, the December accounts already come into the following year. In 1976 we will be ending up with some 15m. u.a. for the lira. This is a very considerable disappointment. I stress this once more, since the Committee on Budgets' rapporteur complained of transfers. In the agriculture budget we work with provisional appropriations. We do not have anything else. We have commitments. These are unlimited. If the world market prices go down, we bear the full responsibility. If currency rates diverge, we have to take up the slack. If we are not to do so—let Parliament state its opinion on this—then we must change our regulations. It is not a case of maintaining the regulations as laid down by the Council and Parliament, and then later saying that we keep on having to fiddle about with the budget. But we cannot predict how the market will look in a few months. No one can. No one knows how the weather is going to be next month in Australia or the eastern United States. An awful lot depends on that. There are also the currency differences. It is not purely a matter of the dollar rate on the world market. Other factors greatly influence costs.

If it is said that we have to make changes and that we have to make a 'green lira' out of the lira, so that we can at least get rid of the amounts paid at frontiers, then I would say yes. This will in part be the case. But it must be well understood that though we are devaluing the lira, it is not the formal lira, the lira in which the budget continues to be expressed, it is the 1969 lira. If at the moment we pay out one unit of account for our agricultural policy in Italy, this means an amount for the agricultural budget that is 40% higher. For 100m. u.a., it in fact comes to 140m. u.a. In the case of Great Britain and Ireland, it would be about 130 to 132m. u.a.

All this has to be incorporated in the agricultural budget. I think we have now more or less reached the end of this kind of system, which is not only extremely complicated but has also really got too big to be comprehensible even to financial authorities. I feel that at this point

we have reached the limit of what is still acceptable.

Regarding food aid, I am in complete agreement with what Mr Laban said.

Mr Scott-Hopkins has put a number of interesting questions. He feels, however, that we have come too late with the change in the wheat policy, since it has already been sown. I do not agree with that. The Commission and the Council made a clear choice here before the month of August, that is, before the first farmers in Europe began to sow. We then said unambiguously in a resolution what our policy would be on this in 1976.

Russia will not get the milk powder cheaper than the price we ask from farmers in Europe, at least if we take transport costs into account. Nor do we plan specially to promote sales to Russia. The measure applies for all importers who make the necessary declaration. One can in fact argue that we do not need to sell the skimmed milk powder to Russia. In that case we shall, if we want at least to create a tenable situation regarding the surpluses, have to raise the percentage currently applying to mixing arrangements in the Community so as to process the quantities that we might still have exported. If we do not want any exports of skimmed milk powder for animal feeding purposes below the costs of production here, we can get that only if the quantities in compound feed in Europe are adjusted accordingly, that is, increased. That does in fact mean a still greater burden on the stock holders concerned.

Mr Scott-Hopkins feels that the incentives for the non-marketing of milk and dairy products are too wide. I do not know; but in any case, I think that this is a programme that absolutely has to be carried out. To the best of my knowledge it is at the moment the only way offering us any prospects of lower production in coming years, at least if we are not to lower the milk price. Lowering the price of milk in the present inflationary climate is a measure that I do not regard as justified.

As regards beef, it is not my opinion that this premium ought never to be re-introduced, but I do think that we do not need one next year. Moreover, this kind of premium is awkward, since there is an inclination to use them earlier and more quickly than is actually necessary, with all the costs that involves.

Mr Scott-Hopkins says that abolition of the premiums will erode 'confidence'. I very often hear this word in Great Britain and also in Ireland. I feel that agriculture ought indeed to have a fundamental confidence in the policy. On the other hand, the confidence ought certain-

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ly not to be too great. If there is unlimited confidence, that can very quickly lead to over-expansion of production. If that happens in sectors where we already have surpluses, that confidence seems undesirable to me.

I do not wish to say that this is true of beef, but I do wish to point out that at the moment where we apply a safeguard clause, we increase the price by 8%. Nor should that be judged too lightly in the context of foreign policy.

Mr Cipolla told a very sombre tale about the lira and wine. I hope it will be possible eventually to find a solution for the wine problems in the context of the price discussions. For me the fixing of the wine price is absolutely linked to a number of measures, such as amending the wine regulation and the French import ban on wine from Italy. It has to stop eventually; the situation at the moment is intolerable.

Mr Durieux talked of New Zealand as the tenth member of the Community. I do not agree with him. Cheese imports stop next year, whereas we have to go back regarding butter imports. In Dublin the heads of government set rather far-reaching positions regarding butter imports. The Council of agricultural ministers has this matter before it now. It is not a simple thing to deal with, especially not in a period of surpluses. It will be extremely difficult to reach agreement. We hope to be able to add a few more elements to the compromise we have proposed, so that we can solve those problems. But a tenth member does not arise, nor do I believe that New Zealand would want to be that, even if we could afford it.

Mr Durieux wants to retain the Exim system. I am pleased with his advocacy of this. Eight or nine months ago he condemned this system. Perhaps in a few months he will be defending the 'jumelage' system, especially if we succeed in up-dating it a bit. I think we are pursuing a very cautious policy on this point. In the next few months, as far as I can see, we shall have to continue doing so.

Regarding sugar, he mentioned the B quota, which is 45% of the A quota. Last year we said that this B quota would be possible this year for factories that actually produced 45% in 1975. For factories that did not get higher than 35% in 1975, the quota in 1976 cannot be above 35%.

Mr Durieux fears that the crop area will go down somewhat during this year. I am not afraid of that. I hope it will not, and I scarcely expect it. Looking at the initial figures from a number of sugar refineries, one can forecast that in most areas of Europe an extension of the crop area is more likely than a reduction. If we have a

normal yield—I am thinking about the average over the last 6, 7 or 8 years—then in view of the yield to be expected, we shall end up with a net surplus of at least 2 million tonnes of sugar. This is not a prospect that attracts me given present circumstances on the world market. We have to keep to what we said for last year, regarding the quota for this year too. We must not go further. We must adjust it to normal production, which is laid down in the regulations.

Mr Liogier also talked about the intervention system. Like him I feel that the intervention system ought not to be weakened. In my opinion strengthening it amounts to something quite different from what it does in his parlance. In my opinion strengthening the system means keeping it and bringing it into line with modern technical developments. If we do not do that, then we will really be jumping out of the frying pan into the fire. It will end up with a complete undermining of the common market.

The quotas were raised last year. The same norms were retained, as I have already said. The A quota, the basic quota, was not touched. It will stay the same for the next three years too. Those who have produced more than 35% and not more than 45% can also keep the same for the B quota as last year. There is no reduction. There is adjustment to the normal production to be expected. That is probably not enough, but I do not think that a small sugar reserve is a luxury for the Community, the more so since we have to bring part of our sugar from countries overseas, who are certainly not asking for a lower price, but for a higher one. I can tell Parliament that the first request from the ACP countries amounted to a 35% increase in the sugar price. This kind of increase would mean that we would have to make an adjustment of 35% instead of 8%. I told the gentlemen who asked for that how we stood. I noted that in my opinion it was absolutely impossible to allow them a different price increase from the one that applies to many Community countries. We shall probably be having the last and final talks on this in April.

Mr Frehsee called the price policy embodied in our proposals courageous. I am very pleased that he has said this, if only because he has in this way acted as a counter weight to those who have said more or less that agriculture was in a kind of demolition situation. I do not know where the members concerned regularly find themselves. But when I pay a visit to the country, I certainly do not get that impression, although I would explicitly add here that with the same prices on paper the farmers can have a good year or a bad one. Our prices are relative,

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after all. What we are doing is nothing more than setting up a framework in which normal positions can vary as a function of the seasons.

I do however agree with him that if we were to go further with our price proposals, we would, given the overall economic climate, be acting incautiously. I should like to impress that on this Parliament.

In general, I would say the following. I understand Parliament. I have been a member of Parliament long enough myself to know what considerations are decisive at any given moment. I would however ask Parliament explicitly to bear in mind when it delivers a definitive verdict on the changes proposed by the Committee on Agriculture—I am including the amendments in this too—that despite all the complaints and the difficulties, it can nevertheless be said that the Community forms an enormous safety belt for protecting the income of farmers in Europe.

I can say without further ado that all the major sectors in our community — all the major economic sectors — are going through a secession, whether slight or severe. The only major sector that is going through a fairly normal situation —not that I would call it a boom, I would certainly not do that as regards agriculture—is agriculture plus related industries: the dairy industry, the meat industry, the fertilizer industry, the machine industry. This great complex, representing 20 to 25% of the total free economic capacity in the Community, is happily in this period of considerable recession going through a fairly normal situation. In agriculture there are of course also sectors—though relatively they are fortunately not very large—that are experiencing difficulties. But this is a normal phenomenon in agriculture, even in the greatest boom periods. Large areas of agriculture and horticulture can say with assurance at this moment, that their situation is much more satisfactory than the average position in our economy.

I am very pleased at this, if only because the existence of the common agricultural market—the pack mule that gets blamed for everything—has a lot to do with this in a positive sense.

(Applause)

President. — I call Mr Vetrone.

Mr Vetrone. — (I) Mr President, what I would call the second part of this debate begins with me, seeing that the first part is now closed.

It is a well known fact that the common agricultural policy aims at achieving certain objectives through the application of three fundamental principles, namely, a single market, Community preferences and financial solidarity.

There can be no doubt that these principles have been eroded to a greater or lesser extent, firstly by preferential or other trade agreements which have had an adverse effect on the preference principle, with particular regard to the fruit and vegetable sector, secondly by the serious delay with which the structure policy has been got off the ground, reducing expenditures from the Guidance Section to an almost symbolic mere 7% of the total expenditure. By comparison with the 35% approximately, which was initially provided for and which reflected in a more practical way the principle of solidarity, thirdly by events on the international monetary scene which upset the system of fixed parities to which the common prices were related and consequently shook to its very foundations the principle of the single market.

It is clear that, unlike in the case of the first two principles, no reproaches may be cast at the Commission in regard to the last principle. Indeed, it ought to be given every credit for all the efforts it has made to revitalize the single market to a degree that will be acceptable to all.

The supplementary agricultural and monetary measures being put before us today by the Commission are a further noteworthy attempt to strive towards the ideal of a single market. It is a pity, therefore, that this endeavour is in danger of being thwarted at its very birth by recent monetary events in the matter of currency, which, in the case of Italy, have meant a renewed application of compensatory amounts. Now it may be possible to explain these amounts from the technical and monetary point of view, but from the political point of view their application should have been put back for a few weeks at least in order to allow the lira to settle down to a final constant level. In any case, these amounts should have applied only to products with automatic guarantees; less than ever before should they have been applied to Italian wine, which has suffered—it cannot be denied—another heavy blow. Yesterday it was dealt a blow by another Member State in an arbitrary fashion, today it is hit by the Community itself.

It is very probable, indeed, that before long the lira will have climbed back a few points on the exchange markets and that this alone will put an end to the application of the compensatory amounts. But if this should not happen, it is to be hoped that the Commission will propose to the Council that there should be a timely

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revision of the representative rate of the green lira, even if only a partial revision, Mr Lardinois. This would be a measure that would restore to Italian producers the peace of mind of which they have been bereft over the past days by the very announcement of the reimposition of compensatory amounts.

It is clear that the fact that these basic principles were not properly applied could not but lead to serious shortcomings in regard to the objectives being aimed at. Bearing in mind certain imbalances between the Member States, it must be said that the Community as a whole did more and did it better than other important commercial areas in securing the objectives of market stability, security of supplies and reasonable prices to the consumer, but the same cannot be said for its objectives with regard to increasing production and ensuring a fairer income for the agricultural population.

A better deployment of resources should have been the principal stimulus to increasing productivity. On the contrary, however, a glaring inconsistency in the criteria governing supports and guarantees has led to large production groups, enjoying generous support and guarantees, showing a rigidity in the matter of regional re-location of industry that was sharply opposed to a more rational geographical distribution of production and of specialized industries. It is from this that the discrepancies between undertakings, production sectors and regions arise and it is from this also that you get the structural formation of surpluses. The fact that we still have this enormous problem with us, which continues to be the most important knot to be cut, shows that there are limits to what can be achieved by a prices and market policy.

It is certain that the situation will improve when Member States that have not already done so start to implement as a matter of urgency Community directives on structures.

Meanwhile, the Commission has done well to propose to the Council that there should be greater involvement on the part of the Community in regard to the directive on hill farming. And it is to be hoped that it will also decide to propose to the Council the adjustments that are needed to the financial measures contained in the anti-inflationary directives at present in force, which have undoubtedly succeeded in considerably reducing the effects of inflation.

But the main area where the limitations of the prices policy become apparent is in the matter of agricultural incomes, especially when compared with incomes in other sectors. The Commission itself could not get out of acknowledging

this fact when drawing up the budget for the common agricultural policy. It is likely that we would not be faced with such an unfavourable outcome if the prices policy had been inspired by a more balanced view of the two types of agriculture (continental and Mediterranean), the two sectors of production (vegetable and animal) and of the territorial disparities (developed regions and poorer regions). This viewpoint, had it been adopted, could have led to a more serious consideration of the measure, which was barely mooted, of direct aid to uncertain and seasonal incomes.

This is how it has come about, if the figures are telling the truth, that the common agricultural policy, while it has helped to increase the value of gross domestic production in the strongest agricultural system in the EEC by 16%, has increased that of the weakest agricultural system by only 5%. It is as if the common agricultural policy had two different speeds!

Is the Commission proposing anything different to us today? It is difficult to say that it is. There have been amendments proposed to some basic regulations, but they do not always seem to have been very inspired or, at any rate, they leave us very perplexed. The measures for the disposal of surpluses could also be effective, but they certainly mean increased production costs for farmers, particularly for rearers of pigs and poultry, in other words, for sectors which have not contributed at all to the formation of the surpluses. Your reply, Mr Lardinois, has not convinced me; here we have a question of finalization, whereas for the cereals it was a case of raising the prices. Here the punishment is being inflicted on the one who did not commit the crime, and that is a very different thing altogether.

After expressing so many reservations, one would like to approve of the measures proposed in the milk sector. But what impact will these have on the income of small farmers, so numerous in the EEC, and what risks of distortion will they not mean for the Italian market, particularly with the compensatory amounts? Surely nobody can want a milk war also to break out!

To come now to the proposals on cereals, they do indeed establish an overall restoration of a balance in the prices structure, if we disregard the loss that Italian farmers will suffer through the higher price of maize. They improve the market prospects for good quality soft grain and penalize grain which cannot be used to make bread. With this reference price for soft grain to be used in breadmaking they set up a flexible intervention mechanism, to which you yourself, Mr Lardinois, referred, which threatens

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to cause losses for small producers in view of the time needed to grow this wheat. It is essential, therefore, to build a certain automatic character into the proposed mechanism. Furthermore, the unit of integration for hard wheat, fixed on the basis of a new system, is clearly insufficient. The delimitation of areas according to yield per hectare also leaves much to be desired.

This brings us to consider the vegetable fats sector, with particular reference to the price of olive oil in relation to that of seed oil. It must be observed that, notwithstanding the continual worsening of the ratio between these two prices, which was fixed when the respective regulations entered into force, the Commission has so far shown no desire to get to grips with this problem and to correct it; on the contrary, with the symbolic increase of a mere 3% proposed for olive oil, it has, unconsciously perhaps, helped to exacerbate the imbalance. It can readily be appreciated, and I do appreciate it, that to resort to imposing duties on imported seeds would be a difficult operation, and even an ill-advised one. But we must come to grips with a situation which by now has become insupportable, namely, that the fall in consumption of olive oil, due to the reduced prices of seed oils, may be reckoned at between 15 and 20%. The rapporteur, to whom I also should like to express my warm appreciation of the moderate and responsible way in which he has drawn up and explained his motion for a resolution, has quite properly stressed this problem, so that any further comment on my part would be superfluous. I should like, however, to emphasize once again something which I have already many times asked of this Parliament, and that is the need for new proposals which will finally put an end to the mistrust and the hesitations which this sector shares with certain other sectors. In short, let us have reasonable and fair proposals.

These are, as I see it, the most important points, which I have tried to comment on in the brief period of time allowed. In conclusion, I should like to thank you, Mr President, and my honourable colleagues, for your courteous attention.

(Applause)

President. — I call Mr Bourdellès.

Mr Bourdellès. — *(F)* Mr President, it would have been more logical if everyone had been called to defend his amendments just before they were put to the vote. But the procedure adopted means that we have to speak today about what will be decided on Thursday. Probably efficiency does not count for much. My

first amendment concerns Article 18 of Mr De Koning's report, it indicates my disagreement, and that of a certain number of my fellow members in the Liberal Group, with the proposal to increase the price of milk in two stages, and with the inadequacy of the increase itself.

Goodness, here we have peasants working the smaller holdings, usually as a small family business, peasants who perform the most exacting of tasks, whom all statistics without exception show to have the lowest incomes in the Community, and these peasants are given the lowest price increase allocated to any product! No one will be surprised that the producers of milk look on this as a provocation. And for good measure, two steps will be necessary to attain this derisory figure —2% on 1 March, which after allowing for the monetary adjustment will represent a rise of 0.60% for French milk. Do you think that in these inflationary times such a proposal is really serious? If one wanted to drive the small farmer to despair, to chase him from the countryside and make him migrate to a town where he would swell the ranks of the unemployed, this would be just the way to set about it.

My second amendment relates to paragraph 20 of Mr De Koning's report. This concerns the way in which the Commission intends to reduce the stocks of milk at present cluttering up the market. It seems that in 1976 600 000 tonnes simply must be disposed of. And it has been decided that it is the farmers producing pigs and poultry who will foot the bill. Why them and not others? That, I am convinced, is a question which the inventors of the system would have great difficulty in answering.

No doubt it is considered that those who rear pigs are at present making a profit, but forgotten that scarcely a year ago their position was extremely precarious. We must realize that although this market is at present balanced, it is not set fair, and the supplementary cost of feed might be enough to turn it upside down once more. The same applies to the market for beef, which was saved in 1974 thanks to the safeguard clause and constant intervention. The purpose of my Amendment No 22 is to remind Mr Lardinois of this small point of history, in case he should have forgotten it. But let us get back to the milk powder, the surpluses of which farmers are being invited to consume. Poultry farmers, as we all know, have just had an extremely difficult year. Many of them are on the verge of bankruptcy, if they have not already packed up. The Community should be giving them aid, not inflicting a penalty. In Article 26 of Mr De Koning's report, which we shall be studying on Thursday, we shall see that the

Commission on Agriculture has laid stress on this crisis by exploring the lack of proposals for dealing with structural problems in the sector. On the one hand, we show a certain interest in them, on the other, they are given a knock-out blow.

Where is the logic in all this?

Following in the footsteps of other Members, particularly Mr Durieux, I would like to try to persuade Mr Lardinois that in this matter there is only one solution, whatever it may cost, namely to give the farmers who raise pigs and poultry a mixing premium that will bring down the cost of milk powder protein to the cost of vegetable protein. Any other solution, Mr Commissioner, would be unjust and cannot be supported.

President. — I call Mr Gibbons.

Mr Gibbons. — I wish to join my colleagues who congratulated the rapporteur on the excellence and fairness of his work. He deserves every tribute we can pay to him.

I wish also to pay tribute to Commissioner Lardinois for his great political skill. I beg leave to point out that during his long, 80 minutes' speech—and I err very severely if I did not notice it—he made no reference to farm incomes, the necessity to fortify these incomes and to narrow the gap between them and other people's incomes. Perhaps this was merely coincidental.

The Commissioner spoke to us for more than an hour about facts and figures, the factuality of which I dispute. But there was no reference which I could detect, other than in asides, to the incomes of the people who are all-important in my eyes, namely, those who make up the personnel of agriculture and those working on the land. The facts prove that the contrary is the case. In my country there is a constant exodus from the land because it does not pay. To ignore this or to seem to ignore it is to fail in our first duty, because the people involved in the industry are the people with whom we must be first concerned.

I regret to think that that is not the main preoccupation of the Commission at present. I accept that the most immediate tactical problem at the present time concerns the existence of a large mountain of skimmed milk powder. Last year, when we were talking about prices, we were preoccupied with the existence of a beef mountain. Concurrently there was a lake of wine. It is worth remembering that last year must have been the worst year for beef producers in the history of the Community. Certainly in the

history of my country there was no worse year in beef production, particularly for the producers of store cattle.

We feel that the origin of this problem lies in the permission that was granted for the importation of vast supplies of third-country meat in the previous year. I have always held the belief that proper cattle husbandry demands the existence of two herds. There is a preoccupation with the dairy herd in the Community which I think is somewhat misguided. Complementary to that dairy herd it is necessary to maintain a beef suckling herd to multiple-suckle the calves from itself and from the dairy industry, because conditions have permitted the total slaughter of the beef herds in my country. We had the spectacle last year of calves being given away almost for nothing.

There is nothing in the price proposals before us to indicate any recognition of the need for building up the beef herd parallel with, and complementary to, the dairy herd. It is also true that decisions by the Commission and the Council of Ministers on farm prices will, whatever the Commissioner says, largely determine the income levels of farmers for the coming years. To suggest, as the Commission proposals do, that a two-tier increase in the price of milk would give a fair return to dairy producers within the Community does not make sense, and such an increase would not operate with equity or fairness.

For instance, the United Kingdom has a high rate of liquid milk consumption and an all-round-the-year production pattern, and it may be well and good for such an arrangement to apply in that country. But in my own country, and perhaps in many other areas of the Community where manufacturing milk is produced almost wholly from summer grass, the initial 2 per cent increase is no increase at all, because it will be swallowed up, and more than swallowed up, by the inflation that has occurred since the price of milk was last adjusted. It is specious to suggest that the second increase in September will be of any value to the Irish cattle economy. It will not.

I totally support the COPA demands so capably documented by that organization. I have yet to hear a refutation by the Commissioner or anybody else of the manner in which the case has been put.

I believe that the premium for the non-marketing of milk, although its motivation can be understood and although it may seem reasonable enough, will have grave implications for countries such as my own, where there was a drop

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of 5.4 per cent in the dairy herd last year and where one-third of all the cows were slaughtered last year. The premium scheme may well lead to the slaughter of more cows that we shall need pretty badly and pretty soon. I believe that the situation is similar in the United Kingdom and Italy.

I come to the drastic change proposed in the intervention arrangements for skimmed milk powder. I believe that it withdraws one of the basic means of guaranteeing milk prices within the Community. Although it is disguised, what is involved is a reduction in the price that the milk producer will get through his trade outlet.

The proposal to withdraw assistance from the private storage of butter is misguided, and I do not think that it will be profitable for the Commission. The operation of this assistance has prevented butter from going into intervention. I predict that if this policy is pursued we shall find a great deal more butter going into intervention and that intervention will have to be reintroduced.

Finally, I should like to put this thought to the Commission and the House. Tactically, we are preoccupied with the existence of a skimmed milk powder mountain. That raises the general issue of the production of proteins and nitrates. There is a need for the Commission to examine the sources from which protein is drawn and the use to which it is put and the access that different countries have to nitrate fertilizers, which are the basic material for the production of protein, and to determine whether the Community is doing its job in protein production and management correctly. I think such an inquiry would show that there are a great many anomalies that could readily be rectified.

The access that certain countries have to nitrate fertilizers through the mechanism of national aids and otherwise might be one aggravating factor, and the access that other countries have to favourable sources of protein might be another. If there is to be an equitable approach to this question, the whole problem must be examined.

I have about a minute left in which to speak, and in it I strongly urge the Commissioner to consider very carefully the wisdom of what I suggest. Proper cattle management within the Community requires the existence of a secondary beef suckling herd, because we shall require the extra cattle which we have the potential to produce but which we are prevented from producing by the stop-go system which has been operating for the past few years.

(Applause)

IN THE CHAIR: MR BORDU*Vice-President*

President. — I call Mr Lagorce.

Mr Lagorce. — (*F*) Mr President, fellow members, I would like to make it clear that I am speaking on behalf of a number of the French Socialists in the House, people who like myself represent rural areas that are particularly hard hit by the crisis that has befallen our agriculture. After all the technical discussions we have heard, I will simply make some general points which seem to me to be primarily matters of common sense.

Public opinion throughout the Community is already keyed up for the election of the European Parliament by universal suffrage in 1978. Everywhere we meet a spate of arguments—most of them theoretical—intended to show that this election will be a milestone on the road to Europe, and no doubt this is true. But people are not, in my opinion, worrying enough about the actual social climate in which the campaign is being launched in a country like France. Our peasants are being told that the agricultural common market that they know will be strengthened and enlarged, that its benefits will soon be available not only to the farmers but to people in all walks of life. But what has the Common Market meant for our farmers other than the fact that for the past two years their purchasing power has declined? The 9% drop in 1974 was followed by a 4% drop in 1975; for certain sectors such as dairy farmers or winegrowers, particularly hard hit by the crisis and particularly critical of the way Europe has been organized, the decline has been steeper than is shown in these average figures.

In this Common Market, for which their full support is being canvassed, how is this irrefutable decline to be made good? The proposal is that agricultural prices shall be put up on average by 7.5% in units of account, which in national currency means for France a rise of 6.1%. On the one hand a drop of 13%, and on the other a rise of 6.1%—and for milk the figure is even 0.6%. Can it be wondered at if the Unions and the farmers' associations in France look on these figures as a provocation—to take over the word used by Mr Bourdellès.

Farmers are simple people, but they have common sense and they think straight. My fellow-countryman Montesquieu said so before me, and said it much better. For these people the only golden rule is that farm prices should be fixed in relation to production costs. But they find that the cost of fertilizers and of machines, of

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everything they need to run their farms, is rising much faster than the produce they obtain, at a rate never seen before. I can already hear the objection that will certainly be made to this plea, namely that France has too many small farms that are not economically viable, that the French farmer has not managed to modernize, to modify his structures so that he produces more and of better quality, as in the other countries of the Community. To that I will reply with figures. In 1950 the average size of the French farm was 8 hectares, in 1974 it had risen to 23 hectares. As for productivity, this rose by 88% between 1961 and 1971. In 1920 it took 20 farmers to feed 100 Frenchmen, today it takes only four.

Of course I am not blind to the fact that while the increase in farm prices needs to offset the deterioration in farm incomes, it must not be allowed to feed inflation—and the problem involved is, I know, not easy. But what must not happen is that farmers get the impression that they, and they alone, are paying the bill for the fight against inflation. And when we look at the way the common market in agriculture is working, we can understand that they are worried about the day when the Community markets will be open to agricultural produce from the ACP States with which we have signed the Lomé Convention, or to produce from the Mediterranean, especially when tomorrow Greece and the day after tomorrow perhaps Spain will be members of the Community.

Another thing our farmers do not understand either is that different weights and different measures are used for the various Member States. After all, is it true, or is it not, that in the Federal Republic of Germany the reduced rate of VAT for example, is 5.5% and the standard rate 11%, while in France the reduced rate is 7%, there is an intermediate rate of 17.6%, and the standard rate is 20%? Conversely, is it true that for lump-sum refunds the rate in France is 3.4% for vegetable products and 4.5% for livestock products, whereas in the Federal Republic of Germany it is 8%? Cannot the French Government, without infringing Community regulations, lower the rate of VAT on the products needed to run a farm and increase the rate of lump-sum refunds?

And cannot the French Government be authorized to grant direct specific aids to certain categories of farmers without calling in question the orthodoxy of the principles underlying the Common Market, especially if these aids are only complementary and temporary?

There is another claim that is put forward by many farmers, in particular the younger ones,

and which I would like to raise in this House: it is their wish to be associated more actively and more directly with the functioning of the Common Market and especially with the management of the European markets. On this point, might it not perhaps be possible to meet their wishes by adopting at European level the procedure of an annual conference used in France and, I believe, also in Great Britain? This conference, which could be attended by the farmers, representatives from the Member States and the Commission, would review farming activities in Europe, debate the broad guidelines to be applied to crops, farm structures, disparities between incomes, and so on. What the farmers want—mainly, as I have said, the younger ones—is in short a sort of inter-professional body for farming in Europe.

Will this idea for concerted action and closer participation be rejected out of hand? I make so bold as to ask the question.

Turning to Mr De Koning's report, which I have read with great interest, I too wish to raise a point of detail concerning which I have tabled an amendment. The incorporation of a large part of the stocks of skimmed milk powder in compound feedingstuffs can, in my opinion, only be a short-term expedient in the drive to eliminate surpluses. I think that in the longer term the cultivation of soya in the south of France or in some part of Italy might be encouraged in order to shield the Community from a deficit in proteins for use as animal feed and so to ensure that in this field we shall be independent of the United States.

On tobacco, Mr Brégégère, Mr Maurice Faure and I have tabled an amendment to the effect that the varieties of tobacco which can be disposed of without difficulty should benefit from an increase at least equal to the increases given to the more favoured vegetable products in general.

We also ask that the premium should be readjusted in line with the recalculation of the target price, for since 1973 a double imbalance has been developing in connection with target prices and premiums. The disorders affecting prices and currencies in the last few years, disorders that could hardly have been foreseen when the regulation was being worked out, have led to economic imbalances which can be looked upon as passing accidents and must be overcome by appropriate means. But they cannot persist without serious effects on the economy and in particular on the economy of production.

We note that there is constant inflation in production costs, especially the cost of services and of the goods needed to run a farm, and that

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the level of norm prices does not take this inflation sufficiently into account. We have tried in our amendment to correct this situation, hoping that the Parliament will give the amendment its support.

I will only say one word on the problem of wine, about which, however, there is so much that could be said, for in view of what is now happening in France and may happen there tomorrow, it will certainly not be long before we have occasion to talk about it in this House. I would however like to know what is happening to the reform of the wine regulation, so often promised and so often delayed. I would also like to point out that public opinion in my country is becoming more and more favourable to the creation of a Wines Office in which, as elsewhere, there would be a large number of representatives of those most concerned, namely the winegrowers, people who constantly find themselves presented with a *fait accompli* against which they cannot successfully make their voices heard.

Shall we find that, as with the annual conference, the principle of a Wines Office cannot be entertained at European level? I will add this proposal to the already bulky file on wine, but I have no great illusion about the fate that awaits it.

Disappointment, bitterness, and anxiety too. These, alas, are the sentiments felt by the vast majority of the farming population in my country—the big farmers and the speculators excluded—with regard to the proposals for increasing farm prices and to the Common Market in general.

And these sentiments produce what General de Gaulle, in the picturesque language he sometimes used, used to call 'rumblings and grumblings'—both of them bad counsellors.

Now that in my country there is, as they say, 'something moving in the south', now that the slightest spark could send everything up in smoke, the Commission proposes an increase in farm prices which can only be described as derisory, at a moment when we want to get Europe advancing again by electing a European Parliament by universal suffrage and to achieve with the aid of Mr Tindemans a 'European Union'.

You will understand, and no doubt you will forgive, the votes I shall cast not only against the Commission's proposals but also against the more reasonable proposals of the Committee on Agriculture. COPA is asking for a 10.6% increase. As I place my confidence in COPA

in this matter, that is the figure by which I shall abide.

(Applause)

President. — I call Mr Lemoine.

Mr Lemoine. — (F) Mr President, once again the annual debate on the proposals for agricultural prices for the next marketing year is under way in this Assembly. Years go by, but the problems remain, problems which are increasingly complex and difficult since agriculture and the farmers have been hard hit by the crisis which is rocking the capitalist world, and particularly the Community countries, a crisis which is not cyclical, and which is becoming more and more serious.

The question now is whether the Commission's price proposals and the recommended measures will enable the existing distortions between the income and social situation of agricultural workers and those of other occupational categories to be eliminated.

It is also a question of whether the Commission's proposals will, as provided and allowed for by the Treaty of Rome, ensure an equitable standard of living for the agricultural population, in particular via the personal incomes of those working in agriculture.

The years go by and proposals follow one another, the discussions between Ministers go on and on; Mr Lardinois and the Brussels experts are still as sure of themselves and their proposals, but it is clear that the situation is deteriorating further and further.

To realize this it is only necessary to consult the farmers themselves, and that is what I have just done in my own area, in particular the stock breeders, and the cereal and milk producers. None of the measures recommended in the price proposals will make any significant difference or provide valid solutions. In fact, having regard to the crisis, a policy is being pursued which is neither for the benefit of the farmers nor the consumers.

While agricultural production increased in volume by 3 to 4% per annum, purchasing power dropped by 18% between 1960 and 1975. The last two years in particular have been difficult ones. The considerable outlay on investment and modernization undertaken by hundreds of thousands of family farmers has involved them in considerable debts and in the end has resulted in under-remuneration for human labour and a low return on the agricultural means of production, whereas the disappearance of hundreds of thousands of farms should have

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created an era of prosperity for the survivors, at least if we are to believe the experts. They are wide of the mark. After some years of relative growth, it is now clear that the rural depopulation and the reduction in the number of farms have not solved the difficulties of those who remain.

Mr Lardinois said in this House on 17 June last that we must have the courage to realize that there are still too many family farms which in fact do not meet the needs of 1975. Well, today, we must have the courage to say that the results are a long way from what was promised and forecast. There is no dispute about the reduction in purchasing power, by more than 18% in 1974, and more than 4% in 1975, and the prospects for 1976 are hardly encouraging. The Commission's proposals will not really make it possible to catch up, because the average increase is less than what the OECD foresees will be the rate of inflation. For example, the increase is 6.1% for France, but the OECD foresees an inflation rate of the order of 12%, which clearly indicates that farmers are threatened with a further reduction in their purchasing power. Not everyone will be losing, however. At a time when thousands of farmers are practically reduced to ruin, the agricultural profits of the financial groups are increasing substantially, 300% for the *Française de l'Azote*, 60% for *Beghin*, to quote only two examples. The hopes with which the farmers of our countries were beguiled in connection with the Common Market are fading away one after another as a result of the daily increasing demands of the economic forces which today dominate the common agricultural policy.

Developments in trade relations show that when the interests of the economic and financial groups which dominate the European institutions and those of big American capital, are involved, principles simply fall by the wayside. This is evident today both as regards the principle of Community preference, and financial solidarity. The principle of uniformity of prices is being breached by the abandonment of fixed parities, and market support is being increasingly disputed and restricted. For our farmers, who remember the honeyed words of the past about the Common Market, it is now a time for disillusion. The Brussels institutions seem to them increasingly to be providing a screen, behind which pressure is organized on agricultural prices and a staging post created for the expansionism of the United States. Was it not agreed at Rambouillet that negotiations would be undertaken to reduce the difficulties which still exist for American exports? The Mediterranean agreements, like the North-South

expansion, or in the future, the entry of Spain and Greece into the Common Market, will undoubtedly pose new threats for the fruit, vegetable and wine producers of our regions.

It is against this background that the Commission price proposals are presented. I will only say a few words about Mr De Koning's report which, as always, is highly documented, very thorough and presents confirmed facts, but is like a twin brother to its counterpart of last year. We have to recognize that the proposals by the Parliament's Committee on Agriculture are not always or even very often listened to. We cannot agree with the price proposals, either the 7.5% proposed by the Commission, or the 9.5% proposed by the Committee on Agriculture; 9.5%, and that is 8.8% for France, is less than the rate of monetary erosion, less than what has been asked for by the agricultural bodies, even those most loyal to those in power; this is pushing the farmers even further into difficulty. These proposals are unacceptable for the milk producers, for the stock breeders, for whom the increase in the guide price of beef and veal is not matched by any increase in the intervention prices, and for the wine-growers. These proposals are the result of the whole policy of austerity which the governments are conducting against the workers. They do not take account of the reality of the situation or the fact that the position of hundreds of thousands of small- and medium-sized farmers is becoming more difficult every day.

What will remain of the farms in ten years and how will they survive? It is as though those in power and those running the Common Market wanted to dissuade the farmers from producing, in particular, milk, meat, wine, fruits and vegetables, and this at a time when there is a risk of a food shortage and when throughout the world hundreds of millions of human beings are suffering from malnutrition and famine.

We cannot support such a policy. Our Assembly must today say very clearly and firmly that the Commission and Council must accept their responsibilities. It is essential that the farmers of our countries are given a guarantee of a decent income, in particular by means of minimum agricultural prices in line with production costs, and a reduction in the latter. The production conditions of family farms must also be improved by solving the financial problem or taking steps towards its solution, by giving help for modernization and cooperation by the development of both individual and communal facilities. The farmers do not wish to be on permanent assistance.

Mr President, the decisions taken at the beginning of this financial year will have serious

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implications. They are awaited with anxiety in our countries and the protests which are already apparent will certainly increase if more realistic measures are not taken.

The communists, in maintaining resolutely their struggle, are conscious that they are fighting for preservation of national resources, progress in farming and the fulfilment of a mission of international solidarity, at the same time as for the maintenance of regional and economic balance.

(Applause from the Communist and Allies Group)

President. — I call Lord Bruce of Donington.

Lord Bruce of Donington. — Shortly before Christmas, Mr Lardinois gave us advance notice of the proposals, which have since been under consideration by the Committee on Agriculture of this Parliament. On that occasion, I passed some very harsh remarks about him and about his proposals. They were, of course, made in the light of a long series of budget discussions which we had been holding in committee and in Parliament over a number of months. In those discussions we were informed by the Council that the dire international economic situation made drastic economies necessary in the budgets of Member States and that this made it difficult for the Council to agree to all but a derisory amount of the total sums that this Parliament wished to restore to non-obligatory expenditure on the Regional and Social Funds, etc.

Therefore, within that context, the announcement by Mr Lardinois last December that he intended to propose measures which would result in an increase of 7.5% seemed to me at that time quite outrageous. However, when I compare the proposals put forward by the Commission with those incorporated in the resolution of the Committee on Agriculture of this Parliament, I must apologize to Mr Lardinois. For me he is like the Archangel Gabriel.

Parliament has been a little ambivalent about the agricultural policy. During the debates in September, October, November and December last year, speech after speech from the Conservatives, the Christian Democrats, the Liberals and my own colleagues on the Socialist benches deplored the fact that the Community's budget was distorted and unbalanced in that 75% of expenditure went to the common agricultural policy and only 25% to the remainder. The complaints were particularly strong from the Conservative benches. The Conservatives denounced the CAP as a sacred cow. What has

happened to convert the sacred cow that they scorned and spurned last October into the golden calf to which they now bow down in worship?

The answer is clear. There has been an intervention by the farmers' lobby, COPA, under the distinguished leadership of Sir Henry Plumb. It is all very well for the Christian Democrats, Conservatives and Liberals to have their moment of fun in September and October and to cast doubts on the common agricultural policy, but the moment it comes to the 'muttons' of it, the COPA lobby calls them to heel.

So today we have before us resolutions on behalf of the Committee on Agriculture, among other things to substitute for the 7.5% proposed by Mr Lardinois the figure of 9.5%. I cannot speak officially on behalf of my own group, but I can say that the amendments that we shall be supporting on Thursday will in general terms be those restoring the proposals of the Agriculture Committee substantially to the form that the Commission itself would prefer. That means we shall largely back the Commission's proposals as being the lesser of two evils.

This afternoon Mr Ortoli spoke of the need for flexibility. I could not agree with him more. Everybody talks about the need for flexibility. The whole air is full of flexibility—until we come to the common agricultural policy. Every year we are told that it is to have a radical overhaul. Every year we are told that new and exciting developments for the benefit of Europe are on the way. But there is no flexibility. As a result, Mr Tindemans was bound to report to the Community that in his view the Community was crumbling.

We were sent here for no other job than to try to build the organic unity of Europe. We were sent here, not to favour a particular section of the population, not eternally to worship the golden calf of the common agricultural policy, but to be just and fair to all the men and women of Europe, in so far as that lay within our power, and to endeavour to bring greater organic unity within Europe as a whole. That cannot be done by being indefinitely ambivalent, by talking with forked tongues. We have to speak the truth, and the truth is that so far the CAP has been a failure. The failure is evidenced by the fact that the mountains of dried milk are growing, that the lakes of wine are deepening, that the mountains of butter are accumulating. That is the measure of the failure.

Nor is that the opinion of a Socialist alone. It is the opinion of one of the most responsible

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financial journals in the world, the *Financial Times*, with whose words I conclude:

Whatever the results of the EEC price-review, it is doubtful whether any worthwhile reform of the CAP will follow. Its cost and anomalies will multiply, because nowhere except in sugar does it have a mechanism to bring back to the individual national producer the responsibility for his over-production. Until this discipline can be applied over the whole spectrum the policy will be a continuing and expensive failure.

Neither I nor my colleagues in the Socialist Group wish it to be a failure. We wish it to succeed, and we therefore hope that at the minimum the Commission's proposals will be accepted and that the Council will on no account give way to the agricultural lobby.

(Applause from certain quarters)

President. — I call Mr Früh.

Mr Früh. — (D) Mr President, ladies and gentlemen, I am tempted to take the previous speaker to task for his words, which I would enjoy doing, but there is not time.

We have heard of the golden calf of the agricultural policy and the failure of the same agricultural policy. I really do not know whether I am in the right Assembly; if I remember rightly, we have already had in this House debates on the stocktaking of the common agricultural policy and this agricultural policy was praised on all sides and accepted by this House. It has already been clearly established several times in this House that there is no question of a golden calf, that it is not true that lobbyists wish to fill their pockets at the consumer's expense; the policy is a good thing and expenditure on it is equivalent to only a fraction of expenditure in other countries under other systems for the security of the consumer. I would therefore urge that we keep to what we and also all our governments and the Council have already established. We should finally accept that, instead of constantly carping and creating a scapegoat which, as we all know, does not actually exist.

(Applause from various quarters)

I felt I had to say that, although it has used up part of my ten minutes.

First of all I would like to say that congratulations are due to the Commission, the Committee on Agriculture and the rapporteur for having made such a proposal and for having submitted an even better report—although we have come to expect this from the rapporteur—despite the fact that the agricultural policy, as we have noted many times before, is in a very difficult

situation, not only because of the policy itself but also because of all the conditions governing its creation, and that this policy stands alone in the European vanguard.

For my part, I welcome this 9.5% increase. This is not the time or place to bring up yet again the argument that this increase is liable to encourage inflation. This argument must be rejected.

Mr Lardinois, you are aware that some people hoped—and you almost consented in Berlin—that when this report was submitted you would explain to us the famous 'minutes of work' statistics which clearly show that for fewer minutes' work, the quantity and quality of the food available to the consumer is constantly increasing. That is the yardstick by which we must measure these price increases; we must not merely quote figures in a meaningless context.

One other thing must have become clear to you, and here I have a question for you, Mr Lardinois. You know that a difficult problem always arises, particularly in my country, when the right price increase is sought and varying price rises have to be introduced. The ideas that the lowest price rises should be granted to the country with the lowest rate of price increases is one thing. Is that not, however, a snake which is biting its own tail? The country whose general economy contains the lowest price increases is granted the lowest agricultural price rises in agriculture: that is necessary to achieve a better, lower price rate in the economy as a whole. Instead of harmonizing and approaching one another, I have the impression that we are moving apart!

It seems more reasonable to me that agriculture, whose incomes lie a third below the average, should in a more stable economy be given more medicine to allow it to recover. Neither you, Mr Lardinois, nor anyone else in this House can possibly want agricultural incomes in the European Community to be ironed out. Our aim is to adapt them on a regional basis and to adapt them to other circumstances within the national economy concerned.

I have another important question, Mr Lardinois, which you could perhaps answer. I am afraid that certain accompanying measures, such as those for cereals or milk powder, will result in such a low price increase in my country—in this case only 3.6%—that farmers will have even less than they have now.

Allow me to make a second point which has been mentioned in every speech so far, since the problem is very urgent. As you know, Mr Lardinois, although I do not blame you, since it is

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the fault of the Council of Ministers, I suspect that the mountain of skimmed milk was caused by the raising of the intervention level without any change in subsidies. Perhaps this was welcomed by some people, who need only point to this disaster to show how wrong the agricultural policy was.

However, you are making proposals and I hope that something good will come out of them. I would like to support one of them: it will certainly be possible to use these 200,000 tons for food aid—there is always talk of humanitarian aid, and it should be institutionalized and not simply used spontaneously whenever a disaster occurs. We are not very well informed, but we do have some idea through the media what is going on in the world. If the picture which I was given recently by television of famines and droughts in north-east Brazil is an accurate one, it is disheartening that we can give no aid, although only a week's food is being distributed to a huge queue of people and, to quote a drastic example, a pregnant woman receives only 1 kilogramme more food than the others. It is heart-breaking to realise that on the other side the means to finance such an undertaking are available. We should forget our beautiful speeches for once and take some action.

With regard to the use of milk powder in animal feed, Mr Lardinois, we naturally share the concern which has already been expressed several times. I know that you too are concerned. On no account must pig and poultry producers have to bear this burden; milk powder prices must be cut by means of the EAGGF. This has already been discussed in the Committee on Budgets; Mr Cointat, you know the figures involved. I can scarcely see any alternative to a supplementary budget in order to solve this problem.

I believe you have relieved us of the worry that there could be difficulties with those people who would like to sell soya beans, and those who must then look on and see what happens to their milk powder. I would like to ask you two questions. Firstly, Mr Lardinois, do you consider yourself strong enough to represent the interests of European milk producers, possibly also in less-favoured areas, just as energetically and unequivocally as the financial interests of the American soya bean producers are represented? That is what it comes to.

Finally, allow me to put the following question: I remember that you once said that you saw the problem very drastically and clearly, when you were explaining why there were always difficulties with milk powder. You quoted the

figures which are important in connection with the USA and the European situation with regard to the ratio between milk production and meat production. Can you see any long-term change or do you consider that the only possibility is to try to solve the problem or at least come closer to a solution by using specialized breeds, special milk and meat products? And in view of the inadequately small size of farms which we have in Europe how can a solution be found to the question of beef cattle breeds?

My time is almost up. There is a third point, however, which I wish to make. Here I have an important request. It is directly connected with Mr Della Briotta's report. As you know, we in the Federal Republic are always in a special situation where agriculture is concerned. We have hardly got used to a revaluation situation when something else comes along. It is not clear in the present circumstances what the outcome will be. Believe me, it is difficult to tell agriculturalists that the monetary mechanism constantly condemns them to make do with low prices despite the existence of subsidies and aids which do, however decrease gradually and finally stop altogether. It is difficult to have this situation time and time again and to see no end to it, which now appears to be the case. We all know that the monetary union cannot start yet. I would appeal to you, in keeping with the report by Mr Tindemans, to take measures to ensure that it is not only agriculture which always has to make sacrifices and allow it a certain amount of light at the end of the tunnel, even if that requires sacrifices on all sides.

Now a particular request which I would like to make: Mr Della Briotta, in your report you called for the remainder of the VAT balance from 1969 to be eliminated in accordance with the Commission's proposal at 0.75% a year, that is to say over a period of 4 years. I have an urgent request—and I know that Mr Frehsee and many others would support me here if they could speak again—that the Commission should not mess around with the present regulation, which was contested vigorously in the German Bundestag and in the Bundesrat, where we finally reached agreement and accepted the elimination, however difficult it is to us, but extended it to cover 6 years, and propose a new solution. I have tabled an amendment to that effect and hope that you can accept it, Mr Lardinois, and that you do not complicate our internal political situation by getting the Community to amend the solution which we have accepted after a long struggle at home. That would certainly create bad feeling in our country, especially since it is apparent that other

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countries often do not allow themselves to be persuaded by Brussels in certain matters which are equally urgent.

(Applause)

President. — I call Mr Kofoed.

Mr Kofoed. — *(DK)* Mr President, I should like to refer briefly to some points in the report that I feel are important.

I know that a large majority in Parliament accepts the principles of the agricultural policy, namely, that it is a system of guaranteed prices with the market mechanism as a regulating factor. In other words there is a lot of flexibility in the agricultural policy. I say this for the benefit of our good British Labour friends. They should realise that the agricultural policy is flexible because of the market mechanism.

There can certainly be disagreement in Parliament about the amount to be used if we are to achieve the objectives of Article 39. There may also be disagreement in Parliament about why there is surplus production periodically and how the problem can be solved. Lastly, there may be disagreement in Parliament about the type and length of reference period for the objective criteria.

I shall confine myself, Mr President, to these three fields.

As regards the objective criteria and the reference period, I feel that the Commission should take note of the criticism contained in the report, namely, that the reference period cannot be changed; one time it is two years, then it is three years and perhaps we shall end up with a four-year reference period. I find this very unfortunate since it will be difficult to explain to the public—in this case European farmers—why the reference period is being changed. They could easily fall into the trap of suspecting the Commission of changing the reference period for economic and budgetary reasons; that is the easy way out. It is apparent from the price proposals that the purpose of the objective criteria was to create a sound background against which to assess the economic situation in agriculture. I would warn the Commission against following this line since it will then be in a weaker position with future price proposals. Today we have been discussing the problems of surpluses and the topic of the year, skimmed milk powder. As far back as I can remember, every price proposal has involved surplus problems of some type or other. I believe that as far as skimmed milk powder is concerned the Commission will succeed in finding a technically sound solution on the basis of the advice given in the report and during the debate.

I feel a few remarks are necessary on the problem of surpluses. As a rule the public is given to believe that the surplus problem is a catastrophe. But a surplus is certainly no catastrophe. It is a catastrophe when there is a shortage. The Soviet Union is faced with a catastrophe when it does not have the amount of grain it needs. A shortage is a catastrophe but a surplus is almost the opposite.

Those who plead the consumer's cause often present a surplus situation as a disadvantage to consumers. All things considered, a surplus situation is to the consumer's advantage since he gets the cheapest goods and price rises are balanced. Surplus production is a problem for the producer and creates economic problems for him but it is presented the other way round to the public, namely as a catastrophe for the consumer.

I cannot help mentioning the potato situation in Europe today. There is of course a shortage. How was the sugar situation seen last year? As a shortage that caused great inconvenience to the consumer with the Commission having to provide large subsidies to keep the consumer price down.

Lastly, the price proposals. I think the report by the Committee on Agriculture proposing 9.5% should be adopted. I would strongly warn you against the Commission's proposal of 7.5% and the Socialist Group's proposal of 7.5%.

It is possible, we believe, to effect savings in the common market agricultural budget, but we must take care that the savings are not replaced by national aid arrangements. In any case, I have seen the Council adopting price proposals that were low—or in any case as low as possible—with the result that some countries in Europe introduced national aid arrangements the day after the Council had adopted its price proposals.

I would therefore warn you against believing that because we can get away with a 7.5% increase we will have solved the problem. That would start a chain reaction of national aid arrangements that in reality can destroy the common agricultural policy. That would be a disaster because there is a large majority in Parliament in favour of retaining the common agricultural policy and we cannot do that if we are tightfisted at Community level. It would be better if we could obtain the necessary funds to replace national aid arrangements in the different countries. Only in that way will we have a common agricultural market that is to the advantage of producers and consumers alike.

(Applause)

President. — I call Mr Marras.

Mr Marras. — (I) Mr President, ladies and gentlemen, I shall speak briefly to explain the amendments tabled jointly by my colleague, Mr Cipolla, and myself. I have been a member of the Committee on Agriculture for only a short time, but it seems to me that when Commissioner Lardinois replies to observations from our part of the chamber, generally in Mr Cipolla's speeches, he prefers to indulge in polemics with what I would call the peripheral points in the speeches, rather than to get to grips with the substance of the line taken by Mr Cipolla, who speaks also on behalf of his other Italian colleagues.

As I rise to speak in this debatè, I realize that it may be the first time that Commissioner Lardinois has ever heard me speak, and I would like him to bear in mind when he quarrels with us—and clearly it is his sacred right to do so—that the Italian Communists have forged a strong bond between themselves and the agricultural masses in their own country. They are not speaking, therefore, on the basis of abstract considerations. I believe that the Commissioner knows our country very well, and thus he will know that some of the regions labelled red regions in Italy, such as Emilia, Tuscany and Umbria, some of the most historic areas of our country, are amongst the most predominantly rural regions, where agriculture is of the greatest importance. In these areas the Communists have always had an absolute majority. From the time of its birth our Party has seen in the agricultural and peasant problem the key to an understanding of the realities of the Italian situation. Our Marxist thinkers, such as, for example, Antonio Gramsci, have devoted some extremely profound works to the study of this problem. Since the inauguration of the common agricultural policy and since the Stresa conference we, as a party, have given great attention to the workings of this policy in Italy, and while our criticisms may be accepted or rejected, depending on the listener's point of view, they are never thoughtless or ill-considered.

The Italian colleagues who have heard us so many times in our own Parliament and the members of the Committee on Agriculture have often had to acknowledge, even if sometimes in hindsight, the validity of the arguments put forward by us. I think that you must convince yourselves that our criticisms do not spring from an *a priori* attitude of rejection of the common agricultural policy, but are based on internal factors, in other words, we Italian Communists recognize the value of the process of Community integration and accept it even at institutional

level. Within this broad framework, however, we are struggling for an overall review of the common agricultural policy, for which our government has become the spokesman in the Council during the Italian presidency. This review, of course, will have to be carried out in a gradual manner, as becomes the importance of the matter. We are not such cockeyed optimists as to think that it is possible to pull down overnight one of the pillars on which the Community has been constructed. Our view is that the common agricultural policy must evolve towards fairer balances between country and country, between one type of agriculture and another, between producers and consumers. We reject any static concept of the common agricultural policy, as indeed it seems to me, Commissioner Lardinois, that you also were inclined to reject it in your speech. We are thinking rather in terms of a flexible vision of this policy.

We must not think of the common agricultural policy as a solid structure which has been laid down for all time and can never be changed. Otherwise we should never be able to come to grips with all the new paradoxes being presented every few months in the context of this policy. Today's paradox takes the form of the mountains of skimmed milk powder about which you have all spoken, while no one referred to the potato shortage in practically all countries of the Community. This shortage does not exist as yet in my own country, but the price of this product, which is so vital for the food requirements of poorer families, has already gone beyond half a unit of account on the retail market; in fact, potatoes retail at 400 lire per kilogramme. How are you going to explain this paradox to the housewives? It is these paradoxes that must urge us onwards towards ensuring that flexibility of which we have been speaking. Indeed, it is our impression that vested interests are hardening and taking up sharply opposing positions, and that this is happening not alone between one country and another—Holland being favoured and Italy being put at a loss—but also between different categories within agriculture, between large agricultural entrepreneurs and individual farmers, between producers and processing industries.

These are the kind of questions that we are asking, and they form the springboard from which we jump off in examining the consequences for agriculture in our own country.

Some of our amendments are designed to indicate the broad lines along which this overall review of the agricultural policy might be carried out, while others, on the other hand, spring from mainly national, that is to say, Italian

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considerations, something which is not to be wondered at. As you, Mr Lardinois, know very well, all the political groups in Italy are asking why the common agricultural policy seems to have led to a deterioration in the general conditions of development in such an important sector of the Italian economy. In fact, you know well that people are talking of first-class countries and second-class countries within the Community, an idea which I entirely reject.

In these post-war years Italy has probably been the country that has made the greatest strides forward in the economic field. There was a time when the largest European automobile factory was an Italian concern. There are sectors in the industrial field which have been developed along excellent lines and which are competitive with their counterparts in the other Community Member States, but we are convinced that the millstone around the neck of the Italian economy is the weakness of its agriculture. Even Germany today gives the impression of having a strong agriculture which can sell its products even to the Italian consumer and which has excellent success in advertising and marketing them, while we are having no success within the Community in disposing of our traditional products, namely, fruit and vegetables. You know perfectly well from the statistics that we have not got half as far as we should have got in the Community market in a sector that is so important for our economy.

We were aware of the weakness of our position when the common agricultural policy was adopted, but the Christian Democrats and the Socialists said to us in reply: let us just throw open our frontiers, the contact with more developed agricultures, such as those of France and Holland, will be a stimulus and a spur for Italian agriculture which will enable it to move forwards towards the modernization of archaic structures. This, however, was not what happened, possibly because the shock of this impact was too sudden. No one should wonder, therefore, if we examine this agricultural policy in the light of the interests of our own country, which are basically the interests of the agricultural masses, which in Italy number millions of men and women who have to work and to produce food in return for entirely inadequate incomes.

These considerations and these preoccupations, which time does not allow me to develop at any greater length, are at the root of the amendments, both of a general and of a particular nature, which I have tabled together with my colleague, Mr Cipolla.

President. — I call Mr Lange.

Mr Lange. — (D) Mr President, ladies and gentlemen, I would like to discuss another point of view which does not seem to be as directly connected with agricultural policy as the contributions to the discussion which we have heard during the past hour and a half. I would like to draw this House's attention to the effects of the agricultural policy on budgetary policy and budgetary rights. The Commission has submitted a proposal to increase agricultural prices by an average of 7.5%. That would help to avoid a supplementary budget in accordance with the wishes of this House, as expressed very clearly in the budgetary debate. In the Commission's opinion no substantial increase or amendments would result from this. So far so good. The Commission then gave the amendments to the entries in the 1976 budget, item by item. But that is not enough, Mr Lardinois, to enable one to judge the overall position from the point of view of budgetary policy and budgetary rights. We must also know what transfers of funds you intend to make, since that is sure to occur if the 1976 expenditure for any particular entry is higher than originally provided for.

In other words, Mr Lardinois, it would have been better if your proposals on the budgetary implications had been submitted in the form of a rectifying budget; of course, that would have meant extra work for the Commission but it would have been easier for us to reach agreement on these matters Parliament would have been able from the start to judge the price proposals and budgetary implications from the point of view of budgetary rights and budgetary policy. I do not know when you are now going to come forward with a rectifying budget.

It seems to me that these two problems belong together—we do not have price proposals on one side and then later at some unspecified time the rectifying budget; both these things belong together. In our opinion, Mr Lardinois, that would have been useful and necessary and—for us the most decisive factor—we would have been able to use our budgetary rights without hindrance. That is not in the Commission's interests but Parliament's.

Now, Mr Lardinois, I am prepared to admit that this House is to some extent suffering from a split personality. On the one hand, we all agree that a rectifying budget should be avoided and our budgetary rights should be exercised to the full. We also want to be involved in decisions on matters which the Council claims are compulsory expenditure; for that reason, Parliament has not adopted a position on your proposals in chapters VI and VII, which I regret greatly, as you know. On the

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other hand, this Parliament does not hesitate, whether by a majority or in the usual way, to submit proposals the outcome of which is not known to us. We do not know whether or not we will be able to do without a rectifying budget, or whether we are conducting the financial and budgetary business of this Community in a proper way, since we all know that rectifying budgets always upset national provisions, which none of us would like to see happen.

This means, ladies and gentlemen, that we must exert a little self-discipline. I am speaking not only to the Commission but also to Parliament. I would prefer it if we could all decide that proposals submitted during the budgetary year which affect expenditure or result in amendments to the current budget should be accompanied by cover proposals. In this connection—and I am now referring to the Commission's proposal—that means that it should be stated where the funds made necessary by these slight increases are to come from. Naturally, I am also speaking to our colleagues on the Committee on Agriculture and to Parliament: where are the funds to come from? It is no longer possible for us to be satisfied with the term 'rectifying budget'; in the interests of the European taxpayer we must deal with these matters conscientiously, otherwise when we call for budgetary rights we are liable to be accused of not having exercised care in connection with the funds which we are responsible for administering, whatever source they come from, since they all come from the taxpayer.

Of course, here we are dealing only with expenditure. Nevertheless the agricultural budget must also be considered in connection with the revenue of the general budget. It may be argued whether an agricultural fund should be created, containing revenue only for certain specific purposes. However, I do have a few thoughts on a proper budgetary policy. I would rather consider the budget of revenue on the one hand and the general budget of expenditure on the other side, including the budget for agricultural expenditure.

It would have made it easier to judge the Commission's proposals—including the subsequent proposals made by the Committee on Agriculture—if the Committee on Budgets had had the good fortune to have the responsible Member of the Commission present at its meetings. Unfortunately, we had two meetings without a Commission representative present—without the Commissioner responsible for the budget or the Commissioner responsible for the agricultural policy. We had been certain that one of these two members of the Commission would

have taken part in the meetings. If we were mistaken there, Mr Lardinois, if you do not take it for granted that a Commission Member should have attended, then in future we will expressly invite the Commission to attend such meetings. The meetings of the Committee on Budgets, which was responsible for dealing with the question of agricultural prices and your proposals, have become famous, and it is not the Committee on Agriculture alone which has to deal with this matter—things also have to be paid for; or to express it more accurately we must make a simultaneous estimate of the funds required for intervention prices, target prices and any other prices. This naturally calls for theoretical and practical arrangements on expenditure, which must be made clear to the Committee on Budgets.

Finally, Mr Lardinois, I would like to say a few words on why I and my group consider these things so important. If we are unable to consider in detail how the proposals which you have submitted came about, we cannot assume responsibility for financial and budgetary policy. However, as the budgetary authority, we are obliged to do so. The Council is one part of the budgetary authority and Parliament the other part. On earlier occasions—less important than the agricultural budget—we rejected the Commission's proposals because the financing was inadequate and not verifiable. We would like to know how you arrive at certain results, etc.

If it is too late, Mr Lardinois, to make corrections—and it is too late since negotiations are continuing—you should at least in future take note of this; it would be useful if we could agree to such a procedure, since that makes life easier for both sides and enables Parliament to exercise its task in a manner which befits such an important part of the budgetary authority. We would then no longer be exposed to external criticisms that we conduct our financial policy in a frivolous manner. It would therefore be useful if this could be arranged in future, and I would like to hear from you when you intend to come forward with the rectifying budget in this matter. Do you intend to wait for the Council's decision or are you already trying to make the relevant document available to the Council so that it too in its capacity as budgetary authority, is in a position to judge the possible development of the 1976 budget and—this too has been mentioned in the debate—the financial consequences for the following years?

It is impossible for us to restrict ourselves to the current budgetary year. We must know what consequences may arise from today's

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decisions for the next budgetary year and the year after that, that is to say we need further information to enable us to judge in advance. I would be grateful if we could agree on that.

Finally, ladies and gentlemen, I would like to point out once again that no proposals affecting expenditure should be made during a budgetary year, no demands should be made unless framework proposals are submitted at the same time! If we do not conduct ourselves in this manner all our claims to the Council and the Commission will lack credibility. That cannot be in the interests of Parliament and its prestige.

(Applause)

President. — I call Mr Zeller.

Mr Zeller. — *(F)* Mr Commissioner, at this late stage in the debate I will limit myself to a few remarks concerning the main points in your proposals for the next marketing year.

It is obviously an almost impossible task to define an agricultural price policy which satisfies all the interests concerned in a period characterized by inflation and monetary instability, by imbalances in the agricultural markets, by growing inequality between the agricultural regions of the Community and by different attitudes and priorities on the part of governments with respect to the common agricultural policy, but I wonder whether you are not complicating this task when you exclude, or when you hesitate to employ certain means which would allow a more diversified, more flexible and in our opinion a more just approach to agricultural problems. This is what I would like to demonstrate in the course of my speech.

You have proposed a short-term compromise, namely an increase of 7.5% and a few technical measures designed to ensure uniformity of the agricultural market or at least the maximum degree of uniformity. On this latter point I would like to pay tribute to the Commission which has undertaken a never-ending task; it rectifies with ingenuity and tenacity during marathon sessions what the divergent economic and monetary forces of Germany, France and the United Kingdom have undone throughout the year. While approving the increase of 9.5% proposed by the European Parliament's Committee on Agriculture, I would have preferred to support your proposal for an increase of 7.5%, provided that the other 2% called for and in my opinion justified were made available to agriculture in the form of direct social aid or redeployment measures.

Your policy would then satisfy the wish expressed by Mr Ortolí for the Community policies

to take greater account of social objectives. I would add, for my part, that Europe will only be popular if it is characterized by a greater degree of social justice.

Looking at the increase in the cereal prices on the one hand and the very slight increase in the price of milk on the other, I find that you are acting in conflict with social objectives. I understand your reasons, which are dictated by market exigencies, but the facts are there. The milk sector is the one which contains most of the less-favoured producers of the Community.

As regards the milk problem, it seems to me that there is a major contradiction in your proposals since, in a technical note—and this has already been emphasized—you point out that this is a structural problem.

The cost of the operation in this area amounts to 2 000 million dollars per annum and, in fact, it may possibly be 2 500 or 3 000 million dollars. Since 1968, average butter production has been 10% higher than the market capacity, and the subsidies granted cover 75% of the milk powder produced.

But it is not by drinking more milk that we shall solve this problem, since then we would drink less wine, creating a new problem for our Italian friends and the southern regions of the Community.

In fact, Mr Commissioner, I do not find any structural analysis in your proposals. You are proposing an increase in the price of milk which is minimal compared with the rate of inflation, which is 12% in my country. In a way you have chosen to put pressure on the producers whose real incomes will be cut back—this is a most likely assumption—since you are not giving them any compensation.

On this precise point I cannot approve your position and, to make things clearer, I should like to summarize it at this point. Your policy would be the same as saying that the producers of milk are victims of an original sin; they are not rich but there are too many of them. Therefore they must be punished by not granting them the increase in income which they expect; if they are not satisfied let them go into the industrial sector—where there is unemployment—or let them tighten their belts.

I do not share this 19th century philosophy. It is in a way the so-called 'iron law' applied against the least-favoured category of producers who, as you know, are subject to a great number of constraints. I am thinking for example of the fact that they have to work at weekends. It is not therefore by chance that this policy has been condemned in this Chamber. Mr Cipolla,

Mr Durieux and Mr Liogier have expressed themselves in similar terms.

I am emphasizing this point because I consider that it would have been possible to provide for a different policy, a policy at least which would have had the advantage of making things easier.

Mr De Koning's report indicates a series of measures in this connection: adaptation of production capacity in the milk sector through measures to stop milk production and/or to switch over to products in short supply, enlargement of internal and external outlets—although I know too much should not be expected from this—a cautious price policy for milk products without, however, jeopardizing the viability of efficient milk producers, possibility of social measures to compensate small producers with only small incomes, the establishment of a link between the production of skimmed milk powder surpluses and the large-scale protein imports for animal feed.

Although account must be taken of the disadvantage pointed out by Mr Bourdellès as regards the agricultural sector, I consider that the measures you are proposing are acceptable. When I said that another policy was possible it is because we consider that rather than causing discontent amongst the farmers, in my country at least, we should have encouraged them to change their activity by adopting positive measures. One category of producers is prepared to make this change.

You gave the following figures: in the Community there are 300 000 milk producers over the age of 60—the majority of them have no successors—and who own about 3 million of the 25 million dairy cattle in the Community.

It would have been desirable to encourage these people to retire and hand over their land—and this is the essential point—to farmers who would have undertaken not to increase the dairy herd over a period of several years. I think such a policy would have had positive effects in the very short term and that it would have made it possible to solve the milk problem within the space of 2 or 3 years and to kill four birds with one stone and not just two. On the one hand you could have satisfied the legitimate aspirations of the retiring farmers and, at the same time, improved the production structure by eliminating farms with only a marginal profit, without creating unemployment and switching land which is at present used to produce surpluses to products in short supply such as cereals for feedstuffs. Last, but not least, you could have provided for an increase in the price of milk, which is justified at producer level but is at

present in doubt because of the excess production capacity.

This example would give a wider dimension to your policy in this area. We should not forget waste either and in this connection I should like to refer to a calculation made by the Commission: every ton of imported soya consumed by our dairy herd and converted into surplus milk costs the Community 150 units of account. But the milk produced from this ton of soya is only worth 130 units of account on the world market so that every time we import a ton of soya to produce surplus milk we lose 20 units of account, and if we add to these 20 units of account the price of the oil needed to produce milk powder from the liquid milk, the figure becomes 50 or 60 units of account. This is a waste which it seems to me must be stopped as a matter of priority. However, it is not my intention—and I am addressing myself here mainly to the left of this House—to condemn the whole of the agricultural policy on the basis of this example.

By taking account of the proposals I have made which are referred to in points 16 and 19 of the motion for a resolution in Mr De Koning's report you will be able, I am sure, to give the common agricultural policy the lasting balance which it certainly needs.

(Applause from the right)

President. — I call Mr Della Briotta.

Mr Della Briotta. — *(I)* Mr President, ladies and gentlemen, at this stage in the debate it is difficult to say anything new. I should like to say that, as far as I am concerned, those people are wrong who have made such a fuss about the by now famous passage in the Tindemans report, where he speaks of a two-speed Europe, one high-speed and the other low-speed. The fact is that this is not an invention on the part of Mr Tindemans, because there always have been two speeds and there still are. Low-speed Europe is the Europe of the farmers.

It matters little that the Commission should now be speaking of increasing incomes. What really matters from the political point of view is the flight from the land and the imbalance within the sector, which does not always emerge clearly from the statistical data on incomes. The Italian economy is steadily being pushed to the brink within the Community. Things have reached such a pitch by now that even I, who have always approached agricultural matters from a European point of view, cannot but roundly and openly condemn the consequences for agriculture in my own country.

It is no secret that we have relatively little interest in the level of guaranteed price in-

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creases; I shall not, therefore, go on to haggle about a point or a half-point more or less.

Let us rather have a look at the general lines of the Commission's proposal. The great obsession with savings is at the expense of wine, tobacco, olive oil and durum wheat. As soon as there is any hint of a little of these products being brought into intervention, the Commission rushes off straightaway to take the necessary measures, submitting specific proposals for reducing guarantees by modifying the basic regulations. On the other hand, the Commission gets ready to empty the warehouses as soon as they fill up with Parmesan cheese, while milk powder and butter have always slept long sleeps rocked to rest by the EAGGF fairy godmother.

I do not have time now to go into a lengthy review of fifteen years of common agricultural policy; I shall merely recall a few recent facts of topical interest. According to FAO statistics, Italy is by now in fourth place in the world in the matter of imports of agricultural products and foodstuffs, coming after Japan, the German Federal Republic and the United Kingdom. The food bill deficit has risen to astronomic heights. In 1975, which showed an improvement over 1974, we exported food to the value of 1 390 000 million lire and imported food to the value of 3 229 000 million lire, which was a major factor in pushing us towards inflation and the devaluation of our currency. Still keeping to matters of current interest, let us see how the famous principles of the common agricultural policy work in the case of Italian agriculture. Let us look at the Community preferences—in order to respect them in 1975 we spent, under the terms of what amounted almost to a protective measure, hundreds of thousands of million lire extra on French meat. The Italian Minister for Agriculture mentioned a figure of 800 000 million lire. I do not know if he may not have been exaggerating, but any rate there were several hundred thousand million lire at stake, whereas we could have got our supplies freely from Latin America or Eastern Europe. A tax of 12%, regarded by the Commissioner as illegal, was slapped upon our wine in France, while agreements drawn up with the Mediterranean countries reduced the preferential margins granted to our fruit, our oil and our wine.

Let us go on to consider the free movement of products. I shall only say that French and Bavarian milk and cheese products circulate freely in the North of Italy; they are very good products, but it is quite clear that they are no help to our producers. England and the Benelux countries persist in subjecting wine to a series of tax measures, which make a mockery of the operation of the single market. The facts are well known. The Commission has pledged itself

to intervene in an effort to have these duties reduced, but in fact its invitation to the Council seems to have come three months too late.

To round off the subject of this new barrage of monetary compensatory amounts, I will only say that it has fallen on my country in the wake of the latest devaluation of the lira in real terms and has greatly aggravated its effects. The picture does not brighten up at all when we pass on to consider the third basic principle, that of financial solidarity. A few words will suffice for this. As my colleague, Mr Frehsee, recently pointed out, it is a matter of common knowledge that, after Germany, Italy is the country that contributes most to Brussels' coffers and gets least out of them. It would be a good thing if some day or other the Commission were to put before us publicly a clear picture of this whole business of who is giving and getting what.

When Italy entered the Common Market in 1958 we were told that it would become the garden of Europe and that through our exports we would strengthen our shaky agricultural structures. The very opposite has happened, and now the same people are beginning to tell us that Italy had everything to gain on the level of structural policy. Such a policy has never existed and still does not exist. Of course, they can tell us that it is our own fault, that it took us three years to give the force of national law to the directives of April 1972 and that regional laws are still lacking. But even in other countries very little money has been spent on this matter. All or nearly all of the joint actions have met with little success. Structural policy has been reduced to mere individual projects. We have the paradox of having set up a large reserve of millions of units of account which we cannot succeed in spending. Individual projects are all very well, but they are not a common structural policy, especially in a country where the ownership of property is characterized by such a degree of fragmentation, particularly in the sector of specialized crops and types of agriculture.

I am not so naïve as to want to put the blame for all of this on Brussels. The burden of responsibility resting on some in my own country is a heavy one and members of my party have never tried to deny or conceal this. We don't mind washing our dirty linen in public, because when I speak here I am not championing the cause of Italy but of the agricultural population of my country, and that is not the same thing at all.

You all know the delays that our intervention bodies have been guilty of in disposing of the meagre sums earmarked for our harvests by the EAGGF, Guarantee Section. You all know that the percentage of the EAGGF (Guidance Section)

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appropriations utilized even for individual projects has been rather low. On the other hand, how are we to come to grips with a common agricultural market that is increasingly open to new ideas from all over the world when we ourselves are still held back by the shackles of the share-cropping system? Directive No 60 envisages the early pensioning off of farmers. But in my country agriculture does not yet get the same treatment as the other economic sectors, neither as regards the amounts paid nor the income levels which determine whether a farmer is to be pensioned or not. However, I am not so foolish as to want to turn these criticisms and complaints into an alibi in relation to a policy of discrimination being practised against us in Brussels. Shortcomings and delaying tactics on one side always end up sooner or later by causing serious loss or inconvenience to other parties.

There are many factors involved in our agricultural crisis, and they are only being aggravated by these proposals on new farm prices. The agriculture of Southern Europe is, in fact, the least protected of the entire Community, especially as far as wine and fruit and vegetables are concerned. Milk and beef producers have never even dreamt of working under such competitive conditions. The same could well be true of producers of cereals. The myth of a Community doomed to 'support' the burden of agriculture must be exploded. The burden that has been supported up to now by the Community has been that of the agricultures of Northern Europe, and that has been an infinitely heavier load. This indeed is another paradox of the situation. The poorest have been the least protected. Not only that, but they have been put to the pin of their collars to survive. And what has caused this? Technological progress. The wine surplus has been brought about by the rationalization and the strengthening of the whole process of raising vines, the only type of cultivation that flourishes in the Mediterranean area and efforts decent profit margins. If we compare returns per labour unit we can see that developments in the wine sector and in the fruit and vegetables sector have been much more favourable than in the animal raising sector.

Notwithstanding all of this, it may be said that after all the talk about last year's budget, the Commission has decided to do one thing and one thing only, and that is to put a savings policy into effect that will be carried out mainly at the expense of Southern agriculture. A few examples will suffice. It seems to me that we have not heard the whole truth yet about the matter of the hard wheat. A flat-rate supplement per hectare will mean less incentive to improve yields. A price readjustment has been

proposed for olive oil that is almost ludicrous. Yet everybody knows that there is a crisis in this particular sector, but the Commission just seems to ignore the real trends in production costs. As far as wine is concerned, I am sure that there are those who would be glad to reject the increase (an entirely theoretical problem after all) in the guide price and freeze everything until such time as the reform in the organization of the market comes into force.

In short, wine is the very sector that seems to come in for 'special attention' on the part of the Community.

Neither do I find myself much in agreement with the suppression of the cattle premiums, and the first reason I would advance for this is a procedural consideration. Not only the farmers but even the officials in the departments responsible no longer grasp what we are doing in this matter. A few years ago, a national law introduced the so-called 'family allowances for cattle', which were later suddenly scrapped by the regions. They did not amount to a lot of money, but it was perhaps the only money that the farmers have been able to lay their hands on without any great delay in the last few years. The whole thing, I say, was a disgrace; even the Commission blew its top and kicked up a fuss for no less a reason, mind you, than that it was a distortion of competition. Later some rethinking was done on the whole matter, and a year ago the premiums were put on a Community footing. Now they must be scrapped again. Mr Lardinois and his staff may not realize that while they are having all these fine thoughts, cattle are being born, raised and slaughtered. Meanwhile, bewildered officials of the regional Departments of Agriculture find their desks snowed under with circulars reprimanding them for the payments made by virtue of the national law and others informing them of the arrangements for making the Community payments decided on last year, which latter will now very shortly be followed by other pieces of paper explaining that everything is changed once more. There may be fortunate countries where you can afford to play such complicated games of skittles, but my country is not one of them.

I am also worried by the proposals for the use of milk powder in feedingstuffs for poultry and pigs. The outcome of this will be, as all previous speakers who referred to this have pointed out, to increase the cost of the end product. And in this case also producers and consumers in countries that are not at all to blame will be called upon to shoulder their share of the cost of coping with the surpluses accumulated by others.

Before I conclude, I cannot help saying a few further words on the wine question. The latest

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devaluation of the lira has triggered off, as from yesterday, a monetary compensatory amount of little less than 7 percent in this sector also. I should like to ask Commissioner Lardinois why this compensatory amount was sprung upon us when France illegally slaps a tax of 12% on Italian wine exports. Could not the Commission have regarded this tax as being already sufficient to cover the lira's margin of devaluation?

In fact the Community is playing with fire. The imbalances in the Italian agricultural and food situation are too serious to leave us under any illusions about them any longer. From the extreme left to the extreme right, throughout all, and I say all, the agricultural unions and the producers' organizations complete unanimity has been reached on this point.

Things must change. If a decision is not taken to initiate measures better calculated to cope with the present crisis situation, the bad example given by the Community at the expense of our exports will be copied. We will witness a whole venomous succession of chain reactions. If our wine is being attacked by Northern European fiscal policies, well, there are already those who are demanding that the same should be done to Dutch and Bavarian milk and cheese products by means of the VAT weapon. These latter are at present entering our country freely and being sold at a price that is rather lower than the price that must be paid to Italian milk producers by virtue of a new law. It would be a pity if anything like this were to happen, because I feel that the large slice of the market in the Lombardy and Veneto provinces that the Bavarian producers have cut out for themselves (and the figures speak for themselves) is the result of laudable technological progress. But how are you going to stop resentful comparisons being made with the treatment being meted out to Italian wine in France, since it is also due to technological progress that it has captured a slice of that market?

I shall conclude my speech, which has been a rather bitter one, I fear, with a warning.

The speculation which has been battering at the position of the lira has quickly transferred its attentions to the French franc and has already cost the Paris Government many million dollars. This is a clear proof of the need for all of us to work together for the common interest so that we may all make our way safely out of the *impasse* in which we have been placed. The fact that the poorer are making slow headway does not mean that the richer can forge ahead more rapidly. Sooner or later, this would put a brake on the onward progress of all. Then we could find ourselves left not only with a two-speed Europe but with a Europe gone into reverse or

even ground to a halt altogether. And this is something, I submit, that would not serve the interests of any of our countries.

(Applause from the Socialist Group)

President. — I call Mr Lardinois.

Mr Lardinois, member of the Commission. — *(NL)* Mr President, I should like to thank the speakers for their contribution to this afternoon's lively debate. I shall try to avoid repetition and hope I shall be able to reply to the basic points they have raised. They will, I hope, remind me of any points I may overlook here and there.

Mr Vetrone referred to the monetary compensatory amounts that we fixed this week for Italy. Mr Della Briotta and Mr Marras also spoke on this matter. It has attracted attention from all shades of political opinion in Italy. We took this measure although we would have preferred to postpone it for a few days. But in view of the regulations we felt it would be better not to do that. We did manage to keep the amount down by taking the last 14 days as the basis for the preliminary period. This gave us a figure of only 6.25% rather than 8% or more.

In the case of wine we have expressly stipulated that this measure shall apply only until the end of February.

We feel that the problem of taxation in France must be cleared up by the end of February within the framework of the new wine regulation and the discussions on prices. This problem is poisoning the atmosphere in numerous areas, particularly relations between Italy and France. I can perfectly well understand Italy's complaints. I agree that the situation cannot stay as it is. If it continues, it will have repercussions going far beyond the problem in the wine sector. I am by no means saying that Italy should not be prepared to harmonize its arrangements to some extent. At the same time, the French must be prepared to take a more open minded attitude than they have done so far. The Community must show greater solidarity with the wine producers.

The Council asked me to draw up a package of measures before the end of the month on the basis of which the entire problem can be solved. I have completed this. I cannot say what items will be adopted. At any rate I hope that the Council, which has already discussed many of these items several times, will incorporate them in the prices package.

I do not think it is necessary to submit proposals on changes in the green lira. We have already noted in our pricing proposals that the quick

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implementation of these so called green lire caused prices in Italy to rise sharply in comparison with those in other countries. To those who commented rather bitterly on a disparity of a few percent I should like to say that they must realize that in calculating the three yearly average we came to the conclusion that we should in fact have reduced the prices for Italy by 11% and not raised them by 7.5%. The repercussions on the Italian economy as a whole should also be borne in mind. I am certainly of the opinion that the lira must be adjusted at some time if we are to return to a Community market. Instead we have to cope with a system of compensatory amounts which are a burden on the Community. The situation affecting Britain and Italy is costing the Community a fair amount. We introduced this measure in 1973 at the express request of the Italian government to help strengthen the lira and combat internal inflation. I hope that we can maintain the right balance.

Mr Bourdellès again complained at pig breeders having to pay for dairy farmers. I have already said that the Liberal Group clearly regards this as no problem when it comes to asking repeatedly for a levy on soya beans, although the principal consumers of these happen to be pigs and poultry.

Mr Gibbons painted a very dismal picture. And not for the first time in this House. Listening to him you would get the impression that Ireland was on the verge of collapse, especially where the price of milk is concerned. He complained bitterly at the price of milk being allowed to rise by only 1% in Ireland on 1 March while, admittedly, milk is produced almost wholly from summer grass in Ireland. He feels this is unjustified. In short he feels that the proposals will be of no value to Ireland. I should like to put Mr Gibbons' series of complaints in the right perspective. It is a pity that he is not here just now. It frequently happens that various Members of Parliament come out with a whole series of complaints in this House but are not here when I have to reply to them. I want to emphasize for Mr Gibbons' benefit—he can read it in the verbatim report of this sitting—that in the course of the spring and summer of this year Irish dairy farmers will receive a price increase compared with the same period in 1975 not of 2% but of approximately 25%. The position is this. At the beginning of August 1975 there was a price increase of 5%. About the middle of September there was a subsequent price increase of 5%, followed in October 1975 by a further increase of nearly 6%. On 1 March this year milk producers will get a further 2% plus the special 6% accession increase. These figures added together come to a total of about

27%. Despite this, we have to listen to a hard luck story and are told that the situation is unacceptable. I cannot take this seriously and I want to change the subject as soon as possible.

Mr Lagorce also painted a gloomy picture. His version is near enough a hard luck story as well. He referred to the fact that France is less liberal with VAT repayments than other Community countries. This may be so but it would seem to be that practically no tax other than VAT is collected from farmers in France. Repayments are therefore rather less generous because no income tax at all can be levied on the smaller producers. In the northern countries of the Community the situation is often very different and the arrangements much stricter. We have yet to reach the stage where we can rigorously harmonize arrangements. It would mean a lot to me if VAT could be applied on the most neutral basis possible in all countries and this entire tax burden returned to the farming community. For the time being this is just wishful thinking.

I can agree with his view that we must see whether young farmers can be involved in discussions on prices. COPA has so far refused to allow this on its delegation. Generally young farmers are represented on the national delegations that take part in the talks. This is always so in the case of France. Would it be possible to give the young farmers a say in market administration? I discussed this last week with the young farmers' leaders. They said that they did not know at this stage but that at all event they would not accept responsibility as far as surpluses were concerned. I told them that I could well believe this. I also stated that I could well believe that they wished to make a contribution to the management of the market where the agricultural sector has to meet a large part of the costs itself, in, for example, the sugar sector. But to transfer responsibility to someone else where the costs have to be met entirely by the taxpayer and the Commission has to answer both to Parliament and the Council strikes me as rather difficult.

Mr President, there is also the matter of the 'Office du vin'. I do not want to make a definitive statement on this. I am not entirely opposed to international institutions of this kind provided they conform to the requirements of the common market and provided there is no tendency to maintain national markets with all that is typical of them, and to hamper the process of integration. If these things do not happen they can fulfil a useful function.

Mr Lemoine said that agricultural incomes had fallen by 18% between 1968 and 1975. I do not know what he is talking about. This has

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definitely not happened in the EEC. The opposite is the case. Real agricultural incomes, allowing for inflation over this period, have risen by as much as in other sectors. In some Member States, including the Federal Republic of Germany, agricultural incomes have risen by even more. Mr Lemoine also said—and Mr Zeller agreed with this—that price increases had been falling behind the rate of inflation in France as calculated by the OECD. However that may be it is not a relevant argument. We are talking about price increases over the past 3 years. They have been allowed for in the arrangements for next year. If production costs next year increase by more than the price increases laid down, this will automatically be allowed for in calculating prices for 1977. We do not fix prices on the basis of anticipated increases in costs. Our system is based on increases in costs that have already occurred. If we switched to the system that Mr Lemoine obviously envisages we would have to resort to a double adjustment in one year for a two year period. That would completely disrupt the balance of the system.

Lord Bruce of Donington said that I was like the Archangel Gabriel in comparison with the rapporteur. His words were like music to my ears, even if his compliments were rather extreme. But the first part of his speech was valuable, since his exaggerations have helped to compensate for the exaggerations of others. That kind of thing can be useful now and then.

He quoted an article from the *Financial Times*. I shall leave responsibility for it to its author. Even good writers writing in an excellent publication like the *Financial Times* can make fools of themselves now and again and write rubbish.

Mr Früh referred to the balance and asked about the position with regard to the undertaking I gave to him and the members of his group to calculate rises in food prices in relation to wages since the foundation of the Community. Unfortunately the necessary data are not yet available. The relevant information is in preparation. I hope to incorporate it in the document on structural policy that we shall be drawing up. I think this is the right place for it. I want this to be taken as a formal commitment to the House. We must give this because we have been asked for and have promised this information too many times. As regards the interests of the dairy farmers and the soya lobby, I naturally favour direct responsibility for the European dairy farmers.

Mr Kofoed doubts whether we are really being objective with regard to the two yearly or three yearly period over which our prices are calculated. The normal period used to be four

years. During the 1974 crisis we once used a period of two years as a basis. The Commission carried out an investigation last summer and came to the conclusion that the three year period would be preferable by far. We shall therefore continue on the basis of a three year period. Perhaps it would have been better if we had arranged this before the recess rather than after it. But the study unfortunately took some time, partly because different directorates-general were engaged on it.

Mr Kofoed says that the increase must be 9.5% or national measures will be taken. That is a fine line of blackmail. I do not think this kind of argument can be taken seriously. If it were it would mean the end of the Community market and we would all be at the mercy of the whims of one national government or another.

What Mr Kofoed had to say about the relative disadvantages of surpluses and shortages is after my own heart. The social costs of shortages are many times greater than the social costs for surpluses. Nevertheless the public is usually more impressed by budgetary costs than economic or social costs. Surpluses tend to create an image of a policy that has failed. At the same time I do not wish to advocate too easy acceptance of a surplus policy. That could indirectly endanger the entire agricultural policy.

Mr Marras made a very interesting speech. I can agree entirely with what he had to say. I have not always heard views of this kind from members of his group. He spoke with some subtlety and that is not his group's strong point as a rule. I listened to him with great interest. What he had to say about the countries of Europe, the A group and the B group, has my warmest approval. I totally agree with him that we must absolutely oppose any division of this kind. If, for example, the idea that Europe can run at two different speeds is taken seriously, the Community agricultural policy will collapse in no time.

I do not think that those who advocate this theory have realized what it would mean in practice. It is essential to remember how difficult it has been to achieve what we have now. I am giving only one example because I have a lot of experience of how these things work. Perhaps I have more experience of this than any one else in the Community at the moment.

Mr Marras said that we must do more for the south of the Community. I agree with this but what we do must serve a useful purpose and must show results quickly. There must be no question of measures for the sake of appearances that cannot be carried out in practice. Too many measures have been proposed already that have

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never been carried out. Many of them were positive measures relating to the south of the Community. For all sorts of reasons they could not be implemented. We have been asked to do more for the small undertakings. We are prepared to do so provided these undertakings are viable. But it would be an act of cruelty to those concerned to maintain non-viable structures, particularly in the case of young people.

The Community agricultural policy has not lived up to expectations, or so it is said. But we should not be too pessimistic. The 1973-1974 year was a very bad one for the common agricultural policy in the whole of Europe and in Italy in particular, because far too much reliance was placed on monetary compensatory amounts without recognizing the disadvantages in time. In an already depressed market the effect on Italy was particularly hard. In one way or another livestock farming was particularly badly hit. Bad mistakes were made. I hope that the trend, beginning in 1975, towards a clear expansion in production in Italy, in contrast to the situation in the industrial sector, will continue. I feel that, from the European point of view, this is essential.

Mr Lange threw a new light on budgetary adjustments and other problems. He said that he would appreciate it if the member of the Commission could attend the meeting of the Committee on Budgets when these prices are discussed. I am prepared to do this. If the chairman or the secretary of the committee asks me to, I shall come, although the rapporteur also attends the meetings of the Committee on Agriculture and gets a fair amount of information from me there. I assume that he will report with complete objectivity to his fellow members of the Committee on Budgets.

I have a great dislike of supplementary budgets. Whenever possible I try to prevent them from being submitted. Until now I have done nothing to encourage submission of a supplementary budget. One of my first duties involved a budget that had already been drawn up; that was in 1973. On that occasion we had to ask for 700 million in a supplementary budget because, among other things, the impact of the three new Member States had been completely underestimated. In 1974 and 1975 there were no supplementary budgets for agriculture that had not been announced in advance. In 1974 there was no supplementary budget. The one for 1975 was announced in July 1974. On that occasion the Council said: if you need money you will have to ask for a supplementary budget. My view of the matter is that if we possibly can we should have as little to do with supplementary budgets

as possible. I therefore am in full agreement with the attitude of the chairman of the Committee on Budgets to the submission of supplementary budgets. I hope that he can also get his views accepted by the Council of Finance Ministers.

I am perfectly willing—before the pricing proposals are submitted—to discuss the procedure for the price negotiations for the coming year. I am thinking primarily of the budgetary implications. I should like to discuss this with the Committee on Budgets. I should like to ask it what it would like to see done and how it would like us to organize the procedure. I feel this is of considerable importance. We shall have supplementary figures for transfers of appropriations from one item to another, probably at the beginning of next month when we have fixed the prices. We have to do this in four different ways. We have to do it for each item on submission. We have to do it for the second time when the Committee on Agriculture or other committees submit alternative proposals. Then it has to be done a third time when Parliament has reached a decision, and a fourth time when the Council takes its decision. I hope the chairman of the Committee on Budgets will agree that we should deal with the matter as soon as the price proposals have appeared. I hope that this will rule out the need for a supplementary budget.

What Mr Lange had to say with regard to the different positions taken by Parliament on the prices and the budget has my full agreement. Some friction is quite normal; this is part of normal Parliamentary activity. But I was rather disturbed at what some delegates said about agricultural policy in October. I shall hold on to copies of some of the speeches that were made then in case we run into difficulties again at the end of October 1976 or in October 1977. I hope this will not be necessary.

Mr Zeller put forward a very interesting argument. He drew up a mini-plan and put forward an alternative proposal which I found unusually interesting. I wish to congratulate him on his proposal. It contains many very valuable points. But there is one point which it overlooks. I understand why this is so. He is resident in France and the 1971 structural arrangements have not yet come into force there. This means there is still no law in France stipulating that land which is made free as a result of restructuring automatically goes to development undertakings. In other words, his proposal for priority allocation of land released from livestock farming to crops as it becomes available is in conflict with a basic rule of structural policy. Nevertheless his proposal contains a number of very

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positive points. We shall consider this very carefully before the end of the year. This year we have a very short time-limit and the milk supply must be reduced. We must not make matters too complicated or we shall again take too long. The ideas developed by Mr Zeller are very valuable in their own right. I shall not try to cover them in the few minutes speaking time I have here. We shall come back to this. But where he says—and others have made this proposal—that from the economic point of view we are very hard on the milk producers I would reply: for heaven's sake let's be reasonable. What are we in fact doing? We are proposing an average price increase of 7.5%. For milk the increase is 6.5%. That is 1% lower. The milk producers do not depend on milk alone, they also have beef. Here the increase is not 7.5% but 8%. Our proposals are in fact a kind of warning shot, a symbolic warning.

It is not a harsh economic policy in the sense of reducing the price of milk as an economic solution to the problem. I wonder, since we cannot operate in the market with mere symbols, if we are still able to pursue market policies and have independent farmers who do not work for the state but produce for the market. We must be careful not to get to the stage where the state or government becomes the ultimate authority that intervenes automatically and buys everything up and pays the farmer as an employee. This will cause farmers to lose their identity as self-employed producers with some power of economic decision-making.

I fail to understand Mr Zeller's view that I am conducting an excessively harsh economic policy. The figures are within the margin of less than 1%. I am quite sure that Mr Zeller knows better.

Mr Della Briotta also took a pessimistic view. The premium on calves for Italy was not abolished last year. But we cannot retain it indefinitely. A premium of this kind can be valuable in particular circumstances. If there are significant changes in the circumstances it must be abolished. If this is not done, an institution like the Commission is put in a position where it cannot make certain proposals because premiums of this kind become permanent. The system then loses its flexibility.

The problems of the south of Italy and of the Mediterranean area in general are matters that I should like to return to on two occasions: firstly, on submission of the report on the structural policy in agriculture, which I hope will be forwarded to Parliament within a month. Secondly, in connection with a study of Mediterranean policy as it affects agriculture more generally, namely in relation to the other coun-

tries of the Mediterranean coastal region, including Member States of the Community, associated countries and other countries with which the Community wishes to have closer relations in the long-term.

(Applause)

President. — The debate is closed.

7. Tabling of a motion for a resolution

President. — I have received from the Group of European Progressive Democrats and the Liberal and Allies Group a motion for a resolution with request for debate by urgent procedure pursuant to Rule 14 of the Rules of Procedure on equal pay for men and women in the Member States of the Community.

This document has been printed and distributed under No 526/75.

I shall consult Parliament on the adoption of urgent procedure tomorrow morning, immediately after Question Time.

8. Agenda for next sitting

President. — With the agreement of the rapporteur, the Commission and the Council, I propose that the House consider the Council and Commission's statements on the Conference on international economic cooperation and the report by Mr Krall on the Seventh Special Session of the United Nations General Assembly in a joint debate.

Are there any objections?

That is agreed.

The next sitting will take place tomorrow, Wednesday, 11 February 1976, at 10 a.m. and 3 p.m., with the following agenda:

- Question Time
- Vote on the urgency of the motion for a resolution on equal pay
- Joint debate on the
 - statements by the Council and the Commission on the Conference on international economic cooperation
 - report by Mr Krall on the Seventh Special Session of the United Nations General Assembly

President

- Oral question with debate on relations between the European Community and Lebanon
- Oral question with debate on the denial of parental rights by the GDR
- Joint debate on the
 - oral question with debate on the decision-making procedure of the Council
 - oral question with debate on outstanding Council decisions on Commission proposals

- Joint debate on the
 - oral question with debate on the action programme on education
 - motion for a resolution on the action programme on education
 - oral question with debate on the European schools system.

The sitting is closed.

(The sitting was closed at 7.55 p.m.)

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IN THE CHAIR: MR SPÉNALE

President

(The sitting was opened at 10.10 a.m.)

President. — The sitting is open.

1. *Approval of minutes*

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

Are there any comments?

The minutes of proceedings are approved.

2. *Presentation of a petition*

President. — I have received a petition on youth and the future of Europe from Mr Alain De Brouwer, Mr Christian Koutzine and six other signatories.

This petition has been entered under No 14/75 in the General register provided for in Rule 48(2) of the Rules of Procedure and, pursuant to paragraph 3 of the same rule, referred to the Committee on the Rules of Procedure and Petitions.

3. *Question Time*

President. — The next item on the agenda is questions addressed to the Council and the

President

Commission of the European Communities (Doc. 520/75), pursuant to Rule 47a, paragraph 1 of the Rules of Procedure.

I would ask Members to put their questions in strict conformity with the Rules.

I call Lord Bessborough on a point of order.

Lord Bessborough. — Mr. President, the first draft of questions for this morning included a question by Mr Osborn on axle weights of commercial vehicles. I wondered how it was that this question had been dropped, because it is a matter to which our group attaches great importance and which I gather is very much under discussion by working parties in the Council. I wonder whether you can tell me how it is that this question was dropped. Secondly, can we be certain that it will come up in March?

President. — This question was withdrawn with the agreement of Mr Osborn, who would have been unable to be present when it was called. It was agreed that it will head the list at Question Time in the March part-session.

We shall begin with questions addressed to the Council. The President-in-Office of the Council is asked to reply to these and to any supplementary questions.

I call Oral Question No 1 by Mr Mursch:

'What has the Council done to implement the European Parliament's resolution of 25 September 1974 on the principles of the common transport policy¹ and the Commission's communication on the same subject of October 1973 and can it say how the ultimate aim of the common transport policy, i.e. a common transport system with a common transport market and jointly planned transport infrastructure, will be achieved?'

Mr Thorn, President-in-Office of the Council. — (F) At present, the Council feels that a common transport policy should be achieved through a series of Community actions, rather than through an overall plan.

This is why a number of specific problems—which I can list if you wish—are being studied in detail by the Council.

Once these problems are solved, my colleagues feel that this would represent a genuine step forward in the common transport policy.

Mr Mursch. — (D) Mr President of the Council, may I take it from your statement that the Council of Ministers considers that a rational

and modern transport system can be created in Europe without even establishing basic principles?

Does the Council not intend to extend to the transport sector the concept contained in the Tindemans report—that effective action is only possible if there is a common, wideranging and cohesive political ideal?

Does the Council agree with the view of the Tindemans report that the commitment to a common transport policy also implies the commitment to agree on a common attitude, and that the minority will—and must—submit to the majority once the discussions have been concluded? Does the Council intend to extend this principle to the field of transport?

Mr President of the Council, do you feel that the answer you have just given this House is compatible with the statements you yourself recently made to this Parliament: 'It is my personal view that it is not by making certain detailed reforms at random that the European Council—which will be ultimately responsible for inspiring and guiding the development of the Community system—will be able to achieve the qualitative leap which the Belgian Prime Minister advocates so convincingly.' You then went on to say:

'We are a long way from averting the risk of finding ourselves in the impasse which would result from insisting principally on affirming distant objectives while satisfying ourselves in the immediate future with a few superficial changes.'

Mr Thorn. — (F) Firstly: The Council's answer states that the Council of Ministers of Transport has, for the present, decided to proceed by stages, Secondly: the Council has not yet expressed any opinion on Mr Tindemans' report. The European Council will start studying it on 1 and 2 April 1976, and I hope that we will rapidly reach some conclusions.

Thirdly: Under the Treaties, many subjects involved in this transport policy require a unanimous vote.

Fourthly: Speaking personally, I prefer an overall policy or guiding principles, but these unfortunately do not yet exist.

Mr Seefeld. — (D) Mr President of the Council, you have given us the Council's view but not your own. Can you tell me how sub-sectors of a European transport policy can be devised by the Council if there is still absolutely no overall concept? In other words, you are doing something without a clear objective in mind. That really is what you are doing if I have understood you correctly!

¹ OJ C 127 of 18. 10. 1974, p. 24.

Mr Thorn. — (F) I can only reply on behalf of the Council, and I have already given you my own view. It is going too far to ask me to defend, in a personal capacity, a view which is not my own.

There have been continuing efforts to achieve an overall transport policy, but agreement has never been reached. To avoid leaving things 'in suspense', it was therefore decided to proceed in stages, as the Council could not reach agreement on this question.

President. — I call Oral Question No 2 by Mr Seefeld:

'Can the Council indicate how far it has progressed with its work on the Commission's proposal for a decision on initial measures towards a common approach in the air transport sector (Doc. 134/72), whether it will return to this proposal when it comes to consider the Commission's communication on an action programme for the European aeronautical sector (Doc. 319/75), or whether it considers that Doc. 134/72 stands rejected?'

Mr Thorn, President-in-Office of the Council. — (F) The draft Council decision to which the honourable Member is referring did no more than instruct the Commission to study certain measures to be taken at Community level in the field of air transport.

This draft decision would appear to be out of date, since the Commission has now submitted to the Council a communication on an action programme for the European aeronautical sector—and this communication was accompanied by a draft Council decision establishing a common policy in the field of civil aviation.

This communication is at present being studied by this House.

May I point out, in this connection, that the Council would very much like to have your opinions as soon as possible, so that it can then start its work in this field.

Mr Seefeld. — (D) Mr President of the Council, am I right in taking this to mean that you, as President-in-Office, believe on the whole that a common European air transport policy is now essential?

Mr Thorn. — (F) That is quite correct.

Mr Jahn. — (D) Mr President of the Council, does the Council agree that, unless science, technology and production in the European aircraft industry are coordinated, it will be impossible in the long term to compete with the American aircraft industry, and that production

at national level alone is a waste of the taxpayers' money?

Mr Thorn. — (F) In principle, yes, but a reservation must be made, and we are not going to start a long debate on what kind of competition there should be between Europe and the United States on this or that. It must not be forgotten that European and American industry cooperates in many sectors.

President. — I call Oral Question No 3 by Mr Albers:

'What were the reasons for the Council decision of December 1975 not to alter "at this stage" the Community quota for the carriage of goods by road between Member States?'

Mr Thorn, President-in-Office of the Council. — (F) The promotion of road transport, of which the establishment of Community quotas forms a part, is one aspect of the common transport policy; the other aspect, as you know, is the harmonization of the conditions of competition. Some Member States feel that these two aspects are linked, and these Member States therefore considered that, in the absence of a programme to harmonize the conditions of competition—particularly tariffs and taxes—there was no reason to increase the Community quotas.

Mr Albers. — (NL) Does the Council realize that the extension of the existing system means that the road hauliers will continue to have to make out reports on transport under the Community quotas, although the value of such reports is negligible in comparison with the difficulties the national authorities and the Commission have in processing them?

Mr Thorn. — (F) The technicalities of this question are rather beyond me, but I am informed that there are other reasons why it is necessary to have these returns. Please excuse the inadequacy of this reply.

Mr Giraud. — (F) Mr President, the Committee on Regional Policy and Transport of this House, and then Parliament itself, approved a Commission proposal to raise the Community quota this year, as had been done in previous years. Do you not think that the Council has shown a certain contempt in completely ignoring Parliament's opinion, which was expressed almost unanimously?

Mr Thorn. — (F) I am sorry that it could be interpreted in this way, but this is precisely what the second part of my answer was about.

Thorn

Because there is no programme for harmonizing the terms of competition, one Member State vetoed the decision.

Mr Giraud. — (F) Precisely!

Mr Mursch. — (D) Mr President of the Council, do you not agree that the question raised by Mr Albers shows very clearly how necessary it is to establish and formulate the final objective of the transport policy? If this was your view, there would be no need to go into the details.

Mr Thorn. — (F) It would undoubtedly be desirable, and even necessary, to have an overall transport policy—as I said a few minutes ago—but it must be remembered that this policy cannot be considered in isolation; it has economic implications which go beyond the transport policy, and this is where the Council is running into many difficulties.

Mr Laban. — (NL) Does the Council realize that the maintenance of the existing system means that a common transport market promoting freedom of services in this sector in a context of healthy competition has been postponed to the distant future?

Mr Thorn. — (F) That is your view, it's one way of looking at it. You will appreciate that I cannot say whether all my colleagues—particularly the ministers of transport, either collectively or individually—share this view.

President. — I call Oral Question No 4 by Mr Fellermaier, whose place is taken by Mr Corterier:

'How can the Council justify its action in taking more than eleven months to reply to a Written Question¹ by a Member of the European Parliament on the proposal by a member of the Council to send an ambassador from the European Communities to Guinea-Bissau, and even then giving only a formal and non-committal answer?'²

Mr Thorn, President-in-Office of the Council. — (F) The delay of about eleven months in replying to this written question about sending an ambassador from the European Community to Guinea-Bissau was because this was the first time a reply had to be given to a question involving both political cooperation and the Council — i.e. two different bodies.

This meant it was necessary to create, develop and implement suitable machinery within the sphere of political cooperation.

Speaking personally and on behalf of my colleagues, I regret the delay, and we shall do our best to prevent this happening again.

Mr Corterier. — (D) Mr President of the Council, do you really think that we can have a constructive discussion on this question between Council and Parliament when—as the Council has done—a worthwhile proposal by a Member of this House, and Chairman of its largest political group at that, is given a completely non-committal and purely formal reply, and no attempt at all is made to deal with the proposal itself—that one ambassador alone should be sent to Guinea-Bissau to represent the Community and its nine Member States?

Mr Thorn. — (F) As regards the procedural aspect, we regret the delay in replying to Parliament, and in future there will have to be a system to ensure faster coordination when both the Council and political cooperation are involved.

However, your question was more concerned with the subject matter. In this respect, I can only say that the question was studied thoroughly. Unfortunately, the opinions of the nine delegations differed. Given the views expressed, I do not think agreement on this matter will be reached within the near future.

President. — At the author's request, Oral Question No 5 by Sir Geoffrey de Freitas has been postponed till the March part-session.

I call Oral Question No 6 by Mr Bordu:

'How does the Council view the refusal of certain Member States to support, at the UN, the recent resolution whose adoption was prevented by the US but which would have improved the prospects for peace in the Middle East?'

Mr Thorn, President-in-Office of the Council. — (F) This is the same problem as was raised a short time ago with regard to Guinea-Bissau. I cannot give you any answer worked out by the Nine, but I would ask Parliament—even if we try not to keep you waiting for eleven months—to inform us earlier of questions relating to political cooperation, so that we have more time in which to answer them. You are aware that there is no permanent institution for political cooperation—there is only one meeting per month—and we therefore need some weeks to reply on behalf of the Nine. For this reason, I am unable to answer this question today on behalf of the Nine.

¹ No 764/74.

² OJ C 19 of 28. 1. 1976, p. 2.

Mr Bordu. — (*F*) Let me reduce the question to one much simpler fact—the State of Israel is asking the PLO to define a policy which recognizes its right to exist.

The Security Council has now apparently discussed a solution which would have resolved the deadlock, in that the PLO would explicitly recognize the right to independence of all states in the region, their right to live in peace and within secure and recognized frontiers.

May I know the Council's view and whether it considers this recommendation by the countries supporting the resolution in question to be a positive move, as standing on the political sidelines is tantamount to refusing to admit this resolution.

Mr Thorn. — (*F*) As this question brings us back again to the question I was unable to answer a short time ago, my reasoning is the same. You will appreciate that, in a field as sensitive as this, I am not going to give an off-the-cuff answer on behalf of the nine governments—particularly since Mr Bordu's second question contains a new emphasis. His first question referred to not supporting a resolution, while the second one refers to a refusal—and this makes the matter even more delicate.

President. — I call Oral Question No 7 by Lord St Oswald:

'What endeavours have the Community considered, since civil war in Angola became predictable at least a year ago, to prevent or limit the worst consequences of such a war?'

Mr Thorn, President-in-Office of the Council. — (*F*) I should like to answer this question in two parts. If we are asked whether the Council discussed the situation in Angola, and what was its attitude towards this conflict, I can say that we did study the emergence of the problem within the framework of political cooperation. The way the question is phrased implies that the Community or the European countries ought to have intervened more directly in this conflict.

This is exactly what we wanted to avoid at all costs, so as to comply with the doctrine of all the African countries—the doctrine of non-interference in African affairs.

On behalf of the Nine, I must say that we Europeans can only regret that our example has not been followed by all the other foreign powers, since many of them have intervened in this conflict.

As regards the destruction and the other consequences of this tragedy, I would remind you

that considerable aid—and this is the humanitarian side of the question—has been granted by the Community to the peoples of that country. For instance, powdered milk was sent to the International Committee of the Red Cross for despatch to Angola, and considerable aid has been granted to the Angolan refugees through the world food programme and the Red Cross.

Lord St. Oswald. — With great respect, I am bound to ask the President-in-Office whether he considers that reply in any way defensible. One cannot fight Cuban armed forces with powdered milk.

I have two related supplementary questions, one providing a background to the other.

Does the President-in-Office recall that, at the time of the signing of the Treaty of Lomé, brave, splendid words were spoken by the statesmen of the Nine nations? We were told that this was a turning point in history, the redefining of international relations, the birth of a new world order through cooperation, not confrontation. Let me remind the President-in-Office that we were told, in the description of the very considerable impact that this would make, that the participation of the whole of independent black Africa was involved. Does not the President-in-Office agree that when not simply confrontation but a form of invasion takes place from a foreign nation in one of the largest and most important of the countries in that continent, the European Community appears to turn its back?

My second question is very specific. Is the President-in-Office aware that even at the time of the independence of Angola on 11 November 1975, the MPLA were already being supplied by Soviet Russia with vast amounts of military equipment, some of a highly sophisticated nature, including armoured personnel carriers, wire-guided missiles and launchers, light artillery and rockets, and that MIG 17 fighters are being flown over the battlefield and 12 000 invading Cuban troops are involved? Does the President-in-Office doubt that the outcome of this undeterred invasion will be Soviet bases established on the African coast and Soviet control of one of the great sea routes of the world? How can we, after the brave words of the Lomé Convention, afford to turn our backs on this situation?

President. — I would remind the House that the supplementary questions must be short.

(Applause from various quarters)

Mr Thorn. — (*F*) When the honourable Member states that one cannot fight Soviet rockets with

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powdered milk, I agree completely with him. However, we must not confuse the issues.

I explained what we had done at the humanitarian level and added, specifically, that it had to be the policy of each of the nine Member States not to intervene militarily. This was a diplomatic way of saying that we deplored the fact that others had done just this.

I did not make any other forecasts about the future of Angola and the Soviet bases, since I think we shall have occasion to discuss this subject another time.

Mr Patijn. — (NL) Has the political cooperation included discussions about recognizing any regime in Angola?

If so, in what way?

Mr Thorn. — (F) You are aware of the Community doctrine: it recognizes countries but does not pass any judgment on the regimes. However, the problem is being studied.

Mrs Goutmann. — (F) Is the President of the Council considering moves to prevent the departure of a number of mercenaries for Angola, particularly from the United Kingdom?

Mr Hougardy. — (F) Particularly from Cuba!

Mr Thorn. — (F) I have just replied that we were not in a position to prevent the departure of other foreign troops. How do you think we could intervene now?

President. — I call Oral Question No 8 by Mr Walkhoff:

'Does the Council agree with the view expressed by its President-in-Office, Mr Thorn, in an interview with "ARD-Tagesschau" on 14 January 1976, that the Spanish regime has changed and that talks between the European Community and Spain should accordingly be resumed?'

Mr Thorn, President-in-Office of the Council. — (F) Mr President, at its meeting on 20 January 1976, the Council established that the present situation no longer prevented a resumption of contacts with Spain on the negotiations which had been broken off in October 1975, and there was an exchange of information on the recent talks with the representatives of the Spanish government. It also noted that further talks will be held between the Spanish government and the governments of the Member States. This subject was again discussed a few days ago, and we considered that developments were satis-

factory. There will be further talks on the matter at the Council's next meeting.

Mr Walkhoff. — (D) Mr President of the Council, you said on 14 January that the Spanish government had now changed, and you concluded from this that the talks with Spain ought to be resumed. If I understand you correctly, your view was confirmed by the Council on 20 January. May I therefore ask you whether you do not see a danger that statements of this kind might halt the progress towards democracy, since those forces in the Spanish economy and in Spanish politics who are interested in democratization only because this is a major requirement for *rapprochement* with Europe may be led to think that the democratic countries of Europe are content with what has already been achieved?

Mr Thorn. — (F) I do not share your view, but there is perhaps an underlying misunderstanding. In its discussions at the end of January and in February, the Council did not find that the situation was satisfactory. What it did find satisfactory was that there was an evolutionary process. Evolution, however, implies that it must be speeded up. The level of our relations with Spain and the pace of our *rapprochement* will depend on the speed of this democratic evolution, which we in fact aim to encourage.

Mr Jahn. — (D) Mr President of the Council, I think we agree with you that there has been a change not only of government but also of regime, and that we prefer a gradual democratization to a more or less chaotic process such as we have seen in another country where it has not yet been possible to permit the establishment of one of the major democratic parties, the Christian-Democratic Party. We therefore agree with you that the aim should be gradual progress towards a free democracy and that we should help to achieve this.

Mr Thorn. — (F) We agree completely on the essentials. Some small steps have been taken, and we intend to encourage Spain to take more, as we—and I assume all Members of this House—feel is necessary.

Lord Bruce of Donington. — The question on the Order Paper deals with events that took place on 14 January. I want to ask Mr Thorn whether on or before 14 January the nine members of the Council were united on the point that he himself made on 14 January. If they were not united and had not been consulted on this subject on 14 January, why was the statement made?

Mr Thorn. — (F) We can only establish whether there is agreement or disagreement once the Council meets. I can therefore only say that I stated my opinion on 14 January, I made it very clear to Parliament in my statement, and I stressed that I was making this statement before the Council meeting. I was gratified to note that, on 20 January, the Council adopted the position which I have communicated to you today.

Lord Castle. — Will the President-in-Office understand that to this side of the Chamber the use of the phrase 'developments have been satisfactory' is a great disappointment and that we view it with some disgust? In the future talks to which he referred, not only at this level but between individual nations, will he indicate to the usurpers of power in Spain that we think that it is infernal cheek on their part to place the obstacles that they are now putting in the way of the rapid development of democracy in that country?

(Applause from certain quarters on the left)

Mr Thorn. — (F) Mr President, I do not think that Question Time is the right occasion to discuss something I said to the European Parliament a month ago. We are here to debate a subject on which I can only say: look at the facts.

The Council's view was that the situation is now such that we can resume the negotiations initiated—and everyone in this House is aware of this—at a time when General Franco was the Spanish Head of State and broken off or stopped only because of certain executions which are unfortunately still only too fresh in our memories. We felt that the assurances we had since been given, as well as the changes and the initial steps taken were such that we could at least revert to the position we had reached in October, before the talks were broken off.

What we are going to do now, i.e. the nature of our relations with Spain and their future development, will depend on progress towards democracy in Spain which, like everyone here, we hope will be as rapid as possible.

Mr Broeks. — (NL) Is the President of the Council's view that progress towards democracy in Spain is satisfactory based purely on the speech by the Spanish Prime Minister, or is it also based on measures which have already been taken in Spain? If so, what are these measures? Parliament is not aware of them. We know of nothing but a speech containing a number of promises.

Mr Thorn. — (F) I have nothing to add to what I have just said. We spoke about resuming negotiations—that is what the question is about—and stated the views of the Council. It will review the question again once all the governments of the Member States have had contacts with the Spanish government.

We are waiting—and I am speaking on behalf of the Nine, since someone drew my attention to this fact a short time ago—until the Nine have gathered information. Three or four Community governments have already had contacts with the Spanish government. We are waiting until there has been a bilateral review of the situation by each of the Nine and the Spanish government, and we shall then see how the situation develops.

I repeat that we do not find the situation is satisfactory for us, but it is one thing to debate whether Spain is sufficiently democratic in the eyes of us western democrats, and another thing to determine whether the conditions prevailing from October to January are the same as those now prevailing, and whether we can resume commercial negotiations with this country, such as we have held with 70 other countries with military regimes, one-party systems, state-trading systems or what have you.

President. — We turn now to questions addressed to the Commission. The Commission representative responsible for the subject is asked to reply to these and to any supplementary questions.

Since they deal with similar subjects, I call the following questions simultaneously:

Oral Question No 9 by Mr Laban:

'Does the Commission agree with the view expressed by the President-in-Office of the Council, Mr Thorn, in an interview with "ARD-Tageschau" on 14 January 1976, that the Spanish regime has changed and that talks between the European Community and Spain should accordingly be resumed?'

Oral Question No 10 by Mrs Goutmann:

'Does the Commission feel that the way the situation is developing in Spain warrants the resumption of negotiations with the Community?'

Oral Question No 11 by Mr Dykes:

'Will the Commission make a statement on the negotiations planned with the Spanish Government with a view to the resumption of the Agreement between the Community and the Kingdom of Spain?'

Sir Christopher Soames, Vice-President of the Commission. — As the President-in-Office of the Council has just said, the Council decided

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on 20 January that the present situation in Spain no longer excluded the resumption of talks with the Spanish Government, which were broken off in October last.

Over the next few weeks, both the Commission and certain of the Member States will be having contacts with the Spanish Minister of Foreign Affairs, as some Member States already have done. During the contacts no doubt the next steps will be discussed, and in the light of that the Commission will decide what should be its approach to the question of the resumption of negotiations.

Mr Laban. — (NL) It is totally unclear to me how the Commissioner reached this conclusion. Everyone is aware of the speech by the Spanish Prime Minister, which in the opinion of all major political parties was totally inadequate, and of the fact that demonstrations in favour of better working conditions are being broken up, as has happened this very week in Barcelona. May I therefore ask the Commissioner whether the Commission is prepared, before resuming talks on a Treaty with Spain, to press the Spanish government publicly for a statement containing explicit assurances that direct universal suffrage will be introduced as soon as possible with a view to holding local and national elections, that Parliament will be able to participate in the democratic decision-taking process, and that complete freedom of speech and of association will be guaranteed.

Sir Christopher Soames. — What I have said is that the Commission and the Council have decided that contacts can be taken up again on the basis of the negotiations that were taking place with the old régime in Spain.

The Spanish Minister of Foreign Affairs will shortly be visiting us. I do not know what his attitude will be, but there can be no doubt in his mind—and undoubtedly this will form part of our discussions—that the Community as a whole and the Commission look to a positive democratic evolution in Spain. Let there be no doubt about that. All that we are discussing is the possibility of taking up again the negotiations which the Community was having with the previous regime. That is the only decision that has been taken to far.

For the rest, the Spanish Government know the view of the Community, and the relationship between the Community and Spain will obviously be intimately linked with the development of democracy within Spain.

Mrs Goutmann. — (F) Is it purely a question of waiting? Must not the Commission emphasize

publicity, before any resumption of the talks with Spain, that the Spanish government's objectives should include not only direct universal suffrage and elections, but also—and above all—complete freedom of speech and association and legal recognition of all political organizations, including the Spanish communist party, and that this must be regarded as the fundamental element of any progress towards democracy—as has already been emphasized by the entire press and by a large number of Christian-Democratic organizations in Spain itself?

Sir Christopher Soames. — I can only repeat that what is at issue here is the taking up again of negotiations which the Commission and Parliament had agreed the Community should take up with Spain at the time General Franco was head of government. That is what we are talking about, namely, whether we resume those negotiations. What the honourable Lady has referred to is the future development of democracy within Spain. That is a subject on which the Spanish Government know the views of the Community as a whole.

President. — I have a request from the Socialist Group for a topical debate following Question Time on the Commission's reply to Oral Questions Nos 9, 10 and 11 on the negotiations with Spain.

Are there any objections?

That is agreed.

I call Oral Question No 12 by Mr Cousté:

'Will the Commission state whether the data bank it has set up for the processing of conjunctural statistics is functioning satisfactorily from the technical angle and what results its use has given?'

Mr Haferkamp, Vice-President of the Commission. — (D) In 1974, the Statistical Office of the Commission started work on setting up an extensive data bank to process time sequences. This data bank also contains economic information. The system has been technically operational since 1975, and is constantly being extended and improved. This system can be used to compile data files which can be interrogated directly in several languages. A lot of different computations can be done with this system, and the results read off a screen display or print-out. With a certain time lag, entire statistical bulletins can be published with this system. The system can be said to be technically satisfactory.

This is one of the most extensive and adaptable systems in Europe, with a total storage at

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present of more than 300 000 statistical time sequences. However, the situation varies according to the field of application. Certain data, such as national accounts and balance of payments figures, have been in existence since the data bank was set up. In other fields, its application is constantly being developed.

The economic statistics in which honourable Members are particularly interested will be ready in a few weeks' time, about the beginning of March. We shall then have more than 17 000 monthly time sequences of importance for the short-term economic trend, not only for the Member States of the Community, but also for the United States and Japan. Every night, the latest data available to us will be fed into this system, and they can be recalled directly by the Commission departments on various visual display terminals.

Mr Cousté. — (F) I am satisfied with this answer, which shows the efforts being made by the Commission to ensure that we have a system which is genuinely operational. However, I am still worried about the provision of conjunctural statistics. It is of course nice to have them displayed on screens, but is not the Members' real problem to have access to them and to be able to use them, like the other public authorities?

Mr Haferkamp. — (D) The Commission is currently investigating how it can be made technically possible for this information to be distributed rapidly to interested bodies and persons outside the communications system video display units and teleprinters—and these bodies naturally include Parliament. The essential thing here is that we must have a detailed and up-to-date presentation which takes no longer to reproduce than it does to compute the statistics themselves. Up-to-date figures and up-to-date statistics are required at very short notice, so the time taken for reproduction must be reduced. We are trying to solve this problem, and we hope—and this, I might add, touches upon the next question—that new technical processes will enable us to reduce the time required for reproduction from the present three weeks or so to ten days at the most.

Mr Noè. — (I) Two years ago, in this same House, we debated a programme of work which had been entrusted by the Commission to the Battel Institute, regarding information on the economic consequences of fuel supplies in the Community.

Although that subject related only to the energy sector, it has similarities with the one raised

now. I should therefore like to know whether the Community institutions, including Parliament, can be provided with information in this sector as well.

Mr Haferkamp. — (D) Mr President, I think we can arrange for this.

President. — I call Oral Question No 13 by Mr Krieg:

'In view of the need, despite the unstable economic situation and the accompanying problems of unemployment and inflation, to pursue clearly defined economic policies, could not the Commission ensure that rapid economic statistics are drawn up, if possible every week, and made readily available?'

Mr Haferkamp, Vice-President of the Commission. — (D) Mr President, there is no doubt at all that it is essential for statistics to be provided regularly and rapidly, particularly in the present economic situation. In this respect, the Commission shares Mr Krieg's view. However, we do not intend, nor are we able, to produce weekly short-term economic statistics. No Member State of the Community produces such statistics, so the basic material would be lacking. What we are doing, and we shall be perfecting and speeding this up, is compiling weekly reports for which the monthly data available to us are updated each week. These weekly reports are sent to the Commission departments and the governments of the Member States. Their main information value is that they land on your desks as quickly as possible after the statistics have been compiled.

Another possibility is the Statistical Office's monthly report in the 'General Statistics' bulletin. As I mentioned in my reply to the previous question, we are at present studying how we can use the most modern techniques to reduce the time lag between obtaining the figures and making them available to the consumer. For instance, we are investigating the possibility of linking our data bank—about which we have just been speaking—with a photosetting process which could print the statistics straight from the magnetic data carriers. The Statistical Office expects that, after some further investigations—I believe these will take several months—we shall be able to reduce the delay in distribution from three weeks to about ten days.

May I also draw attention to the diagrams which the Directorate-General for Economic and Financial Affairs publishes each month on the short-term economic trend. These give a graphical representation of 20 important statistical sequences for each Member State, accompanied by a brief analysis.

Mr Giraud. — (F) We frequently receive—albeit after a long delay—publications of great graphical beauty. Would it not be possible for us to have the documents sooner, in a perhaps less beautiful but more useful form?

Mr Haferkamp. — (D) I do not know whether the honourable Member is referring to these diagrams when he speaks of a somewhat exaggerated emphasis on beauty in our statistics. I am willing to look into this as part of the general rationalization of which I was speaking, but if we could combine beauty, accuracy and speed, this would surely be an ideal solution.

Mr Krieg. — (F) Mr President, Mr Haferkamp's reply to the principal question was both satisfactory and disappointing. If I have understood him correctly, an effort must be made to make these data available as rapidly as possible to all those who need them, particularly the Members of this Parliament.

What I should like to point out is that, contrary to what the Commission thinks, I feel it is essential to have extremely short delays, indeed as short as possible. We know that nothing is more dangerous than a wrongly interpreted statement or a misunderstood statistic. This is, for instance, how operations against certain currencies start, leading to the kind of speculation which we have to avoid at all costs. However, I must again impress upon the Commission that we shall only avoid this if we have available to us the necessary tools—tools which are not only reliable, but can also be understood by the greatest possible number of people. This is why I must insist that the time lags of which the Commissioner has spoken be reduced as much as possible, so that we will shortly have tools which are easy to use.

Mr Haferkamp. — (D) I agree completely with the views expressed by the honourable Member.

President. — At the author's request, Oral Question No 15 by Mr Cointat has been postponed until the March part-session.

Since the author is absent, Oral Question No 14 by Mr Dalyell will be answered in writing.¹

Since the author is absent, Oral Question No 16 by Mr Hamilton will be answered in writing.¹

I call Oral Question No 17 by Lord Reay:

Does the Commission consider that, if the Community were to have more than six working languages, the consequent loss in efficiency and increase in expense would be tolerated?

Mr Borschette, Member of the Commission. — (F) Because of its complexity, the linguistic system of the Community with its six working languages is already posing practical problems. Obviously, these would be aggravated by the addition of one or more new Community languages. The increased complexity of the system would inevitably involve increased expenditure, without at the same time automatically ensuring the necessary efficiency and quality.

In view of the lack of linguists, particularly of the qualified interpreters who would be needed to supplement the existing teams, there is in fact a danger of an increase in the use of the 'relay' method, which is prejudicial to good communication.

Without prejudice to the possibility—there is a real one—of finding a satisfactory solution to these problems, it might be interesting to consider introducing a less rigid system whereby everyone could speak in his own language, but with interpretation into the most widely understood languages. Such a system would clearly have to be flexible enough to cope with any particular situation.

As regards translation, however, the basic consideration is clearly that all regulations and all Community legislation directly affecting every citizen of our Member States must be translated into all the official languages.

The Commission, for its part, is prepared to discuss with the other institutions possibilities of improvement, particularly with regard to the working languages.

Lord Reay. — I am grateful for that answer and particularly pleased by the evidence that the Commission consider it their responsibility to look at this problem, a problem to which there are various solutions, as other international institutions have found.

Does the Commissioner agree that the Community should develop a new policy regarding the use of languages within the Community before undertaking negotiations with any new applicants for membership of the Community? In his closing remarks the Commissioner said that the Commission was willing to enter into a joint study of the problem with the other institutions of the Community. Does he believe that the Commission should and will take the initiative, or would they like Parliament to take the initiative in this matter?

Mr Borschette. — (F) The Commission would not like to give the impression that in the event of the accession to the Community of one or

¹ See Annex.

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more new countries this would mean an additional problem for these countries.

Even now, we are faced with a problem which, I must emphasize, will become more complex if there are more accessions in the future, but which it will not be impossible to solve. This is why I should not like to start discussing the question of languages at this stage, when there is a possibility of another country acceding to the Community.

The Commission has, however, already studied this question in general terms, and on another occasion I could give you some noteworthy figures on the cost of the existing system. But it will not make any moves on this matter during the negotiations on the accession of Greece, so as not to present this country with a problem which previous candidates have not had to face.

Mr Normanton. — While sharing the Commission's views on the point raised in the original question, may I ask whether they envisage a time when Europe will have one official language? In that context, have they contemplated the adoption of Esperanto?

(Laughter)

Mr Borschette. — *(F)* I cannot reply for the Commission, which has not studied this fascinating problem. Personally, I feel that Europe is of value if everyone speaks in his own language.

(Applause)

Mr Cousté. — *(F)* Can the Commissioner tell us whether it is true that the operating expenses of the linguistic departments account for an annual expenditure of 12 to 15% of the total budget?

Mr Borschette. — *(F)* The interpretation costs about five hundred million Belgian francs per year. The cost of a meeting with interpretation into all six languages is 108 000 Belgian francs per day. An interpreter costs approximately 7 200 Belgian francs per day. The Commission currently employs 270 officials as interpreters, and about 100 further free-lance interpreters per day. Parliament has about 60 interpreters. In the translation departments, the Commission employs 720 people, the figure for all the institutions together being about 1 400. At any rate, it can be said that, within the Commission, one person in four is working directly or indirectly on translation or interpretation.

Mr Patijn. — *(NL)* Mr President, Mr Borschette's reply to the question by Mr Normanton was

warmly applauded. He said that all Community languages were official languages, but that the number of working languages could be smaller. May this not lead to the idea that the working languages are intended for the 'chosen few' who know several foreign languages and are therefore of value in the Community?

Mr Borschette. — *(F)* I cannot imagine that anyone in this Parliament could be refused the opportunity to speak in his own language. I cannot imagine that, in the Council of Ministers, the ministers could not speak in their own languages. However, it is always possible to find practical solutions: at the Commission, for instance, everyone can of course speak his own language, but to improve efficiency we have decided, as a general rule, not to have any interpretation into certain languages. However, this is only a gentlemen's agreement.

Having said that, I must again stress that whether the Community has nine, ten or eleven Member States, all legislative texts will have to be translated into the official languages of all the countries of the Community.

Miss Flesch. — *(F)* Mr Borschette has just said that he cannot imagine anyone in this Parliament not being allowed to speak in his own language. May I ask him whether he intends to raise the number of official Community languages, since certain Members of this House cannot at present speak in the language they use in their national parliament?

(Laughter)

Mr Borschette. — *(F)* I think that the language in which Miss Flesch's remarks were made shows that each citizen of her—and my—country is capable of speaking in a language other than that of its national parliament—in which, incidentally, any one of three languages may be used, so that it was to some extent a forerunner of the European Parliament.

(Laughter)

President. — At the request of the author, Oral Question No 18 by Mr de la Malène has been postponed until the March part-session.

I call Oral Question No 19 by Mr Noè:

'Does the Commission not consider that, in the light of the present disturbing energy situation in the Community and the political objective of reducing our dependence on outside sources in this field, it should examine the feasibility of generating electricity in Greenland—a part of the Community in which no use has yet been made of this source? If positive results were obtained, this study would make it possible to draw up a programme on the use of such energy to power high consumption installations, such as uranium enrichment plant.'

Mr Simonet, Vice-President of the Commission. — (F) Mr President, I feel it would be unwise for the Commission to engage—in an area which is particularly sensitive to environmental problems caused by the exploitation on energy sources—in a study of the kind described by Mr Noè. If such a move had to be made, I think this would have to be the responsibility of the Danish government.

In any case, in the present state of technology and in view of the difficulties of access and the harshness of the climate, I do not think that the hydro-electric energy this might provide would be of much use for the extremely sophisticated production process required for enriched uranium.

Mr Noè. — (I) Does not the fact that there are no plentiful and cheap sources in the Community, while the southern part of Greenland has a large number of natural lakes situated 300 to 400 metres above sea level and near the sea and which offer major opportunities for exploitation, call for—shall we say—less caution and more initiative?

Mr Simonet. — (F) I can add only one thing to what I have already said to Mr Noè, who as an experienced engineer will understand me immediately: once the hydro-electric energy had been produced in Greenland, it would have to be transported, and I am afraid that that raises a certain number of problems which, in the present state of the art, are virtually insoluble.

President. — I call Oral Question No 20 by Lord Bethell:

'Will the Commission discuss how the Community can obtain membership of the International Air Transport Association as a single body, instead of the present system of separate representation, thereby enabling airlines to fix (without reference to IATA) their own fares for internal flights within the Community—fares which would in many cases be much lower than at present?'

Mr Scarascia Mugnozza, Vice-President of the Commission. — (I) The fare levels depend on various factors, among them the level of costs. The Commission has no way of telling whether, if the companies operating internal Community flights got together to fix their fares outside IATA, this would result in lower fares.

As the honourable Member is probably aware, the airlines in the Community and elsewhere in Europe, with the support of their respective governments, already play a very important part in fixing the fares under the current IATA procedure.

Lord Bethell. — Is the Commissioner aware that his reply is rather disappointing? We are more encouraged by the statement of Mr Ortoli yesterday that he will be encouraging competition in air policy. Can we hope that some reduction in air fares will come out of the extension of free competition in air policy as suggested by Mr Ortoli?

Further, is the Commissioner aware that this free competition cannot work within the Community structure as long as the IATA regulations remain in force and establish firmly what the fares will be? It is not possible to have free competition within the IATA structure. If we are able to negotiate as one unit with IATA, surely it will be possible to reduce these fares, to negotiate lower landing fees, perhaps to simplify customs and immigration and to put into effect many different ideas that might bring fares down.

Finally, will the Commissioner agree with me that the air fares between the cities of Western Europe are the highest in the world, that they are too high and that they should be reduced?

Mr Scarascia Mugnozza. — (I) Mr President, I do not think that my remarks conflict with what the President of the Commission said. The honourable Member is perfectly aware that the Commission has presented a communication on the subject, and that this will soon be followed by specific proposals on the subject of transport.

I would add that neither the Member States nor the European Community can be members of IATA—only the airlines. I therefore think that there will have to be a single European airline before the problems can be discussed in a different light. In fact, this is the path which we have chosen with the proposals we are preparing.

Mr Osborn. — It is a hard and realistic fact, known from figures recently published in written answers to questions, that fares in the United States of America are roughly half the level of fares in Europe.

Is there not a case for the Commission to endorse its recent report and to submit to the Council proposals for bringing together the airlines, the airport authorities and the civil airline authorities of the various countries to find out, following Lord Bethell's remark, why it is that the cost of flying in Europe is double that in the United States of America? In this way our services could be streamlined in order to make flying more economic than it is at present.

Mr Scarascia Mugnozza. — (I) Mr President, this request was made in the same form during Question Time at the last part-session. I shall repeat the clear answer I gave. There is only one study of this problem, dating from 1974. This study gives the reasons why there is such a discrepancy in fares between Europe and the United States. This study is still valid for the European Community. We hope we shall be able to achieve the same results as the United States with the proposals which the Commission will be presenting in the air transport sector.

Mr Normanton. — The question referred to a reduction in air fares.

Is the Commission aware of the high cost involved and the lamentably inadequate service available to members of the European Parliament attending plenary sessions in Strasbourg and in Luxembourg? What steps does the Commission propose to take, or to persuade others to take, to deal with this serious situation?

Mr Scarascia Mugnozza. — (I) When I was a Member of this Parliament, we had no reduced fares. I don't know whether the situation has changed since then.

Mr Noè. — (I) In view of the fact that IATA has a European branch in Brussels, and the ICAO also has a European section based in Paris, does the Vice-President of the Commission not feel it would be desirable for the Community to present a common front of the Member States within these two bodies, so that the problem of fares could be tackled in close cooperation?

Mr Scarascia Mugnozza. — (I) We shall look into this question.

President. — At the author's request, Oral Question No 21 by Mrs Ewing has been postponed until the March part-session.

I call Oral Question No 22 by Mr Hougardy:

'Will the Commission indicate which Member States—pursuant to the Council Directive of December 1972 providing for the increase, from January 1975, of emergency stocks of petroleum products from 65 to 90 days' consumption—have adopted the statutory or administrative measures necessary for the implementation of that Directive?'

Mr Simonet, Vice-President of the Commission. — (F) Parliament will no doubt recall that, in 1975, the Commission informed it of its intention to submit to you a report on the state of stocks in the Community.

As things stand, only four countries—France, the United Kingdom, Denmark and Luxembourg—have adopted the necessary statutory, implementing and administrative measures to ensure that there will be permanent stocks of all petroleum products to cover requirements for 90 days, based on consumption of these products during the preceding year.

This means that the other Member States of the Community are in breach of the Directives laying down that the Member States must adopt the various measures I have just mentioned.

The Commission has therefore sent them the customary letter of notice pursuant to Article 169 of the Treaty. Once the replies have been received, it will consider what measures it must take in the light of the inventory it will have made by then.

I might add, however, that while the report to which I have just referred—and which will shortly be presented to Parliament—examines the situation as it is at present, it comes to the conclusion that, within the Community as a whole, and in the light of the statistics available to us for each Member State, stocks of the products concerned are higher than the 90 day's consumption laid down.

Although, therefore, the Member States as a whole have not *de jure* complied with the provisions of the Community Directives, the required stocks do exist *de facto*.

President. — I call Oral Question No 23 by Mr Shaw:

'Are the Commission ready to strengthen their fishing policy by bringing forward further proposals to complement the new draft regulation on the restructuring of inshore fishing?'

Mr Lardinois, Member of the Commission. — (NL) This regulation has been presented to Parliament, and we do not intend to bring in new proposals on inshore fishing until such time as Parliament has debated the matter.

Mr Shaw. — I should like to thank the Commissioner for the very active way in which he continues to take an interest in the fishing industry. However, is he aware that recent events in the waters around Iceland are causing greater interest in fishing waters nearer home and that that is having a direct effect on the inshore fishing fleet? Is it not clear that if continued free access to these waters is allowed, fish stocks will be rapidly eliminated? Will the Commissioner therefore fully understand that the greatest need of the inshore fisherman is for an early fixing of a 200-mile economic zone,

Shaw

together with a wide exclusive fishing zone, to protect the future of the local inshore fleets? Action on this matter I believe to be urgent. When can we expect the Commissioner to take further steps on it?

Mr Lardinois. — (NL) This is a different question. Tomorrow there will be a debate which will give you an opportunity to ask questions on this very matter of the two-hundred mile limit etc., and I do not think I should anticipate this debate. There will be time enough tomorrow—time which has been set aside specifically for this purpose.

Mr Nyborg. — (DK) I must raise the question of the '200-miles' now that we are talking about fishery matters and inshore fishing, since I believe—and I would ask the Commission if it agrees with me—that the Community as such should press for a 200-mile exclusive zone, in which all Community fishing boats would have the right to fish, while, in order to protect coastal interests, we should reach an internal agreement on a 12-mile limit within which only the coastal countries would have this right. Does the Commission agree?

Mr Lardinois. — (NL) This is another question which will be debated in detail tomorrow, when we can consider it from all angles.

President. — I call Oral Question No 24 by Mr Zeller:

'What measures does the Commission intend to take to ensure that the aid granted by the European Regional Development Fund will in practice fully benefit investors whose projects have qualified for aid from the Fund?'

Mr Thomson, Member of the Commission. — I am grateful to the honourable Member for asking this question, as it enables me to clarify a situation about which there is a certain amount of misunderstanding.

The main purpose of the Community Regional Development Fund is not to enable the individual industrial investor to get an additional grant from the Community over and above that which he would have received in any case from his own government. If this were to be done generally, it would simply mean that the same number of development projects were undertaken but that each individual applicant got more. The purpose of the Regional Fund is to try to enable a bigger volume of development to take place and more projects to be helped throughout the needy regions of the Community as a whole than would be possible if governments had to rely

on their own national resources alone. This is the political commitment which, in the view of the Commission, the nine respective governments of the Community accepted when they agreed the Preamble to the Regional Fund regulations.

Mr Zeller. — (F) Is not the concept which Mr Thomson has just explained likely to reduce considerably the actual political impact of the European Regional Fund—an impact which could have been achieved by having a procedure for individual approval, providing for information on the projects and the investors?

Mr Thomson. — No, I do not think so. The present arrangements by which the Community's Regional Fund operates in partnership with national development programmes of the Member States enables the achievement of both a larger economic impact throughout the underprivileged regions of the Community and a bigger political impact overall.

What happens now in the case of the individual investor—and here there is perhaps a misunderstanding—is that he gets roughly half his public help from the Community and half from his national government, but he is not generally getting a bigger amount of help overall.

Mrs Kellett-Bowman. — Does the Commissioner accept that if Mr Zeller's proposals were accepted in part, certain marginal products that would be of great value to intermediate and other areas would come up from the bottom of the queue and could be put into operation and therefore spread the benefit more widely? That would get rid of the terrible problem afflicting our country, namely, whether the Government are adhering to this principle of addition.

Mr Thomson. — The regulation is flexible and allows a Member State to add to the Community grant on top of any grant for the project if it wishes, but if this were done generally it would mean that the overall impact of having a Community regional fund would be very limited. Therefore it is better—apart from exceptional cases—that the fund should be used to enable a larger number of projects to be initiated than would be the case if there were no fund.

President. — I call Oral Question No 25 by Mr Vandewiele:

'Having regard to the Council resolution of June 1975 providing for the setting up of a European network of scientific and technological informa-

President

tion and documentation (CIDST), does not the Commission feel that priority ought to be given to the energy sector?’

Mr Simonet, Vice-President of the Commission. — (F) The Commission agrees with the honourable Member that priority should be given to the energy sector. As he knows, there is a committee for scientific and technological information and documentation which helps the Commission to carry out its duties. This committee has set up a working party to carry out an urgent study of the most rational way to organize information on energy.

In the light of the proposals of this working party, the Commission is actively studying user requirements for a documentation system in the energy sector, as well as the possibility of creating a Community system by amalgamating and developing the two largest automated systems in Europe, and extending them to other languages and countries as regards both input and access to the information stored in the EURONET network, so as to benefit all users in the Member States.

The Commission is also drawing up an inventory of information sources in the energy sector. Once completed, this will help to identify gaps and possible duplications.

Finally, a permanent inventory of research projects in the energy sector—this was started as a result of the recent crisis—has been carried out on a European scale as part of the scientific and technological research.

In its initial phase, this inventory was restricted to projects financed from public funds, but it is now being extended to projects financed from private funds.

President. — I call Oral Question No 26 by Mr Gibbons:

‘Does the Commission propose to take any measures to maintain the production of chocolate crumb which is presently suffering from a serious fall-off in demand with the result that chocolate crumb factories are closing down and greater quantities of milk are being diverted into butter and milk powder production?’

Mr Lardinois, Member of the Commission. — (NL) It is true that production of this product has declined, particularly in the first half of 1975, and exports have also fallen. The main reasons for this are the recession and the high sugar price at the end of last year and the beginning of this year. Production is now picking up again to some extent. However, the Commission does not feel that we should take dif-

ferent measures for this product than for similar foodstuffs.

Mr Gibbons. — In the context of the oversupply of milk in the Community at present, does the Commissioner think that this type of diversification in the milk sector is valuable and should be encouraged and supported in the same way as skimmed milk powder?

Mr Lardinois. — (NL) I think that the main thing is to adjust this production as well as possible. We cannot include every products which contains milk in the intervention procedure, since this would create an impossible situation.

President. — I call Oral Question No 27 by Mr Spicer:

‘Can the Commission state how large the difference in price between an imported product and the general price level of the Community shall be and to what extent the import of the product shall influence the internal production in the Community before it finds it necessary to open anti-dumping procedures?’

Sir Christopher Soames, Vice-President of the Commission. — The definition of dumping in the Community’s legislation reflects the provisions of the GATT anti-dumping Code. In summary, this provides that a product shall be considered to have been dumped if its price when exported to the Community is less than the comparable price, in the ordinary course of trade, of the same product when it is sold in its country of origin. Thus, to pick up the wording of the honourable Member’s question, it is not the difference between the price of an imported product and the general price level within the Community that defines a ‘dumping margin’. Rather, it is the difference between the price of the product on the home market and its price when sold abroad.

There must be evidence both of the fact of dumping and of injury to a Community industry caused by the dumping. And the definition of injury also follows the GATT Code.

Mr Spicer. — The Commissioner’s reply does not meet the case with which we are faced because in a State trading country the normal fair trading practice that one would expect does not apply. The Commissioner knows of many instances of this, particularly in terms of plastics, and the latest example coming to the United Kingdom is that of suits being produced in East Germany at a price of £5. These products suddenly appear on the market, and urgent action is needed. This will be an increasing problem, and I wonder whether we should deal with it

Spicer

in a Community way rather than await the more cumbersome process of GATT.

Sir Christopher Soames. — We are members of GATT and attach great importance to it. We are a multilateral trading entity as a Community, and we attach great importance to following the disciplines and rules of GATT.

I agree with the honourable Member that prices on the domestic markets of State trading countries are not always a valuable basis of comparison because of the different approach to price formation in the State trading countries. The Community's rules acknowledge that fact and provide that in such cases an assessment of the possibilities of dumping may be made on the basis of a comparison between the price of the product when sold in the Community and the domestic or export price of the same product when sold in a market economy country which is not a member of the Community. The honourable Member will be interested to know that about half of the anti-dumping measures applied to date by the Community have concerned State trading countries.

President. — I call Oral Question No 28 by Mr Lemoine:

'In regard to the application of Community preferences in the agricultural sector, does not the Commission view as dangerous the commitments entered into by certain Member States at the Rambouillet Conference concerning considerable tariff reductions in international trade, the abolition of certain customs duties, the expansion of agricultural trade and the reduction of non-tariff measures?'

Mr Lardinois, Member of the Commission. — (NL) First of all, I would point out that we too noted with interest the statement issued at Rambouillet some months ago. However, this is not binding upon the Community institutions. Only a minority of Member States took part in the Rambouillet talks. I repeat that this statement does not bind the Community in any way whatsoever. On the contrary, we are negotiating within GATT on the basis of a unanimous mandate drawn up some time ago by the Council.

In more general terms, I would also like to point out that our participation in these agricultural discussions within GATT means not only that we may be able to grant concessions, but also that we shall be asking for concessions.

Mr Lemoine. — (F) Does the Commission not think that the commitments entered into will result in an excessive opening-up of the Community market to imports of American agricul-

tural products, particularly in sectors in which they would compete dangerously with Community products of the same type?

Mr Lardinois. — (NL) It is true that the Community will probably be asked to make concessions on this point. And I think there are in fact certain possibilities of granting concessions in a broader context, but we for our part—and I must repeat this—shall, for instance, ask the United States for agricultural concessions.

I have repeatedly told the Americans that they have made their agricultural market much more protectionist than the Community has up till now.

President. — I call Oral Question No 29 by Mr Patijn:

'The association agreements recently concluded by the Community with Morocco and Tunisia include an exchange of letters containing a unilateral declaration by these two countries to the effect that they would not consider themselves bound by the "principle of non-discrimination" stipulated in the agreements where the security of the State was at stake.

Does the Commission consider such declarations compatible with the European Parliament's view that there should be no discrimination between contracting states, their subjects or their undertakings, and that such a provision should be included in all future agreements concluded by the Community advocated by Mr Cheysson in the plenary sitting of 18 December 1975 during the debate on the trade agreement with Israel?'

Sir Christopher Soames, Vice-President of the Commission. — The Commission has again and again insisted on its strong attachment to the principle of non-discrimination, notably in the debates which took place in this House in May and December 1975.

It is because we attach so much importance to this principle that we have secured the inclusion of a provision against discrimination in each of the agreements that we have so far reached with the Mediterranean countries. I can assure the honourable Member, in response to the second part of his question, that we shall press very strongly for the inclusion of such a provision in future agreements with Mediterranean countries as well.

As for the unilateral declarations of interpretation which have been put forward by the Governments of Morocco and Tunisia, the Commission has responded by confirming its commitment to the principle of non-discrimination and its determination to do its part in ensuring that it is fully applied.

Soames

We do not believe that these declarations in any way reduce the legal force of the relevant clause in the agreements which have been signed.

Meanwhile, I am sure that the House will appreciate that, in these matters, what counts above all is the fostering of a climate of co-operation and mutual trust, a climate of dialogue. I think we can all agree that our agreements with the Arab countries are making a significant contribution to this end.

Mr Patijn. — (NL) In the subsequent negotiations on this point, will the Commission ensure that the non-discrimination clause to be included in the agreement is identical with the one contained in the agreement between the Community and Israel?

Sir Christopher Soames. — I cannot give the honourable Gentlemen an answer to that question which, to some extent, deals with detail. I shall draw the attention of my colleague who is responsible for these matters to the point made by the honourable Gentleman.

Mr Broeks. — (NL) I am not completely satisfied with Sir Christopher Soames' answer. There are two such declarations in the Community—in the Lomé Convention and in the agreement with Israel. The Lomé Convention does not mention discrimination against persons. My view is that it is not sufficient to include in the agreement the provision that there shall be no discrimination against states. I consider it very important that such a clause should be included with regard to persons as well. I would ask Sir Christopher Soames to consider this. What we are pressing for is the inclusion of a clause similar to the one in the agreement with Israel.

Sir Christopher Soames. — I take and will consider the point made by the honourable Gentleman. To the best of my knowledge—I hope that he will not hold me to this—we seek to get the same non-discriminatory clauses in all the negotiations that we are having with the Mediterranean countries.

President. — Question Time is closed.

I thank the representatives of the Council and the Commission for their replies.

*4. Decision on urgency and reference
to committee of a motion for a resolution*

President. — I have received a request for urgent procedure in respect of the motion for

a resolution, tabled by Mr Yeats on behalf of the Group of European Progressive Democrats and Mr Durieux on behalf of the Liberal and Allies Group, on equal pay for men and women in the Member States of the Community (Doc. 526/75).

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

Mr Broeks. — (NL) Mr President, we have noted this motion for a resolution which certain Members wish to have dealt with by urgent procedure. We feel that at present there is absolutely no call for urgent procedure. The motion would not in itself be all that important if the real motives behind it were not clear. It appears in fact that the Irish Government has applied to the Commission for exemption over a number of years from the obligation to implement these provisions.

If this is so and if the Commission is prepared to countenance this contravention of the Directive, the Irish no longer have the right to plead their case before the Court of Justice. If the Commission refuses the application and the Irish Government actually implements the provisions, by statute for example, application may be made to the Court of Justice in the case of infringement.

And there is also the question as to whether actions may be brought before the Court by persons objecting to their country's failure to implement a particular directive. It is a highly complicated question which we should like to see referred to the Committee on Social Affairs and the Legal Affairs Committee.

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

Mr Härzschel. — (D) Mr President, I should like to support the view expressed by Mr Broeks. We agree in principle with this motion for a resolution. We support everything which was unanimously adopted in the resolution of 25 April 1974, but we hold the view that urgent procedure is not called for and see no problem in dealing at length with this motion for a resolution during the next part-session. We feel that the Commission will then also have the opportunity to inform Parliament of the supervisory measures that have been adopted and of the situation in the individual Member States. Therefore we ought not to adopt urgent procedure today.

President. — I call Mr Yeats.

Mr Yeats. — The expression of views given to us by Mr Broeks was in itself an entire justification of the urgency of this problem. Mr Broeks went into some detail about the complicated legal problems which might arise as a result of the application for derogation. I wish to make the point that none of these is necessary.

The legal position is that we have been waiting for 18 years since the signing of the Treaty of Rome for this outrageous discrimination against women workers to be eliminated. As of yesterday the directive on equal pay came into force for which we have been waiting for those 18 years. There need be no legal problem.

I suggest that it is a matter of great urgency that we in this Assembly, who have already pronounced unanimously on the concept of equal pay following the report of Mr Härtzschel, should reiterate our views about the importance of the immediate introduction of equal pay after all these years. We should call upon the Commission and on the Member States to see that this happens. It is a matter of great urgency and cannot be delayed as it would be if it went back to committee.

President. — I consult Parliament on the adoption of urgent procedure.

The request for urgent procedure is rejected.

Therefore the motion for a resolution is referred to the Committee on Social Affairs and Employment as the committee responsible and to the Committee on Budgets for its opinion.

5. Debate following Question Time

President. — The next item is the 'topical debate' on Spain.

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

Mr Espersen. — (DK) The starting point for this debate is provided by the statements of the President-in-Office of the Council, Mr Thorn, on 14 January, which came as a surprise to many of us. These were not statements that had been agreed with the other governments. It was possible to form the impression that Mr Thorn was speaking in his capacity as President of the Council—but this was apparently not the case. There was no consensus among the Nine on whether the time was ripe for resuming negotiations with Spain. The Socialist Group deplores the fact that the impression could have been given that such

a consensus existed on 14 or 20 January, when this was not the case.

Moreover, we should like to draw the attention of the House to the fact that the background to the freezing of the negotiations with Spain last autumn was a recommendation, following a long and thorough debate on the subject in this House, from Parliament to the Commission which was adopted by the Commission and the Council. In our view, therefore, it would have been reasonable to seek Parliament's opinion as a matter of course before deciding to resume the negotiations. If Parliament had been completely passive one could have understood the Commission's acting without further ado. This is not the case. There are motions for resolutions from the Christian-Democratic Group, the Communists and perhaps also others before the Political Affairs Committee. We would have expected the decision on the resumption of the negotiations to have been delayed until Parliament's opinion had been sought, particularly since the proposal to freeze the negotiations emanated from Parliament.

I fail to understand what the great hurry is here. I am surprised that the Commission considers it so urgent.

In discussing Spain, we should realize the various ways in which we can bring pressure to bear—and we should exploit them.

It is common knowledge that various groups exist in Spain. There is one group with an obviously democratic outlook on which we can always rely and which will always fight for democracy. There is a second group of incorrigible fascists, which will never accept the introduction of democracy, regardless of what happens. Then there is a third group, important in economic and political terms, whose primary concern is really with law and order but which could probably quite readily accept dictatorship. At the same time, the last group is very interested in economic links with Western Europe, and we must, of course, exert influence over this large, politically important group. We can do this by making use of the economic leverage at the disposal of the Nine, or by laying down as a *sine qua non* for the resumption of cooperation with Spain that clear promises must be given regarding democracy.

We have also already heard today that there are many other dictatorships—I believe it was Sir Christopher Soames who stated that there were 70 other dictatorships among our trading partners. However, in my view, this reasoning is politically unsound. The means which can be used for ensuring the introduction of reasonable

Espersen

democratic conditions must depend on the country in question.

Spain is a neighbouring country, belonging to what we term the free world, which desires closer ties with Western Europe. This circumstance can be exploited in relation to Spain. We would not use similar methods, for instance, the freezing of negotiations, in dealing with many of the other dictatorships. We must choose our means in relation to the country over which we wish to exert influence. It is therefore pointless to refer to the Soviet Union, Angola or other places and to say that conditions there are much worse. It is Spain that is under discussion and our ability to influence it.

What then has happened in Spain? Something must certainly have happened if it is felt that the negotiations can be resumed. It is not enough that there is a new regime. It is not enough that there are new personalities. What is needed in Spain is a new policy. But in the present situation we cannot say that there are any new factors which hold out clear promises of democracy to the Spanish people. We know that there have been a few vague statements, always accompanied by 'but' or 'in the course of a number of years' or similar reservations. We know that the antiterrorism legislation is still in force. We know that there have been no clear promises regarding free elections. We know that there is press censorship. We know that demonstrations are broken up. No clear promises regarding the introduction of democracy have been given, at least not openly, and not to the Spanish people.

On his travels the Spanish Foreign Minister may possibly make some mention of democracy in talks with Members of the Commission and with our Foreign Ministers. He may even give promises, but this is not enough. These promises must be made publicly if they are to have any significance.

I noted Sir Christopher Soames' comment that there is full awareness in Spain of what we expect from that country, and equal awareness that our future negotiations will be based on these expectations. I believe Sir Christopher Soames is correct in his assessment.

In conclusion, however, I should like to ask three specific questions. Will the Commission accept that this awareness by the Spanish is not enough? Will the Commission not in addition tell the Spanish delegation at the commencement of the negotiations that we are embarking on these negotiations on the clear and express condition that there are real changes in the government of Spain?

Will the Commission and the Members of the Commission accept an exhortation to that effect from our Group and perhaps from Parliament? *(Applause from the Socialist Group)*

President. — Ladies and gentlemen, in view of the number of speakers who have already put their names down, it is unlikely that others wishing to do so will be able to speak.

I call Mr Bertrand for a procedural motion.

Mr Alfred Bertrand. — *(F)* Under these circumstances, and in view of the fact that we are all basically anxious to know whether the Community will apply to Spain the criteria of acceptability normally applied to any other country, I should like to ask you to limit the number of speakers to two per political group.

President. — This catches me somewhat unprepared, but I shall try to ensure a roughly proportional representation of the different groups.

I call Mr Jahn to speak on behalf of the Christian-Democratic Group.

Mr Jahn. — *(D)* Mr President, ladies and gentlemen, during Question Time we stated our views on the relationship of the European Parliament and the European Community to Spain, taking as our basis that there had not been only a change of government but a change of regime, and that we welcome the present resumption of relations. We are therefore glad to see that the Commission is adopting the same approach as in the case of Portugal, since the Iberian question is for us a single question, not least with regard to democratic conditions and a democratic and free form of existence.

In Portugal there has been no gradual transition towards normalization in the form of a free democracy, and for that we have paid dearly. My Christian-Democratic friends and I deplore the fact that there is no consensus in this House to the effect that no treaties should be concluded until the Christian-Democratic Party in Portugal is also officially permitted. We count on your future support on this question.

Each of us in this Parliament is anxious to see the full introduction in Spain of democratic and free principles. We Christian Democrats are taking advantage of every possible opportunity to keep in constant touch with the Spanish Christian Democrats, but also with all other parties in that country. We attend conventions and party congresses and invite delegations to come and tell us how we can best encourage this development, which is bound to be

Jahn

gradual. In addition, we are also exerting influence in the economic, political, and diplomatic fields. We take advantage of the visits of the Spanish Foreign Minister to Germany to tell him what we consider to be necessary before we can give our approval to his regime, namely real prospects of free democracy in Spain.

We therefore welcome the Commission's decision to embark on the negotiations now, and thus to encourage this development and not to hinder it by sitting on the fence. In any case, I feel that the means of exerting pressure open to the Commission would be limited. When I see what is taking place in Spain and think back to Question Time, I feel that a consensus can only be reached by following a middle course of tolerance. The Commission and the Council should therefore continue along the path of negotiations.

(Applause from the right)

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

Mr Hougardy. — *(F)* Mr President, I shall not conceal the fact that the Liberal Group would have preferred to have this debate in March, in other words after the Spanish Foreign Minister had had the opportunity to meet Mr Ortoli and the other Members of the Commission concerned. We would then have had a clearer picture of the situation.

However, since the House has decided on the urgent procedure, we of the Liberal and Allies Group should like to give our opinion and, of course, also to urge Mr Ortoli to be firm in demanding from Senor de Motrico on 17 February an assurance that the process of democratization begun in Spain will be speeded up.

Admittedly, the present social and political climate is certainly not yet comparable with that of our democratically governed countries, but how could it be otherwise after forty years of military dictatorship, of Francoism, a word which, better than any other, sums up the past situation in Spain.

However, we ought also to recognize that efforts, albeit still inadequate ones, are being made. The leaders of our parties have at last been able to go to Spain to commence a dialogue that was hitherto impossible; democratic party congresses have been and will continue to be held; strikes and demonstrations are not prohibited. However, we would prefer to see rather different measures used to control than those applied at present.

We must press the Spanish government to fix the date for free elections without delay. These must, I repeat must, be centred on the parties, with all the democratic parties being allowed to participate on the basis of their programmes. Indeed, if this were not the case, all hope of liberalization would be gone forever, and Spain would lapse into a state of chaos with unimaginable consequences.

The Spanish government attaches great importance to these close ties of association with the Community. I firmly believe that it would be a mistake to nip these hopes in the bud, but the quid pro quo must be a real, progressive and unambiguous move towards democracy. Everyone must realize that it is impossible to obtain everything at once. We are watching carefully for signs of progress towards democracy and will be on our guard to denounce delays or retrograde steps.

We call for greater freedom of action and speech in Spain, while not denying what has been achieved, insufficient though it is in our view.

Our concern as Liberals, like that of all European democrats, is to improve the spiritual and material conditions of life of millions of citizens who share the heritage of our common civilization.

Our duty is to encourage change, to hasten and not to jeopardize it. To this end, ideas and information must be freely disseminated to bring about the creation of a new political class to take over from the transition regime.

At the same time, we must bear in mind that the Spanish are a very proud people, and consequently efforts must be made to normalize relations between Spain and the outside world, in order to prevent misunderstandings from jeopardizing this country's role in the concert of Western nations.

We are aware of our duty to assist the democratic development of Spain, a democratization which must depend on a process of real participation by the regions, as our Spanish friends have made clear to us.

Accordingly, we are pleased to see meetings that are genuinely popular, such as the one which has just taken place in Barcelona. We therefore support a united and pluralist Spain, capable of responding as an entity to the challenge of the new Iberian society.

As one who knows and admires the ideas of Sir Christopher Soames, I should like to add that I am firmly convinced that a man of his ability, stature and past experience provides a guarantee for the democratic ideas which will be

Hougardy

propounded by the Commission. The Liberal and Allies Group and I myself have full confidence in him with regard to the negotiations he is to conduct with the Spanish Foreign Minister, Senor de Motrico, and we are certain that respect for liberty, dignity and human rights will be fully re-established in Spain whenever genuinely free elections in which all political parties have the right to participate have been held.

(Applause from the centre and the right)

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

Mr Terrenoire. — *(F)* Mr President, the Group of European Progressive Democrats, on whose behalf I have the honour of speaking, deplors the constant changes made in the agenda. They create an impossible situation in the already complicated time-tables of the Members of this Parliament.

It is particularly unfortunate in the case of this debate, since the information supplied by both the Council and the Commission ought to have been sufficient. As both the Council and the Commission have made clear, what is involved here is merely the resumption of the negotiations begun in General Franco's time. I cannot therefore see the point in putting Spain on trial at this juncture when, for the first time in forty years, it is making progress towards liberty and democracy. I consider this to be a political error, since as Mr Hougardy has just pointed out the Spanish, like many others, are a proud people, and I think that if we had wanted to irritate them we could hardly have done better than to hold this debate, which must inevitably be discouraging to all the democratic forces now at work in Spain to promote the development we all wish to see.

Nor am I able to understand those members who are opposed to negotiations, since in the past they have approved a host of agreements and negotiations with States which are no more democratic than Spain. Nor can I understand that, in adopting this attitude, people appear unaware of the fact that the Community and all its Member States individually maintain close trade and even political relations with Spain. This is particularly true of certain European countries with socialist governments. I cannot understand how, as this attitude suggests, they seem able to ignore the presence of hundreds of thousands of Spanish workers employed in the Community.

Finally, and I feel it is time this was said publicly, I cannot understand all these Euro-

peans who make a great show of democracy and socialism and who spend their time criticizing Spain, (as I have done often enough myself since, God knows, I held no brief for its regime) but who in defiance of all logic rush in their millions to spend their holidays there without a qualm of conscience. This simply has to be said.

Like everyone else here we are eagerly looking forward to a democratic Spain and, if the Spaniards so wish, are ready to assist them. However, we are firmly opposed to the abandonment of the current negotiations, since this would be both hypocritical and prejudicial to this development.

(Applause from the centre and the right)

President. — I call Lord St. Oswald to speak on behalf of the European Conservative Group.

Lord St. Oswald. — I should like first to say how much encouragement I think the wise and thoughtful words of Sir Christopher Soames earlier today will give to those who are doing their determined best to lead Spain into a democratic form of government. They were encouraging words stating what we hope of the Spanish leaders but without laying down what they should do. Any orders to any leaders of Spain from outside are likely to be counter-productive. It is a peculiarity, though one to which the Spaniards have grown accustomed, that the wealth of advice that their country has been lately offered from abroad has been as incoherent as it has been self-assured. Those who regarded the Franco régime as the most extreme, execrable and indefensible are those who now demand most loudly that the whole supposedly grotesque system should be reversed immediately at a few strokes of the administrator's pen.

Fortunately, I have known for many years, and known as friends, two of the men frequently mentioned as being those most responsible and most determined to lead this European country towards new forms of democracy, Senor Fraga Iribarne and Senor Areilza, Conde de Motrico, the Foreign Minister. I have had the opportunity of speaking lately with some of those who are now framing their country's future, keenly conscious of the demand and the need for profound and sweeping change, conscious as Spaniards and not as outside observers and determined as Spaniards that the need shall be fulfilled.

At the centre of this process is one of the most remarkable political figures in public affairs today, a man who was until lately the Spanish Ambassador in London. He has been described as a 'liberal autocrat', and in a country that

Lord St. Oswald

dreams of life in terms of liberal expression while respecting the autocrat, it is small wonder that he is now accepted by his friends and his rivals—who do not dissemble their attitude—as the man most likely, in this epoch of fresh departures, to lay down the path and tempo of advance. In this adviser the young King has a champion of cool judgment and political courage.

It is an hour when Spaniards and their well-wishers are wondering what will stem from the announcement of Senor Arias, which undoubtedly did not contain the full programme and all the express plans for which many had been hoping, many outside and many inside Spain. Reading between the lines of that statement I believe that we can see an advance. Taking it in conjunction with the statement made on the following day by Senor Fraga, I believe that we can feel confident that these changes are coming, but they must be timed rightly. It must be taken into account that there are those in Spain who do not wish to see change made rapidly. There are even those who do not wish to see change at all. They have to be reckoned with by those who are providing the change. The tempo has to be considered as being between those who think that the rate of change is already too impetuous and those who think that it is too slow.

I am certain that we shall soon see, first, freedom of association and, secondly, an entirely new form of Parliament. The first will include the formation of political parties able to put forward candidates for Parliament and free trade unions of a horizontal nature, not the present vertical nature incorporated within the State machine. The new Parliament will consist of two Houses, one to be elected by universal suffrage. I know that this has not been officially announced publicly, but it is within the plans of those who are forming the new Spain. We should leave it to them to look after the timing, trusting in their knowledge of their own country and in their determination.

Evidence of their impartiality and resolve — evidence of the 'new look' — is already on record and palpable to the whole population. Even today, for every violent and highly-publicized demonstration that takes place there are 20 peaceful demonstrations. That was unthinkable a few months ago. The freedom of the press is exercised at will, and it employs this newly expanded right with frequent vehemence. Amnesty has been carried to the point where the total prison population of Spain is now 9 000. When I was in Spain in 1936, during the days of the Republic, the prison population was three times that number. I know that efforts are being made to reduce the number still further.

Significantly, in an opposite way, on 8 January 12 members of the ultra right-wing terrorist *Guerrilleros de Cristo Rey*, the particular section calling themselves 'Franco's bodyguard', were arrested and imprisoned for lawless violence. Nothing of that kind has been conceivable for many a year. There was stern and acceptable realism in the words uttered by Senor Arias Navarro on the 19th of last month, but qualifying the future, 'Authority is not negotiable.' I affirm that Spain must advance in this epoch against a background of peace and public order. *(Applause from the centre and right)*

President. — I call Mrs Goutmann to speak on behalf of the Communist and Allies Group.

Mrs Goutmann. — *(F)* In its meeting on 20 January the Council referring back to the situation obtaining when negotiations were started between Spain and the EEC, considered that the present trend in Spain warranted a resumption of the contacts broken off in October 1975.

While it is true that the situation has changed, there is nothing in the attitude of the Spanish Government to indicate a desire for real democracy in public life. Repression is continuing, the police are putting down demonstrations, political parties are still not recognized, there has been no general amnesty, and legislation which all but abolishes human rights and imposes censorship has not been repealed.

What has changed in Spain is the workers' hopes for more democracy, but to date the entire legal and institutional structure of the Franco era remains intact, and there is agreement among the Press in the countries of the Community on the superficiality of the liberalization measures taken by the present government.

When the Council, the Commission and the European Parliament took the decision to break off the negotiations in 1975, it was clearly stated in a resolution that these negotiations would be frozen until such time as the fundamental democratic rights, particularly freedom of opinion and association, were granted.

It is evident from recent events that these rights have still not been granted. To resume negotiations at present, in accordance with the Council's decision of 20 January, would be to contradict ourselves. We must be consistent and not rush into any commitments, without first extracting from the Spanish government very specific assurances on the freeing of political prisoners, the recognition and legalization of all political parties, trade unions and other democratic bodies, and the freedom of speech and of association.

Goutmann

I should like to add, that in addition to demanding guarantees on the democratic development of Spain as a precondition for resuming negotiation, we should consider several other major questions before reestablishing official contacts.

We are perturbed by the haste with which the Council acted following Mr Thorn's statements, especially as we should like to know whether the economic and political consequences of the possible accession of Spain to the EEC have been properly assessed. In particular, the arrival of Spanish agricultural products on the European market may well further exacerbate the situation of the thousands of farmers who are already bearing the brunt of the present crisis.

Lastly, at a time when Europe is showing, in words at least, a desire for independence, we wonder whether the possible admission of Spain to NATO will not increase the EEC's dependence on the Americans, particularly since the United States has recently secured the retention of its bases in Spain. Or might it be that the Council, under the guise of independence, hopes by speeding up the negotiations to reinforce the obvious Atlantic bias of present-day Europe, just when the hopes for change are gaining in strength and in urgency in several Member States?

These economic and political questions, which are of paramount importance for the future of Europe, are, in fact, directly linked to the democratic development of Spain. For these reasons, we consider that the Council's attitude represents a threat to the democratic development of Spain and of Europe itself.

(Applause from the Communist and Allies Group)

President. — I call Mr Broeks.

Mr Broeks. — *(NL)* Mr President, we have been told by Sir Christopher Soames that what is involved here is no more than the resumption of negotiations which had already begun under the Franco regime. That is correct, but Parliament itself urged that these negotiations be put on ice as long as no real democracy emerged. We are therefore particularly pleased that a debate is now taking place before the Spanish Foreign Minister visits Mr Ortoli and Sir Christopher Soames, so that he can be told what the majority of this Parliament thinks about democracy in Spain. However, there is far more involved than this trade agreement, as Spain is clearly pressing for accession to the European Community. Senor Calco Sotelo has said that 'given a fair, flexible schedule' Spain 'will be ready to apply for membership of the Euro-

pean Community by mid-1977'. The Spanish Prime Minister has said that Spanish integration in Europe is a fundamental part of his programme.

Mr Thorn has declared that democratic developments in Spain are certainly going in the right direction. But I am afraid it is rather difficult to see what this assumption is based on. If we take Senor Arias Navarro's speech literally and do not say, as one speaker here has done, that we must read between the lines, these lines are perfectly clear. Senor Navarro said 'democracy will be developed in Spain, and the foundations laid during Franco's administration will be preserved and improved'. The form of democracy to be established, he said, should in no way resemble the other forms of government in the western world, since Spain was different from other western countries. I would remind you, however, that before 1936 Spain was a fully democratic country. We hope that it will again become...

Mr Bertrand. — *(NL)* It was not a democracy before 1936 either!

Mr Broeks. — *(NL)* ... Before 1936 proper general elections were held. I said before 1936 and not after. In any case this is not a point we need to discuss.

Mr Arias also said that political parties would be allowed and that the law on political meetings would be liberalized. But account must be taken of the fundamental constitutional laws acceptable to the regime. The legislation of 1936 by which the fundamental human rights granted by earlier legislation were almost completely abolished 'will be reviewed' but unfortunately it will not be repealed! The penal code is also to be overhauled but this does not mean that amnesty will be granted to political prisoners.

The Spanish Government also says that 'some things cannot be accepted, forgotten or forgiven by any community'. It is to be hoped that we shall be a little more forgiving because if we were to insist on recalling the misdeeds of the Franco regime Spain would never accede to the European Community. We are willing that it should, but it must first have a really democratic government.

As regards developments in the immediate future we are not entirely satisfied. Sir Christopher Soames said that only a trade agreement was involved. But we think that behind this there is a clear desire to join the European Community. We want to make it clear that as long as there is no real democracy in Spain we

Broeksz

cannot support that country's accession. What is now being presented to us as a democracy is in fact no more than a slightly modified fascist regime. It may be retorted that the Spanish Government is now endeavouring to put things right. But I would point out that a committee for constitutional reform has been appointed which consists of nine members of the fascist council of the National Movement, plus eight ministers. The majority of the committee thus consists of Falangists. So we are entitled to feel uneasy about this. We therefore fully agree with the statement made by the Christian Democrats at their congress in Spain. I am sure that the Christian Democrats in this Parliament feel exactly the same. We must demand that a proper democratic system, similar to those with which we are familiar in the rest of western Europe, must be set up in Spain, and we must also demand that all political prisoners should be freed before Spain can become a member of the European Community.

There is a lot more I should like to say but my speaking time is up. I just hope that the member who spoke on behalf of the Conservative Group will live long enough to witness some of the things which he expects to happen. Considering his age I doubt it very much!

(Applause from the left)

President. — I call Mr Bertrand.

Mr Alfred Bertrand. — *(NL)* Mr President, I should like to tell the House that the Christian Democrats were the first Spanish party to organize an 'underground' congress on 30 January last in order to make their programme known. The Christian Democrats who were asked to join the present Spanish Government refused to do so because they did not think that the present government provides adequate guarantees for the evolution towards democracy as we understand it. I have been to Madrid on behalf of the Christian-Democratic Group to support the action of the Christian Democrats there. At that congress I declared, on behalf of my Group, to the press and the mass media that the Christian Democrats supported the request for a general amnesty and that they believed that individual freedom, the freedom of the press, freedom of association and political freedom must be gradually restored if Spain is again to take its rightful place among the nations of Europe.

Spain is an inseparable part of Europe. Europe belongs to Spain and Spain to Europe. We Christian Democrats have been to Spain to say this on the spot. I would urge the other groups to do the same and to press their parties to

organize public congresses in Spain and make people realize that something has been set in motion in that country, that there is now freedom of speech without the police interfering and political leaders being imprisoned. Something highly significant has thus been set in motion and we Christian Democrats and all democrats in this Parliament must encourage it and not throw cold water on it! It is essential that, together with our friends—socialists and others—we bring pressure to bear to encourage and support the development towards democracy.

The Christian-Democratic Group fully supports the Commission in its desire to resume negotiations on the trade agreement. What is involved is not an association agreement but a trade agreement signed under the previous regime, which has now lapsed. There are dozens of countries which do not have a democratic government but with which we have signed trade agreements because they are signed at national level by the Member States and also by the Community, which now has exclusive responsibility for concluding trade agreements. No-one will now be able to understand why a distinction is being made between Morocco and Spain in the matter of signing a trade agreement. What difference is there between the two regimes?

I fully agree with what Mr Terrenoire said. If all that is involved is a trade agreement, we say to the Commission: go ahead and sign it. In the case of an association agreement or a treaty involving accession to the Community, however, the two criteria which this Parliament has always insisted on remain valid: a country which wants to join our Community must be economically capable of competing in the Common Market and it must be a parliamentary democracy. This is our standard position. For political reasons two things which have no connection with each other are being arbitrarily and deliberately confused here. I would ask Sir Christopher Soames to resume the negotiations in order to strengthen the position of those people in Spain who are currently fighting—and they are having to do so alone—to restore democracy. At no time have we stopped helping the Portuguese, even when no efforts were being made to form a democratic government, when the constitutional assembly was deprived of real power and the press, radio and television were subjected to censorship. We have always said that we would support the Portuguese people and help them to establish democratic government in their country. Why should we not do the same for Spain? There too we can help to bring about democracy. We are not helping the Spanish people by hurting their pride. They are a very

Bertrand

sensitive people. We Christian Democrats are struggling to help our Spanish friends achieve democracy. And we say to the Commission: resume the negotiations on the trade agreement. In this way the necessary pressure will be brought to bear on Spain's leaders who will then perhaps find it easier to meet our requirement that they should endeavour to help bring about real parliamentary democracy in Spain.

(Loud applause from the centre and right)

President. — I call Mr Bangemann.

Mr Bangemann. — *(D)* Mr President, Mr Bertrand's reminder of the actual subject of our debate is very much to the point. What we are discussing is not the accession of Spain to the European Community, nor—at least in the first instance—the drafting of blueprints for the introduction of democracy in Spain. What is involved is the continuation of negotiations on a trade agreement which were broken off at a time when executions were ordered in Spain and when, in our unanimous view, the regime was anything but democratic. This much we agree on. However, with regard to the question that has cropped up again in this debate, namely, what must now be done to encourage the development of democracy in Spain, opinions do, of course, vary.

At this point, I should like to state quite clearly that I have no great admiration for those who advocate a maximalistic concept and who, comfortably ensconced in their own decades-old democracies, sneer at the efforts of other countries which are endeavouring to achieve a similar level of democracy.

In my opinion, ladies and gentlemen, we should do all in our power to encourage this democratic development and to refrain from constantly judging whether it yet matches up to our own standards of democracy. Many such judgments, particularly by the Socialist Group, are also generally coloured by the question of whether it is in fact a proper socialist democracy.

(Murmurs of dissent from the Socialist Group)

I know what Mr Mitterrand said at the European Conference in Brussels. Of course he too wishes to see a united Europe, but a quite different one, one that corresponds to his own views. We must realize fully that the only valid Europe is one which is pluralistic in character. In such a Europe, Conservatives, Liberals and, of course, also Socialists must have their place.

(Cries from the Christian-Democratic Group)

I must apologise for grouping you with the Conservatives, Mr Bertrand. I admit that this is not the position in this Parliament. However, this slip of the tongue must be attributed to the fact that I am at present involved in an election campaign in my own country, where it is normal to describe the Christian-Democrats as conservative.

(Laughter)

Nevertheless, I should like to apologise for using this description here.

Mr President, what is the real object of the efforts currently being made in Spain? Of course, for many years to come there will still be opposition in Spain from those who will fight tooth and nail to protect their established positions of power. But that does not mean that there are not in the government itself people who want a democracy, as opposed to what we have previously witnessed. These people have, however, been deterred by the example of what happened in the initial stages of the move towards democracy in Portugal and, as is fully understandable against the background of memories of the Spanish Civil War, they do not wish to repeat the experience of achieving democracy by violence and bloodshed. In the interest of their people and also that of democracy, they would rather see a process, a slow development. These are the people we should support. However, this cannot be done by passing judgments from a maximalistic standpoint, but only by offering concrete assistance.

To take up one of Mr Bertrand's points, we too have begun to make contact with the liberal parties in Spain. I have been to Madrid and Barcelona several times. It is true I was unable to hold any public meetings there and that my Spanish friends were careful to ensure that the number of persons at our gatherings did not exceed the maximum still provided by law. But things are moving. The parties are able to operate and in some cases are joining forces. I have here another manifesto of a liberal and democratic action group that has been set up for the purpose of uniting all the liberal groupings. We shall invite these Liberal Party colleagues to our constituent congress in Stuttgart at which we intend to found a European Liberal Party. This has indeed been described by the chairman of the Socialist Group in this House, as an attempt to con the electorate. Ladies and gentlemen, I hope that the Socialist Group will comment on this, as I should like to know whether this is, in fact, the view of the Socialist Group. Do you think that the efforts of the Christian-Democrats and Liberals to found European parties are an attempt to con the electorate or, in contrast to your chair-

Bangemann

man, do you think that these represent an effort to advance the cause of Europe, a Europe to which Spain also belongs? That is our goal, at any rate. However, on the path towards it, we must act in a reasonable fashion and not ignore political realities, since otherwise we shall find ourselves later high and dry, without having helped the Spaniards at all.

(Applause from the centre and the right)

President. — I call Mr Walkhoff.

Mr Walkhoff. — *(D)* Mr President, ladies and gentlemen, the integration of Spain into Europe is a central objective of the policy of the Spanish Prime Minister, who realizes that he will only be able to achieve this if Europe can be given the impression that there is real democracy in Spain. But how does the Spanish Prime Minister visualize the democratic future of Spain? His views were clearly outlined to the Cortes on 28 January when he stated that democracy in Spain must be built on the foundations of the Franco regime: 'The form of democracy to be established should in no way resemble the other forms of government in the Western world, since Spain is different from other Western countries.' He also stated clearly that he did not intend to advocate the recognition of parties and furthermore stressed that the 1939 legislation, which virtually abolishes the constitutional rights promised under other laws, would be reviewed but not repealed. The Press censorship provided for under the law of 1966 would be relaxed but not abolished. From which quarter did this speech to the Spanish Estates meet with an enthusiastic reception? From the Falangists, whereas other Spanish groups, including, for instance, three delegates to the Cortes, have clearly stated that these are the views of a Franco era and not those of a modern, democratic age.

I am therefore very puzzled by the references made in this House during Question Time by Mr Jahn of the Christian-Democratic Group to a change of regime in Spain. His Christian-Democratic colleagues in Spain certainly have a quite different opinion. On February 1 in Madrid they made unambiguous demands for an amnesty for all political prisoners, the repeal of all laws limiting the absolute freedom of action of political parties and trade unions, and the creation of basic democratic institutions as a prerequisite for membership of the European Communities.

Mr Bangemann, I do not share your optimism that the trend towards democracy in Spain will continue, unless a certain pressure is exerted by the free democratic countries in Europe in

the shape of preconditions for the talks relating to the admission of Spain into the European Communities. These preconditions must be stated categorically before the start of the talks: general, direct and free elections by secret ballot at local and national level, and the involvement of the Spanish Parliament in the decision-making process. There is no point in electing a parliament which does not have any powers, and the present Estates have no corresponding legislative powers. Lastly, there must be a demand for absolute freedom of opinion and association.

I think that the Commission should enunciate these principles clearly before it reembarks on trade negotiations with the Spaniards. It should make it quite plain that continuing talks cannot produce any positive result, unless these conditions are fulfilled.

(Applause from the left)

President. — I call Mr Nyborg.

Mr Nyborg. — *(DK)* I welcome the fact that the Commission is resuming the negotiations with Spain. It is a fact of life that one cannot exert positive influence over people to whom one does not wish to speak. I am certain that the Spanish people knows exactly what the EEC expects of Spain. I therefore think that we should observe our normal principles of interfering as little as possible in the internal affairs of other countries.

Mr Walkhoff said that we should exert a certain pressure on Spain. I am not convinced that we should really exert very much pressure. On the contrary, we should be cautious. In my experience, the Spaniards are very proud people, and if we were to exert too much pressure, there is a risk that it might be completely counter-productive.

I therefore strongly recommend that, instead of chiding, instead of making disparaging remarks, we take the other approach, that of praise, and say: 'The progress you have made so far is fine.' In this way we may perhaps motivate them to make further progress, to become what we term a really democratic country.

(Applause from the right)

President. — I call Lord Castle.

Lord Castle. — I think that Sir Christopher Soames and the President of the Council have been given a clear indication this morning of how much this Parliament demands a rapid

Lord Castle

move towards democracy in Spain. I say that not because I am a British Socialist but because I am a democrat, and if my well-informed colleague on foreign affairs, Lord St. Oswald, wishes to know how wide is this belief that there is definite disappointment at what has been stated so far, I refer him to *The Times* leader on the day after the speech was made.

I am sure that Sir Christopher will have had time to read his and my paper. *The Times* on that day said:

'Everyone was waiting for Senor Arias' speech. Now they have heard it, everyone must be disappointed...'

That is not a Socialist speaking. That is the voice of British Conservatism, much more so I believe than the voice that we heard here this morning which was pardoning so much as a result of his hot line to Madrid. I am sure that when he is on that line again he will read them what *The Times* said about Arias' speech, because the report went on to say:

'He has promised only a 'Spanish democracy', in which authorised 'political tendencies' will have to work within the official National Movement. The only conclusions which liberals inside and outside Spain can draw from this is that the extreme right—the 'bunker' as it is known—has won the first round...'

It is our business as a democratic Assembly, reflecting, I believe, pretty accurately the various percentages of views within Europe, to see that that bunker does not triumph. The way in which that can be done is through such great diplomats and negotiators as Sir Christopher and Mr Thorn, because when they are not talking about the import of nuts and sherry they can indicate in casual conversation how deep is the feeling that something more is expected before Spain can be welcomed into this Community.

(Applause from the left)

President. — I call Sir Christopher Soames.

Sir Christopher Soames, Vice-President of the Commission. — Of the many aspects of this debate which I retain in my mind, I should like to start with what Mr Bertrand said about how necessary it is, when discussing this large question, to keep separate two distinct matters which, inevitably, in a debate of this character, tend to get mixed up. One concerns the immediate resumption essentially of trade negotiations with Spain. The second concerns other matters which cause a great deal of concern to all of us and that has nothing to do with whether one is a Christian Democrat, a Socialist, or anything else. For I hope that all in this House want to see the evolution of democracy in Spain.

I am sure that we would like to see the closest possible ties between Spain and the Community, subject to the wishes of the Spanish people. However, it would not be right to mix up to too great an extent these two aspects of the matter.

Mr Broeksz referred to what Mr Thorn had said in answer to questions this morning. He referred to the fact that the word 'membership' had crossed his lips. Mr Broeksz added that Mr Thorn had also said that democratic evolution in Spain was going in the right direction.

Mr Thorn is present, and it is not necessary for me to speak on his behalf. However, as I understand the thrust of his thinking, which accords with mine and that of many Members of this House, it is that democratic evolution in Spain is going in the right direction and that it is right to resume the opening of trade negotiations, but that we are not contemplating at the moment any change of an institutional character in the relationship between Spain and the Community, although, before too long, should the Spanish people desire it, we hope to consider that very matter.

It is a matter of degree when we talk about democratic evolution in Spain going in the right direction. People may have different views. However, there is no doubt about the direction that it is taking. Whether it has gone at the right angle or whether the speed is right is another subject to which I should like to address myself later.

For example, only yesterday I had the pleasure of having a long discussion with Mr Gonzalez, a most able leader of the Socialist Party in Spain. I thought that we had a most interesting discussion. He had recently been to the Socialists' meeting in Elsinore. He is able to travel about the world and return to Spain. That could not have happened a few months ago. It would not have been considered possible. He holds meetings all over Spain.

That is one example showing that, as Mr Thorn said, democratic evolution in Spain is going in the right direction. We claim no more than that.

However, in our view it is right that that should lead us to resume our trade negotiations with Spain from where we broke them off.

Shall we be able to do so? Of course, it takes two to negotiate. The Spanish Foreign Minister has already visited some countries and will be visiting others, and we look forward to discussing matters with him. All I can tell Parliament today is that in the unanimous view of the Commission and the Council of Ministers we are ready to take up contacts with a view to proceeding with the trade negotiations. That is all I can say today.

Soames

One speaker said that it was a pity that the debate had occurred before our meeting with the Conde de Motrico and another said that it was a good idea because then he would know before our meeting what Parliament thought. There is probably a case for both views. I am sure that this debate will have been brought to his attention. I could not imagine a conversation of the sort of length and profundity that we hope to have with him without this debate being discussed. That is where I want to leave my comments on the opening of trade negotiations. I move on to an expression used by Mr Bange-mann, who said that prudence was required when we dealt with the second topic, democratic evolution in Spain. Here, again, I do not think that it is necessary for anyone in the House to try to outbid anyone else. We all wish—I hope—for the same thing—a pluralist democracy with a number of parties and with the Spanish people deciding what type of Government they wish to have.

Mr Jahn talked about a step-by-step approach. I think that that is inevitable as a fact of life. I was asked by Mr Hougardy, in particular, to ask Spain, in his words, to accelerate the movement towards democracy. I believe that those who have some responsibility in this regard should take up a position that I should now like to explain and I hope that the House will agree with me.

We should make absolutely clear what sort of evolution we should like to see. As I said at Question Time, I believe that the people of Spain and the Spanish Government are well aware of our wishes. Only in this way can we evolve the sort of intimate relationship that we should like the Community to have with Spain. That is why we should say what we should like to develop in Spain subject to the Spanish people wanting it.

But when it comes to how far or how fast this or that aspect should be taken, I would agree with some words of Mr Nyborg. He said that it could be counter-productive to start to interfere too much. I thought that that was a wise statement. Let individuals state their minds and let individual Members of Parliament say what they would like and what they would like to see develop and to what specific aspects they would like the Spanish Government to address itself. That is fine and good, and it is part of the openness of free speech and openness of government for which we hope eventually.

But when it comes to what the Community itself wishes of the Spanish Government, we should make it clear that they know what we hope, which I have stated, and we shall see how things develop. For the moment there is no

question whatsoever of consideration of any change of an institutional character in the relationship between Spain and the Community. As I see it, we are a long way from that yet. That will come when the moment arrives to consider these matters. We have our ideas on the sort of preconditions.

I wish briefly to draw the attention of the House to the report by the Commission on European Union. We state that the Community must be open to the accession of other European countries which have a democratic pluralist political system and are able to assume the burdens and responsibilities that go with membership. That is where we stand vis-à-vis all European countries.

I think I understand the feeling of this House, namely, that we should resume the trade negotiations should that also be the wish of the Spanish Government. Whether Spain will be ready or not we shall see after having spoken to the Foreign Minister. From then on, we shall see how things develop in Spain just as we have seen how things have developed in Portugal.

The subject of Portugal has been raised twice in the debate, once by Mr Bertrand and once by Mr Jahn. We are very glad to see the great efforts that are being made in Portugal with, it would appear, increasing success, to move to a system of full parliamentary pluralist democracy. We look forward this very week to opening negotiations with the Portuguese for the enlargement and extension of our agreement with them, including more trade concessions, social security, industrial cooperation and a financial protocol in order to push these negotiations forward to a rapid conclusion. The Community must more than ever help Portugal to face up to the horrifying economic problems which are confronting her.

The way in which the Community has handled its relationships with Portugal through all the difficulties Portugal encountered as she came out of a long period of dictatorship—and, of course, she is still groping her way towards a democratic system—seems to be going in the right direction.

To come back to Spain, it is too early yet to see how matters will develop. However, I believe that I have correctly stated the stance which the Community should take in its relations with Spain.

(Applause from the centre and right)

President. — The topical debate is closed.

The proceedings will now be suspended until 3.00 p.m.

President

The House will rise.

(The sitting was suspended at 1.00 p.m. and resumed at 3.15 p.m.)

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

President. — The sitting is resumed.

6. Change in the agenda

President. — At the request of the rapporteur, the report drawn up by Mr Klepsch on behalf of the Associations Committee on the recommendations of the EEC-Turkey Joint Parliamentary Committee is deleted from the agenda of Friday, 13 February and postponed until the March part-session.

7. Council and Commission statements on the Conference on international economic cooperation — Seventh Special Session of the United Nations General Assembly

President. — The next item is the joint debate on the statements by the Council and the Commission of the European Communities on the outcome of the Paris Conference on international economic cooperation and the report, drawn up by Mr Krall on behalf of the Committee on Development and Cooperation, on the outcome of the Seventh Special Session of the United Nations General Assembly on development questions held from 1 - 16 September 1975 in New York and the mid-term review and appraisal of the international development strategy for the Second United Nations Development Decade (Doc. 507/75).

Ladies and gentlemen, the whole of the agenda must be dealt with by Parliament and the Council together. I urge the speakers to conduct the debate in such a way that it can be concluded by 7.00 p.m. If it proves impossible, the items which have not been dealt with must be carried forward to the March part-session, since our partner in the discussion, the Council, will not be represented here after 7.00 p.m.

I call Mr Thorn.

Mr Thorn, President-in-Office of the Council. — (F) I appreciate your consideration, Mr President, and also that of this House. I should like to congratulate the European Parliament on including in this part-session, a debate on the

Conference on International Economic Cooperation, more commonly known as the North-South Dialogue. By so doing, this House is not only demonstrating its resolve to follow closely an event which is one of the most important in which our Community is currently participating, but is also enabling the Council and the Commission, which are more directly involved in the negotiations, to benefit from the opinion and—I hope—the support of the European Parliament. My aim in opening this debate, is to inform Parliament as to the conditions in which these negotiations, which today the operational stage, are taking place, and to enable you to evaluate the Council's work, even if this means that you are critical, and thus to implement fully the decision of the European Council in Rome, namely, that *the Community as such* must participate in this dialogue. The European Parliament must also play the role in this undertaking which its rights and privileges require.

At the two meetings held in January and February, the Council discussed a number of problems relating to the Conference on International Economic Cooperation. As is Parliament's due, I shall refer first to strictly political aspects of the decisions and guidelines which the Council adopted. If I am inevitably less explicit as to the substance of the problems which form the subject matter of the negotiations. This is explained by two reasons which you will have no difficulty in understanding.

Firstly, defining the Community's position is a continuous process which has only just begun. A detailed account would therefore be fragmentary and would not at this stage help to provide an overall picture. Secondly, as is essential in such a wide-ranging dialogue, our representatives in Paris inevitably have a certain latitude in their brief, and great discretion is called for, at the beginning at least, if they are to be able to proceed with their work unhindered. At the end of this first round of talks in the four specialized Commissions—which form the core of the Conference—we shall all no doubt be able to evaluate more clearly the attitudes and the ideas put forward. Intellectual honesty obliges me to tell you at the outset that my statement in this Parliament has not received the official approval of the Council; such approval has not been refused, but neither has it been sought or given. I shall do my best to remain faithful, on all points, to the letter and the spirit of what has been agreed, at the risk of calling down your wrath on me later.

In order to set this debate in the correct perspective, let me remind you of the circumstances in which the idea of this dialogue arose and developed.

Thorn

A number of international political and economic factors brought home to all the political leaders the realization, which was apparently also growing spontaneously among politicians and the general public, that it was no longer possible or tolerable for the various economic systems to advance at their own pace in increasingly different directions without this process ending in a confrontation, the effect of which would be to create an insuperable gap between the industrialized world and the developing countries.

This situation was highlighted, *but not created*, by such circumstances as the oil crisis and the fluctuations in the prices of raw materials, and their direct consequences on the national economies and thus on the standard of living. One of the first political leaders to become aware of this situation—and I pay tribute to him for it—was the President of the French Republic who suggested an international conference between industrialized countries, countries producing raw materials, especially hydrocarbons, and developing countries. This idea took shape and owing to a combination of imagination and resolve various difficulties and obstacles were overcome and in due course the North-South Conference in Paris was convened.

Gathering together as it does powers who, though limited in number, are representative of all the countries in the world, including the Community, this Conference—let us make no mistake about it—represents an unprecedented forum for the discussion, which we hope will be frank and sincere, of the world's economic problems and for cooperation in seeking solutions permitting the gradual establishment of a more stable and more equitable world economic order.

Obviously, at the outset no one can deny that the various situations differ greatly. So also do the immediate interests and the policies by means of which each country or group of countries pursues its short, medium and even long-term aims. In spite of this, there is hope that the industrialized and the developing countries, working together in a spirit of cooperation, will realize the extent of their common interests and use this as a basis for finding ways and means of expressing their interdependence in terms of concrete policies founded on solidarity.

The mere mention, inevitably incomplete, of these aims is sufficient, Mr President, to illustrate how difficult this undertaking is and will remain, but also how essential it is for us all to achieve concrete results within a relatively short space of time.

By one of the extraordinary coincidences in the history of our Community, this unprecedented

event was mooted at the very time when the consolidation for the enlarged Community was finally a fact, and when the Community realized the necessity of redefining its aims, in order to avoid the risk of fragmentation which would mean putting off for a long time the achieving of the great goal towards which we have worked together for over twenty years.

I think it is to the European Council's credit not only to have clearly understood this situation, but also, and despite all the inherent difficulties to have chosen the only logical reply to the challenge which faced us. The Community had either to act as a single entity and speak with a single voice, or watch the conflicting natural interests of its various members degenerate into fundamental and antagonistic confrontations which would have been fatal to its principles of unity and, in the final analysis, to the interests of each of its Member States.

The decision by the Heads of State of Government that the Community would participate as an entity speaking with a single voice is therefore one of the most important which the European Council has taken to date. It remains to be seen—and I stress this—whether we will be equal to the demands of such a situation.

In my view, it is essential in a dialogue of this scale and importance, for Europe to be represented by what is still its most organized and most dynamic part.

From the point of view of the Community as such, the Rome decision is an innovation and we have by no means yet realized its full significance. The facts speak for themselves: after months of beating about the bush, the Heads of Government make up their minds in the space of a few hours and on an affair of capital importance, thereby putting an end to fifteen years of controversy as to which fields fall within the competence of the Community and which remain partly within the competence of the individual Member States. I would like you to reflect on the significance of this decision. The North-South Conference includes questions falling directly within the terms of the Treaties, and others which are still subject to national control.

I do not have to tell you, as Members of the European Parliament who have repeatedly stressed this point yourselves, how much the quarrel between the champions of the Community on the one hand and the defenders of the national cause on the other has slowed down the progress of our Community. So I hope you will join me in welcoming the fact that the highest-ranking political leaders of the Member States have concluded that this abstract difference of opinion is

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of no significance in the face of such highly important international economic and political issues.

Frankly, Mr President, it may be premature to be jubilant, but the significance of such an event had to be stressed if we are to succeed. Furthermore, this decision may not yet mark the decisive turning-point towards the realization that, when all is said and done, there can be no rigid legal boundary between what falls within the competence of the Community and what within that of the individual Member States.

In a great many fields, what I personally consider to be rearguard actions will no doubt continue to be fought between those who want to move forward as quickly as possible and those who will move forward only when they have been given, each time they ask, the assurance that their Community spirit is a revocable concession as opposed to a permanently binding contract. No matter. The North-South Conference is so important in my view, both for the world economic order and for each of our Member States, that differences in legal evaluation will have to give way to reality.

Given that all the Member States are firmly resolved to contribute to the success of this Conference, they cannot avoid the fact that whatever agreements are reached within the framework of this dialogue with the active participation of the Community can be implemented only by that same Community. Otherwise, the whole thing—as you will all realize—would be a meaningless exercise.

The process which we have initiated gives rise almost automatically to a number of consequences; of which I personally can see two.

First of all, the international agreements in which we will be required to participate will determine to a large extent our own internal policies. Since only the Community as such will have committed itself to these agreements on behalf of the Nine, the task of implementing them internally will logically fall to the Community. In plain language, what this means is that we must speed up the development of new common policies in a number of fields, whether they be energy, where much remains to be done, raw materials, which are being discussed in Paris, development aid, an overall approach or the important financial implications of all these questions.

Moreover, our participation in the North-South Conference means that the Community institutions have an important part to play, especially since the European Council decided that the Community should speak with a single voice,

and that the positions which it would adopt would be decided on in accordance with Community procedures.

I see this therefore as a challenge to our institutions and our methods to prove their effectiveness. We must realize that this is a test, and we must not underestimate its importance and the problems it entails.

As for myself, entrusted with the Presidency of the Council for six months immediately following the Rome decision and the opening of the Ministerial Conference in Paris, which marked the start of the North-South Conference, I must now tackle the problems involved in adapting the Council's working methods to this new situation.

In my first address before this Parliament on 14 January, Mr President, I stated that I would see that the Council of Foreign Ministers would take full responsibility for conducting these negotiations. I am glad to be able to say that I encountered this same resolve among my colleagues a few days later on 20 January. In this connection, the Council decided to appoint to the two co-Chairmanships which the Community has been given at the North-South Conference one representative of the Commission and one of the Council. In this way, we wish to stress that the Community is participating in this Conference as an entity, and I am sure that you approve.

Likewise, we have drawn up a number of strict rules of procedure and operation, which are in sharp contrast to the ambiguities to which too many years of trying to keep everyone happy had accustomed us.

I recognize that these fine arrangements made by the Council may, as the weeks and months go by, lose their edge because of our dilatoriness or our incapacity to adapt to new situations and also, inevitably, because of external factors.

To be able to counter this risk we must first be aware of it. I confess that I am even more concerned by the difficulties which the Community could come up against in distinguishing clearly between its immediate role in the Conference and the need for constant consultation with the other industrialized countries participating in this same Conference.

I should like to reaffirm quite categorically what the European Council has already stressed i.e. that there must be constant, close and worthwhile cooperation between the Community and the other industrialized countries directly involved in this dialogue.

Thorn

The Council unanimously shares this opinion. However, the establishment of the common position of the Nine must not be subordinated to consultations with our partners outside the Community, both those who are participating directly in the dialogue and those who, quite legitimately, count on being associated therein through the OECD, which has been granted observer status.

Certain strict priorities will therefore have to be observed. A failure to do this would ultimately mean that the effect of the important decision taken by the European Council in Rome would be weakened.

I am confident that the industrialized countries, who are our partners in this dialogue and members of the OECD, will see the advantage of sitting down together with a Community setting forth the positions which commit both its Member States and its institutions with a single voice and that they will understand the importance of not interfering unduly or in a manner which would go beyond the limits of usefulness.

The complexity of these negotiations, as well as the vast number and the diversity of the interests represented, inevitably imply on the procedural level a proliferation of the consultations which I referred to just now.

Mr President, while recognizing the importance and value of these procedures with regard to the work to be done at the Conference, we must beware that they do not hamper our capacity for action and decision. As members of the Community and as partners in this dialogue, we must never lose sight of the fact that the decision of the European Council on Community participation is a new and important political fact which not only justifies as a matter of priority a stricter application of these Community procedures, but, indeed makes it essential.

We must now put into practice what we have wanted for so long. Over and above the action we take within the framework of the Conference, the effectiveness of our internal cohesion and the development of our own policies represent an unprecedented test for the Community.

As I see it, this, Mr President, is what justifies the effort which we must make and for which we expect the resolute and consistent support of your Parliament.

(Applause)

President. — I call Sir Christopher Soames.

Sir Christopher Soames, Vice-President of the Commission. — By following the President-in-

Office I find myself in some difficulty, for he has informed the House about all of what might be called the operational matters that have led to the opening of the North-South Conference. While listening to him, I thought that the best contribution I could make to the debate after the excellent and very full information he had given was to offer some more general thoughts on the North-South Conference. I wish to make four points to supplement to some extent what the President-in-Office said.

First, we must not forget that this conference is designed to be a contribution to international understanding, a contribution that we all know is very much needed. I suppose that if we continue to live in an atmosphere of live-and-let-live—even leaving aside *détente*—and if the East-West situation gets no worse than it is, the one issue which will probably occupy the thinking of all of us around the world will be the North-South dialogue.

This conference has, for two reasons at least, a unique part to play. What are those two reasons? There are, of course, many international bodies. There is the UNCTAD, there is GATT, there is the IBRD, there is the UNIDO, and there is the IMF. All of them deal with certain elements of interest in relations between North and South. What is lacking is a framework for global discussion. That is one of the points that make this conference unique.

The second point that makes it unique is that it is the smallest group which is conceivable—nine industrialized members of the conference and 18 developing nations. In international terms, that is in these days a small gathering. It is certainly the smallest at which we could have arrived.

We may all have our own ideas of the tangible results to be achieved when we look at the concept of North-South, at the enormous variety of problems that it presents and at our approaches to these problems. We can all have our own ideas of what kind of a fist the United Nations could make of this. The United Nations has contributed to some extent through the Seventh Special Assembly, to which I shall come later.

If we are to arrive at tangible results, if we are to succeed in turning confrontation into understanding and cooperation, it is only through a small gathering that we shall succeed. This is the smallest that we can conceive.

Let us think what would happen if it did not succeed. Where should we go then? For the moment, all is quiescent because this conference is to take over. The hopes and faith put

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into this conference are considerable. Perhaps it is wrong to claim it, but I think that the Community has the greatest part of all to play in this conference. I may be asked why should this be so. It is because there is no other entity in the world which is so dependent for its very existence and for the standard of living of its people upon such cooperation. There is no entity that should attach more importance to all that is included in the North-South dialogue and no entity that is more dependent upon the raw materials that come from the South or the trade which comes to the industrialized countries from the South, than the Community.

Therefore, we have a great stake in this dialogue. We have historical associations with the developing world. But they are historical associations which, if we use them as a Community, will have no colonial hang-up, because the Community as such has no past, with all the advantages and disadvantages that that brings. We have no past: therefore, we have no colonial hang-up.

Among the states within the Community, the sum total of influence, of understanding and of comprehension of the developing world is considerable. If the picture be looked at overall, it will be agreed that the Community has a unique part to play in this conference.

What a great debt all of us in the Community and, indeed, in the world owe to the French Government for having conceived this! It was a bold conception. At one time it seemed very doubtful whether it would work. Indeed, we have yet to see whether it will work. But at least this is an aircraft that has taken off. The Community will play a great part in the dialogues. I do not like to contemplate the results if it does not work. If it does work, we know that much will be due to the Community for the part it has played, and much also will be due specifically to the French Government for all that they did to get this dialogue going and for the risk that the French Government took in this respect.

The President-in-Office of the Council rightly stressed that we should have to speak with one voice on this occasion—either that, or not be there. On this occasion we shall have to 'box clever'. Many issues will be thrown at us almost from one moment to the next, and we shall need a flexibility of decision-making out of all proportion to the normal decision-making process within the Community. My God, that will be good for us! The Community will learn a lot from this. It will have to come to rapid conclusions. There will not be time for 'I should like to think about it', 'We shall think about

that', and 'What can I get out of this?'. At this conference we shall not be able to afford to play that sort of game, and that in itself will be a considerable contribution to Community solidarity. I hope we shall learn some lessons from it.

I should like to say in passing a word or two about a subject mentioned by the President-in-Office—that two individuals, one chosen by the Commission and another by the Council, will be the chairmen of two committees of the Conference—the Development Committee and the Finance Committee. The chairman of the Development Committee, chosen by the Commission and agreed by the Council, is to be Mr Wellenstein. He has, alas, now left the Commission and gone to do this job, happily still in the service of the Community.

I am sure that everyone will agree with me about the enormous contributions that Mr Wellenstein has made to the Community ever since the inception of the Coal and Steel Community in 1952. He is probably the most remarkable official that the Community has ever known. I have had the good fortune to serve with him and I have learned much from him: I am deeply grateful for what he has done and for what he has taught me, and I think that the Community is doubly grateful for all that Mr Wellenstein has done. His work has been a fine example to the Community.

(Applause)

There is here in the Paris Conference the seed of a more cohesive and coherent Community than could ever come out of any report. This is the very stuff of our life. This is the very life-blood of the Community in terms of our international image, to which we attach the highest importance as a Community.

We now have the opportunity to live up to our words. We have spoken many words—the Commission has, the Parliament has, the Council of Ministers has and the Member States have. We have all spoken many words about how times have changed and about how we have to adapt ourselves to modern circumstances. Now we have the opportunity to live up to what we have said.

What is it, in the round, that we seek to get from this conference? In the euphoric years of the 1950s and 1960s, the euphoric years of growth, the gap between the rich and the poor nations widened. This is what is intolerable and this is what we must not allow to happen in future. So we have to consider how to remedy that situation.

Of course not all the responsibilities are to be found on one side of the fence and all the rights

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on the other. This is an issue on which the developed, industrialized world and the developing world have to work together. One of the big question-marks still hanging over the conference is the extent to which these two entities, particularly the developed world, genuinely appreciate the need for discussion, agreement and cooperation. There we have it: this is what the conference is all about. We shall see what happens.

I cannot end without referring to Mr Krall's report on the Seventh Special Session of the United Nations General Assembly, because the problems are akin. The report brings out exceptionally well the special situation in which the Community finds itself. It is highlighted in paragraph 15 of the motion for a resolution, which notes the extent to which countries outside the Community look to the Community to help them over these hurdles.

A great deal of faith is placed in the Community. Grave responsibilities rest on our shoulders, responsibilities far graver than those of any other industrialized entity. We see the Community as a model of peaceful economic cooperation and as a force between the super-powers. There is much in the motion for a resolution that I commend to honourable Members if they have not already read it. It provides an excellent summary of the enormous weight and influence that the Community has to offer in this whole complex of North-South relations.

At the moment we have the skeleton of a new consensus in international economic relations, but it is no more than a skeleton. There is a narrow dividing-line between success and failure. Our task in Paris is to put flesh and blood on that skeleton of cooperation, to bring it to robust and vigorous life. If the Community does not play its part, that cannot happen. It is up to us.

(Applause)

President. — I call Mr Krall.

Mr Krall, rapporteur. — (D) Mr President, ladies and gentlemen, I would first like to thank the President-in-Office of the Council and Vice-President Sir Christopher Soames for agreeing to a joint debate on these two items. After what Sir Christopher has just said I trust that the connection between the remarks that have been made here regarding the North-South Conference and my report has become clear.

It is my honour, ladies and gentlemen, to present the very extensive report of the Committee on Development and Cooperation which presents a mid-term review of the Second UN Develop-

ment Decade and the conclusions of the Seventh Special Session of the United Nations General Assembly.

I should like to begin with a few comments on the first part of the report. At the present time we are all witnessing a change in the international political scene. Many factors have contributed to this, but the most decisive has been the political and social upheaval that has occurred in the world. After the second world war the nation state system underwent a certain change and there were then about 30 or 40 states of special importance in the world. Today the community of nations comprises about 150 states. A multipolar world has taken the place of the rigid confrontation of two alliances and economic systems. Many of the new states epitomize the enormous disequilibria in the world which the increase in political and social awareness is making less and less tolerable.

Of those 150 states only 5, with a total population of 6% of the world's population, have a per capita income of over 5 000 dollars per year. Another 15, representing 13% of the world's population, have an annual per capita income of over 2 500 dollars. In another 15 states, with about 16% of the world's population, the annual income amounts to only 1 500 dollars and 25 states, with 8% of the world's population, have an annual per capita income of 500 dollars. This leaves a large group of some 90 states, with almost 60% of the world's population, in which the per capita income is lower, in some cases considerably lower than 500 dollars! That gives a pretty fair summary of the situation we are in today.

These few figures reflect the social and political disequilibrium of the world and explain why the international system is subject to such heavy pressures today; it has failed to measure up to the political, economic or social realities of our time.

In the first few years after the war it was possible to discern a certain pattern in international relations, involving three main groups of countries: the First World i.e. the advanced industrial democracies, with the United States well in the lead; the Second World, consisting of the communist countries, led by the Soviet Union, and finally the Third World consisting of the developing countries which had shaken off the yoke of colonialism. The most important line of confrontation between these three groups ran at that time between the First and Second World—and in particular between the USA and the Soviet Union—while the Third World at first remained relatively neutral in this conflict. Today this line has taken a completely different

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course. Thus in all international forums in which the world's major political and economic debates have been held there has been an increasing tendency in recent times for the representatives of the First World to be confronted by those of the Third and Fourth World, while the Second World, i.e. the Eastern bloc, has increasingly become the neutral beneficiary of this confrontation. The paradoxical thing about this is that the United States, which gives far more aid than the Soviet Union, has become involved in clashes with the developing countries at practically every international meeting, while the Soviet Union is increasingly playing the rôle of an egotistic neutral who derives profit from the contest, but makes little active contribution towards solving global development problems. As a result of economic realities the Third World has now been split into the 'new' Third World and the Fourth World.

The first of these groups comprises those countries which possess important raw materials—such as the OPEC states and Malaysia, for example—or a comparatively competitive sector, such as certain South American countries, Singapore, and also states which have both, like Brazil and Iran.

The 'Fourth World' consists of the world's poorest countries, such as India, Bangladesh, Sri Lanka, the Sahel countries and certain Central and South American states. About 45% of the world's population live in these countries, in which the rate of economic growth is lower than the growth rate of their populations.

The enormous increase in cereal, oil and fertilizer prices and the repercussions of the recession on the developing countries have plunged these states into a crisis which has destroyed almost all their development plans. For them the spectre of social and political ruin is becoming increasingly imminent.

Although the Third World countries compete with one another to a certain extent, owing to the marked difference in economic structure between them, it is worthy of note that all the countries of the 'Third' and 'Fourth World' show a united front in economic and development debates in the UN. Whilst the Fourth World was critical of the increase in the price of oil, it resisted all attempts to undermine the unity of the 'Third World' group and refused to make common cause with the industrial countries.

It is greatly to the credit of the European Community that it has never attempted, either in the UN or during the negotiations with the ACP countries, to disrupt the unity of the developing countries so as to reduce their political influence.

It is undeniable that economic developments in the last few decades have been disappointing for most developing countries. The developing countries have not enjoyed the rapid economic growth observed in the industrial countries and the gulf between poor and rich countries has become increasingly wider. The position of the developing countries was further aggravated by the fact that the relatively slight increase in their gross national product was in part or indeed entirely cancelled out by fast population growth.

Let me quote a few figures to illustrate this. Between 1800 and 1850 the population of the world rose by 270 million, between 1850 and 1900 by 430 million, between 1900 and 1950 by 880 million and between 1950 and 1975, i.e. in the space of just 25 years, it rose by 1 500 million. The acceleration of the population explosion has been such that the population of the world will reach 6 000 million people in the next 25 years. And this is a relatively optimistic forecast based on the assumption that birth control and higher living standards will lead to a decrease in the current rate of population growth.

It should be pointed out, however, that certain progress was achieved in various areas of the development policy during the first half of the second development decade. Per capita income rose by about 3.5%, due allowance being made for population growth. The developing countries' share of trade rose by an average of 8%. Saving increased in the developing countries and industrial development also made progress. However, there can be no getting away from the fact that the developing countries' share of world production is still too small.

The world economy is—today at any rate—in a state of profound crisis in many sectors. Hence all the industrial countries, and the Community in particular, must apply themselves to devising and achieving a better and fairer operation of the world economy and world trade.

However justified many of the demands of the developing countries are, it is not possible to satisfy them by suddenly sweeping away the existing world economic order since a complete reversal of the present system would cause nothing but harm to all concerned.

If it is not to bring about appreciable losses of efficiency, the structural reorganization which is necessary in some sectors can only be the fruit of carefully planned reforms. Such reforms are long overdue in the North-South context, as the North has been shying away from this policy of reform vis-à-vis the South for far too

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long. In this respect I am in full agreement with what Sir Christopher said here earlier.

The world economy is currently in such a confused state for another reason too, namely because the previous multilateral framework of economic, trade and financial policy was built mainly around a consensus among the industrialized countries rather than a consensus between industrialized and developing countries. The industrialized countries are now faced with the urgent task of drawing up a coherent programme of practical measures, within the framework of international dialogue, with the objective of enabling both sides to satisfy their basic requirements. Greater efforts must be made to achieve results in the following areas in particular, areas which are dealt with at length in my report: trade policy, industrialization and industrial cooperation, the stabilization of export earnings, primary commodity agreements, financial aid to developing countries from the International Monetary Fund, the reduction of the developing countries' debt ratio, the development of the agricultural infrastructure and above all an increase in food aid until such time as the developing countries are able to solve their food problems themselves.

The differences in living standards between the world's various communities are such that they can no longer be tolerated. Development aid is therefore no superfluous luxury resulting from the pricks of conscience of a few unworldly do-gooders and social utopians. On the other hand, it should be made clear that over-optimistic expectations can only do harm. A period of illusion-shedding and cooling-off would do development policy more good. Like any other policy development policy is not an end in itself. Although the interests of the developing countries must be given priority our own interest also have a high coefficient. Why should development policy not also to a certain extent be used as a way of improving external relations, the economic structure or the supply of raw materials? A successful development policy will only be possible in the long term if it takes due account of the industrialized countries' own interests. A policy whose advantages remain unclear to the public for a long period, as was often the case with development policy in many of our countries in recent years, could lead to an absurd situation. In any case the industrialized countries cannot keep on dragging their feet in matters of aid since the developing countries will then continue to voice the criticism that the present economic order prevents the transfer of more prosperity from the industrialized to the developing countries.

In this context aid should be organized more efficiently than hitherto and centre on specific projects.

Once we start talking about priorities we should draw up a development programme aimed at achieving this objective. One priority ranks higher than another and the important thing is, to use the English phrase, 'to do first things first'. It amounts basically to doing in development policy what one would do as a matter of course in private life, namely decide what is most important and concentrate on achieving it instead of wanting all sorts of different and possibly contradictory things at the same time and achieving nothing.

Science and technology, human resources and production capacities are available in sufficient quantities in the world and must only be applied in areas where specific factors are in short supply. The fact that the right combination of factors has generally speaking not been achieved hitherto was also due to a lack of financial resources. A decisive factor is not capital, however, but people's willingness to give or accept scientific knowledge and to use and assimilate technology.

In any case there is no cut-and-dried solution, no short cuts in this general levelling-out process. Even if the industrialized countries were willing to share their wealth, the developing countries would still, to a certain extent, have to create the conditions necessary for their own economic development. They must organize themselves and build up their own structures. Development policy alone cannot change the world. It can help, in specific cases of disaster, to build up infrastructures, to meet basic requirements more effectively and promote further development, but only if the developing countries themselves are pursuing sound, purposive policies. The developing countries must also take every possible measure to reduce their birth rate if population growth is not to cancel out the extra wealth accruing from increased productivity. If that happens and if the Third World concentrates on its own possibilities, development aid from the North to the Southern hemisphere may bring the long-awaited spark and lead to an economic breakthrough.

With regard to the Seventh Special Conference of the United Nations General Assembly on development and economic cooperation it is very much to be welcomed that, contrary to all the fears expressed in this respect, it has made international cooperation easier rather than more difficult. Practical experience in the economic sphere since the Sixth Special Conference held from 9 April to 1 May 1974 would seem to

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show that OPEC countries, developing countries and industrialized nations are dependent on each other as regards their national welfare. The Third World and the industrialized countries are beginning to realize that what we need to do is not so much to set up a new theoretical world economic order as to integrate the developing countries as equal partners and as quickly as possible into the existing world order. As a consequence of this process, which must be carried out cautiously and pragmatically, a new international order would then arise almost automatically.

All the groups of states had prepared thoroughly for the Seventh Special Conference. It is of particular significance from the political point of view that at the Conference the member countries of the European Community showed a united front which had hitherto not existed. The countries of the European Community allowed the Council to speak for all of them. Their unity was so strong that in his concluding remarks the Italian UN delegate was able to make certain statements before the world forum on behalf of both the Community and individual Member States. For this we owe special thanks to the officials, the national European ministries and the experts sent to New York by the Commission. In the vital final phase of the Conference they worked round the clock in their untiring search to achieve forms of compromise. Thanks to their efforts Europe was one of the strongest forces at the Conference.

The upshot of this is that thanks to this Community solidarity and effective on-the-spot coordination the Community's standing in world politics has improved. Following its united and successful approach in New York the Community must not, however, be allowed to lapse into inactivity in the coming months. In this connection I am thinking in particular of the negative result of the meeting of the Council of Development Ministers in October of last year.

The Seventh Special Conference represents an important stage in the debate between North and South. The result of the Conference can be regarded as a significant landmark in that the phase of confrontation between developing and industrialized countries has now given way to a phase of cooperation and dialogue. The Conference seems to provide proof that it is the prime concern of many industrialized countries to get down to genuine cooperation in the development sector. There were unmistakable efforts on the part of both groups of countries to reappraise their previous positions. Judging from the results of the Conference, the industrialized countries now accept the need—in the knowledge that it is also in their own

interest—to initiate international structural changes to the advantage of the developing countries.

With these words I close this introduction to my report and in conclusion I would like to voice the hope that this report and, in particular, the motion for a resolution which it contains will be of assistance to the Council and the Commission in their efforts to achieve an effective common development policy and in their preparation for resumption of the North-South dialogue at the forthcoming Paris Conference.

(Applause)

IN THE CHAIR: MR BERKHOUWER*Vice-President*

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

Mr Giraud. — *(F)* I have been given the task of presenting the Socialist Group's point of view on the subject broached by the Council and the Commission and I would like to begin by thanking the representatives of those two institutions for the statements which they have just made.

Traditionally and fundamentally, the Socialist Group believes that negotiation is the only way to reduce, or indeed solve, the differences and difficulties existing between nations. It therefore regards as a welcome event the convening, the meeting and the already promising results of the Paris Conference. At the time of the Yom Kippur war confrontation occurred in connection with the oil embargo measures and the counter-measures envisaged. As regards energy, a key factor in the industrial economy, we feared that this might have been the start of the open conflict between oil producers and oil consumers. We were all aware of the burden represented by soaring oil prices even though—and more especially as—these were only compensating for prices which had been too low for a very long time, particularly during the previous decade. We also feared that the development of the poorest countries in the world, which as it was pointed out a few minutes ago, are situated far below subsistence level, might be jeopardized by the increase in the cost of energy. Thus it was necessary to try and break out of the vicious circle which the world seemed to be entering, whence the importance of this North-South dialogue proposed by the President of the French Republic.

After a period of hesitation, and even refusal by some of the leading participants, the Conference got under way and, after the failure

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of the first meeting, agreement was finally reached at the second round of talks. A wise attitude and a desire to face the future in a more constructive spirit was thus shown by all the participants. We think that the Community played a leading role in this context.

Which decisions are most worthy of note? First of all, the need to establish an intensified international dialogue within the framework of the Conference, by means of four commissions on an equal footing with independent agendas; then the implementation of the process as from January, with the commissions already set up at the time of speaking; in addition, the need for silent participation by each Member State and for the many international bodies to send observers was recognized in order to improve coordination between the many interested parties, in particular the United Nations and its specialized agencies.

We are well aware that these tasks will be long and arduous. Even so, the Ministerial Conference is apparently not to take place until after a year of talks—which seems to mean that the North-South Conference will go on for several years—the purpose of which is to arrive at the substance of the issue. The Socialist Group cannot give a final judgement on this Conference today; the field it covers is too broad and a mere enumeration of the problems tackled shows how thorny these are: the cost of energy, the sliding scale or guarantee of resources for the producers of raw materials, the difference between the countries which, at the present time, must pay their debts and interest due out of inadequate resources. Moreover, in this connection, one may wonder how far all existing aid is swallowed up immediately, precisely by the volume of these interests and accumulated debts which have to be paid.

Last, but not least, comes the financial aspect, relating to the stability of currencies, inflation, credit facilities and balance of payments.

I shall comment on only one of these problems: energy. We are aware of the difficulties which the Community has encountered in connection with what may be called the floor price for imported oil. In fact one Member State at first used the introduction of a floor price as grounds for refusal, whereas another, on the contrary, seemed to attach undue importance to this floor price, almost making it a *sine qua non* for its participation in the Conference.

At present, there are signs of a positive approach—which the Socialist Group is pleased to see—to the actual conception of this floor price.

However, we are also aware that the solution of the floor price problem is not a cure for all

ills and that it must be studied within the framework of a much more Community-oriented energy policy aimed above all at reducing both our dependence by industry on products from outside the Community and our consumption of energy, by means of using all other sources of energy, both traditional and new.

Furthermore, the Socialist Group is of the opinion that we cannot limit our consideration to the cost of energy.

Another aspect of the question is concerned with ensuring to some degree that non-producing or energy-deficient countries have access to energy sources, in particular to oil, in order to avoid a situation which would become particularly serious during a period of crisis. Generally speaking, however, this question cannot be dissociated from the problem of the floor price. A partial solution would be inadequate and it would be out of place to believe that oversimplified formulas can solve such complex problems. Nevertheless, in such a serious matter, and as the President-in-Office of the Council said earlier, the Community must endeavour to speak with one voice.

It is a successful formula which is easy to set forth and work out, as can be seen in all fields, and we know how important it is that those who are responsible, at least temporarily, for speaking on behalf of the whole of the Community must show tact in all negotiations.

As things stand, the Socialist Group is very satisfied with the way in which the Conference has started and with the fact that the Community has endeavoured, probably successfully, to appear in it as a sufficiently united bloc to be credible.

The Socialist Group will watch the progress of this Conference with interest. It looks forward to success not only for the sake of the Community itself, which is speaking with a single and, of course, coherent voice, but also for the sake of all the sides represented at the Conference.

Our view is that this Conference can make an extremely valid contribution to the Community's current effort to help the developing countries. The Socialist Group therefore thinks that the Commission and the Council should, with our support, continue to participate fully in a constructive spirit in the North-South Conference and do all in their power to make it a success. We must then draw the inferences which arise out of it for the Community as a whole and also in the light of the role which it wants to, can, and should play in the world economy.

(Applause)

Lord Gordon-Walker. — I should like to elaborate one point made by my honourable friend and comrade, Mr Giraud, and deal with some aspects of the floor price for oil. This is not an isolated matter. Indeed, it lies at the root of the energy policy that we ought to develop in Europe. It is no secret that it is in Britain's interest to maintain the profitability of North Sea oil. However, it is in the interests not only of Britain but of other member countries to safeguard all alternative sources of energy.

If oil prices dropped suddenly and too sharply—either because of overproduction or because of the policy of oil-producing countries or oil companies—the production of nuclear energy, coal and other sources of energy would be rendered unprofitable. Therefore, the achievement of a floor price for oil is in the interests not only of the United Kingdom but of the whole Community.

How can we carry out such a policy? It is easy to formulate the policy, but how do we carry it out? We cannot compel oil-producing countries or oil companies to keep up prices if they wish to lower them, nor can the Community control world prices of oil and energy. Equally, the Community cannot control the world prices of agricultural products: the common agricultural policy, which has effectively kept up prices in the Community, cannot control world prices.

I suggest that we could introduce a policy inside the Community relating to sources of energy similar to the common agricultural policy. Indeed, a common energy policy to keep up prices for energy and oil would be easier to maintain than the common agricultural policy, as sources of energy are not subject to the climatic differences which suddenly produce surpluses and shortages of agricultural products. When I think of the difficulties that we have in dealing with agricultural problems, I am reminded of Shakespeare's farmer who hanged himself in the expectation of plenty. There are great complications in trying to run a common agricultural policy.

I suggest that the Community would be a healthier place if it spent proportionately more on industrial products such as oil and less on agricultural products.

We all talk of an energy policy as a prime objective of the Community. Frankly, to a large extent that has been words and wishes rather than actual achievement. A genuine and effective common energy policy must presuppose a Community system to safeguard, to protect and to develop all sources of energy inside the Community.

(Applause)

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

Mr Deschamps. — (F) Mr President, the debate on the North-South Conference and that on Mr Krall's report were not originally intended to be the subject of only one discussion. Nevertheless, the Christian-Democratic Group is glad that is the case. In our view, it is important never to lose sight of the parallel which must exist between development policy as envisaged at world level in the United Nations, and development policy as conceived in what Sir Christopher Soames has just called the smallest forum conceivable for such a discussion.

Now that we are examining what the EEC intends to do in this field, within the framework of the North-South Conference, we also feel that it is worth remembering, in case anyone has forgotten, what the Community has already achieved in this field.

The EEC has already taken action on many of the objectives which will be set forth by the developing countries at the Paris Conference. Those Community initiatives, which have often set an example and given us a pioneering position, are examined and highlighted in the Krall report and this alone should prompt us to congratulate its author and assure him immediately that we will vote in favour of the resolution even though we have minor amendments to submit on a few points. Mr Thorn rightly stressed the fact that the EEC had obtained the co-chairmanship of one of the commissions: the North-South Conference Commission for Development. He called it a success for the EEC and he is right, but I also think that is not by chance that we have been given the co-chairmanship of precisely this commission. I see it as a kind of reward or, at least, a token of the confidence of all the participants in the Conference, in return for our past efforts, for certain results obtained and for the pioneering role which we play in a number of fields.

You also said, Mr Thorn, that the North-South Conference would force us to speed up the implementation of a number of common policies and, once again, you rightly quoted in particular the development policy.

After the review of development policy a year ago by Mr Cheysson—approved by the Parliament—and after Mr Giovanni Bersani's report defining a policy for European cooperation which received the unanimous approval of this Parliament, Mr Krall's report, in my view, shows that this common policy has already made good progress and I—like yourselves—find this gratifying.

Deschamps

Another beneficial effect of the North-South Conference, as you have said, is that it has compelled the EEC—at the cost of considerable effort—to speak with a single voice. In this connection, let me just call attention to the fact that the tone of Mr Thorn's speech shows that he is fully aware of a danger which I, like everyone else, consider to be serious.

The united stance of the Community countries at the North-South Conference, which was so difficult to achieve, is once again disintegrating, this time—not being in the same position as the President-in-Office I can be more explicit about it—within the OECD, where everyone is waiting to pull out and go it alone. Obviously, not everyone is opposed to this, but it is totally unacceptable as far as we are concerned.

It would be unwise to let this jeopardize a united stance which has been so hard to achieve and which is still fragile; its continuation and consolidation—as the discussion of the Tindemans report on a recent European congress once again demonstrated—represent the foundation for progress toward European union.

I should like assurances, Mr Thorn, that you personally will do your utmost to see that this danger of disintegration of the Community position in the North-South Conference which we all have reason to believe to be quite real, will be averted once and for all.

Moving on to more general considerations—since some of my colleagues will speak later on the energy policy and the political aspects of the North-South Conference—I should like to say that certain people have examined the problem of development policy and declared that in our current economic situation we could not improve on our present effort which represents our commitments under the conventions we have signed. This is quite true. Even so, while we cannot expose our industries and our populations to a lengthy crisis, and all the social upheaval it might entail, we who are anxious to achieve a development policy and appreciate the psychological and other effects which it could have on our populations should not forget that while, I repeat, all these considerations have to be taken into account, we must not make the mistake of relaxing the effort we are making and to which we are committed. To slacken our effort would be a short-sighted policy and display poor judgement; it would have a lasting harmful effect on our own economic development.

If we consider only the problem of raw materials about which Mr Krall spoke, we would see that in this case as in many others, development policy, which for a long time was a

bone of contention, has turned into real cooperation indispensable to all parties, and this policy has been understood by our partners and by ourselves.

The last meeting held in Manilla led to a political declaration which was watered down compared with the one which we obtained in Algiers or in Lima, because of a certain divergence which appeared between the regional groups making up the 'Group of 77'. We are disappointed at these differences because we believe in dialogue and it is in our own interests to have committed partners whose word we can trust.

This Manilla Charter gave rise to a seven-point action programme. Five of these points concern us more directly and when we match them against Mr Krall's report and the various objectives of the Seventh Special Session of the United Nations General Assembly, we reach the conclusion that the development policy as adopted by the EEC is tending to achieve a large number of these objectives. Consequently, in this context of development policy, we can play a mediatory role at the North-South Conference and be an indispensable point of union between our industrialized counterparts if we continue to speak with a single voice, and I am counting on you for that, Mr Thorn.

Earlier, Sir Christopher Soames compared the fresh start of the North-South Conference to a plane taking off; let us hope that this plane will not have to fly in circles until it finally crashes for want of fuel, but that it finds ground on which it can finally land, for the sake of both sides involved.

(Applause)

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

Mr Bangemann. — *(D)* Mr President, there is no doubt whatever that the price policy of the oil-producing countries has inaugurated a new chapter in development policy, whether that was the intention of those countries or not. This was inevitable, because development policy—as Mr Krall rightly pointed out—cannot just be the expression of feelings of responsibility towards one's fellow human beings, it is also a policy of emancipation for the Third World itself, in other words we are witnessing, of course, an awakening of political forces which look far beyond this particular purpose of aid and are beginning to define and formulate their own interests. Thus 1974 was a year of verbal confrontation between North and South, while 1975, thank heaven, was a year of practical discussion. Things have taken a calmer turn and much has been discovered, including common interests;

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the barren confrontation into which we seemed to be slipping at one point can now surely be avoided. We have experienced some things which are probably inevitable in the initial stages of a process of this kind: first and foremost, the raw materials producing countries thought they had discovered an infallible method, which we ourselves had already rejected as an instrument of economic policy and, of course, of development policy too, namely the use of cartels, price indexing and similar devices.

I should like on behalf of the Liberal Group to stress first and foremost that cartels and price indexing are by no means good economic policy. An economic policy in the interests of all cannot be based on such instruments. Nor is the cartelization of these states, for example at international conferences or in the United Nations, sound policy in general terms. A political cartel of this type will produce exactly the same effects as an economic cartel: such initiatives create fronts which cannot serve the interests of those countries which, as economically weak nations, are more dependent on cooperation than the economically strong ones.

Devices such as cartels and the indexing of raw materials prices do not ultimately represent even sound development policy, since the splitting of the former 'Third World' into the 'New Third World' and the 'Fourth World' is not a result of the raw materials policy of the industrial countries but of the policy of those countries which were formerly regarded as developing countries. The higher price not only of oil but other raw materials too has, of course, caused economic difficulties among the industrialized countries. But the industrialized countries have been adapting themselves and have, to a certain extent, succeeded, some better than others. The countries which have not succeeded are the ones that are economically weakest. In other words, those developing countries which elected to set up cartels and pursue a pricing policy have done their own friends a very bad turn.

It has already been pointed out that the debate on this whole question should cover not only technical instruments—and I think that in this respect the European Community has made some very good proposals—but that it should also deal with the question of the political position of the European Community.

First, however, let me make a few comments about these instruments.

I and my Group fully agree with Mr Krall as regards the emphasis which he places in his report on the need for recourse to the tried and tested instruments which we have already used

in our development policy and which should perhaps be given greater prominence in development policy as a whole. These alternative instruments are cooperation instead of confrontation, a reasonable stabilization of export revenue instead of a price war, and cooperation in industrialization, and perhaps in the various areas of production, instead of a free-for-all; these instruments also include fostering, and liberalizing trade, and not the formation of cartels. All these methods will be of far more lasting service to the developing countries than any high-handed action on their part which some of them are perhaps dreaming about for political reasons.

We are not saying this because we are in the stronger position. By this I mean the political position of the Community. I was particularly struck by something which Sir Christopher Soames said earlier in the debate, and I should like to quote him: 'The European Community has no past as a colonial power.' That is a considerable advantage for us. But I would add that we have a future as a tremendously important and powerful economic entity. If we want to make correct use of the power which we shall have in the future, there is one thing which we must avoid doing at all costs: we must avoid using our economic strength to secure a position of world power.

We must not attempt to use economic means to achieve a position of hegemony or to further political ends. We must use our economic power as partners of all these countries. If we succeed in establishing the principle of partnership on the basis of equality regardless of our economic strength, we shall find ourselves in a very good political position and we shall have gone beyond the possibilities of development policy in the contribution we make to peace in the world. The repercussions of our actions are naturally important too. The more we speak with a single voice in our external relations, the more our internal integration process will benefit. I hope that by united actions towards external European union we shall be making a positive contribution to the development of internal European Union.

This implies that we realize our political role, which in this area may raise certain problems for us. But it also means—and I should like to stress this—that we must not act exclusively in accordance with our own interests. This also applies to the European Community as a whole. Anyone who travels to the developing countries—we shall have occasion during this part-session to discuss a report on development in South America—will in many areas admittedly be able to point to the Lomé Convention, should he wish to demonstrate the goodwill of the

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European Community, but he will also, of course, have to face some very hard facts attributable to our actions, for example, the extremely strict import controls which we impose on important goods produced by these countries. Our political resolve will only be taken seriously if we actually translate cooperation into practical terms, and that means that we cannot be completely self-sufficient in every sector of the economy and agriculture.

To liberalize world trade, to pursue a development policy based on economic cooperation means that one's partners must be treated seriously as trading partners. We cannot use our concentrated economic strength to push the developing countries to the wall. We cannot necessarily be self-sufficient in all agricultural products. In the future we shall not be able to produce every single product ourselves and erect high tariff barriers for protection, as we have done for example in the case of a large number of textile products. I wish to be quite frank about this. Commodities which can be produced with relatively low capital investment and which do not require any particular economic structure, or workers with special skills, as is the case for large numbers of products for which we do not have any competitors, in other words all so-called mass produced goods, will in the future be the natural area of activity of those countries which are in the initial stages of industrialization.

We must pursue an active structural economic policy embracing the whole world and in doing so produce those commodities which we are best equipped to manufacture and more or less cease production of the others, if we really want to help the developing countries.

The decisions required of us in this area are extremely hard to take. But I do not think that it is enough, as implied in the report, to devote a certain percentage of our gross national product to development policy. No, we must arrive at proper industrial cooperation and that means that we must give up the production of certain selected commodities which we are still producing today. If we do that, ladies and gentlemen, we shall be introducing justice into our relations and bringing about a distribution of roles fair to both the industrialized and the developing countries and providing the latter with opportunities which they have not had hitherto.

That, Mr President, is the Liberal Group's contribution to this debate.

(Applause)

President. — I call Mr Boano.

Mr Boano. — *(I)* Mr President, the fact that the President-in-Office of the Council and the Commission have addressed us on the North-South Conference and that Parliament is holding a debate on this subject on the very day that the four Commissions of the Conference are starting their activities proper in Paris, is, in our view, worthy of note. It demonstrates the attention and interest with which the Community institutions are following the vital and universally important problems on the agenda at the Paris Conference.

We are fully aware of the difficulties which the Conference will encounter, owing to a lack in both groups of nations—industrialized and developing—of a recognized leadership, to a realization—not, as yet, general—of the urgency of the situation and its possible consequences, and lastly to the fact that it is unlikely that the industrialized nations will be disposed today, in such an unsettled and unstable economic climate, to make the concessions which they were reluctant to make yesterday.

Be that as it may, one thing is certain: this Conference will gain increasingly in political importance, not only on account of the crucial nature of the issues with which it deals, but also because a final evaluation of its results will have to be made by the United Nations. This could lead to a proposal to extend commitments and responsibilities, with regard to the difficult task of establishing a new world economic order, to the Eastern countries, which are still outside the organizational framework of the Conference, but which carry tremendous weight among the countries possessing raw materials. Just ten days ago, the Soviet Union issued a statement to the effect that in 1975 she had produced more oil, coal and steel than the USA. As I see it, this should prompt the Soviet Union, along with the other countries of the Eastern bloc, to move towards a contextual relationship of collaboration within the framework of the principles and aims of the Paris Conference.

Our feeling is, however, that the Community, in particular, has a very special historical obligation to fulfil in this venture, because it has a special responsibility to act as the channel of understanding and collaboration between the nations of the West and the developing countries—thanks to the moral prestige of its institutions, which are based not on force but on the free consensus of the peoples of the Community—and also because the importance of the Conference for the two superpowers is above all political, inasmuch as they are almost completely autonomous and self-sufficient economically, whereas the progress and the outcome of the Conference are vitally important to the

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Community. The limited extent of our resources and indeed of our territories means that we have to export, to trade, and to cooperate at international level almost in the same way as the developing countries. There exist certain analogies between their case and ours. When we hear the developing countries asking for the price of raw materials to be index-linked to the price of industrial products, we recognize that this is the very plea made by the least favoured farmers in our Community. When we hear the Algerian Foreign Minister, Mr Bouteflika, state that he no longer wants a Third World of nations, but a Third World of peoples, we recognize that this is also the aim we have set ourselves for Europe.

The Christian-Democratic Group therefore regards this Conference as a historical opportunity for the various people to meet and reach understanding. And this is why I, like other speakers, insist on the need for Europe to speak at this Conference with a single, unequivocal voice.

Over the past few days, we have seen the developing countries agree, albeit from sharply conflicting situations and interests, on a common stance. I believe that this should encourage Europe to go to the Conference table with common aims and principles, and with the firm intention of being an element of mediation and cooperation among nations.

(Applause)

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

Mr Cousté. — (F) The report which Mr Krall has presented to us today places the members of our Group in a dilemma. Mr Krall has presented a very interesting motion for a resolution on which Sir Christopher Soames has just congratulated him. The resolution is accompanied by an explanatory statement which is particularly detailed and illuminating, but, as I see it, contradicts in some respects the resolution itself. We shall therefore have to limit ourselves to adopting or rejecting the motion for a resolution before us without necessarily approving thereby the *written* explanatory statement. I stress this adjective because, earlier, Mr Krall showed in his oral statement that he had taken into account a number of the observations which we made in committee and I should like to thank him for doing so. Nevertheless, we have tabled an amendment in order to overcome our dilemma by not extending the approval of the resolution to the explanatory statement, so that we can adopt the former without approving the latter.

We were somewhat shocked when reading through this statement. By way of explanation, let me just quote a few very brief examples.

Mr Krall states in his report that 'a multipolar world' has replaced 'the rigid confrontation of two alliances and two economic systems'. We do not accept block system politics, Mr Krall. The world has not been, and must not be in the future, divided into two parts. This picture does not reflect the facts. Parliament should not, in my opinion, put forward ideas which might harm its prestige and its influence.

The explanatory statement also states in Section 4: 'In October 1973, for example, the Arabs used oil as a weapon to force Western Europe and Japan to remain neutral in the Middle East conflict.'

No, Mr President, ladies and gentlemen, I could never agree with Mr Krall on this point, and I would not want a vote in favour of the resolution to commit us to approving such ideas.

It is quite obvious that if peace is established in the Middle East, Europe will have to appear on the scene through its international commitments and probably as a physical presence, whether organized on a military basis or not.

The passage in question is unacceptable as far as we are concerned and I leave the rapporteur himself to answer for it.

What is more—and also more serious—this document suggests that Europe has done practically nothing with regard to development aid: 'They (i.e. the developing countries) believed that raw materials cartels (Mr Bangemann referred to this earlier in a way which meets with my entire approval) represented a means of forcing the industrial countries to meet the demands that they had long rejected in the fields of commercial policy, monetary policy and development policy.'

No, Mr President, we have never rejected these demands and neither have we displayed a conservative mentality, as is said in the report.

As our friend, Mr Boano, pointed out, this Parliament has shown its concern with the development of cooperation and has supported the Commission and Council initiatives to this end.

I therefore believe that Parliament should accept the amendments which we have proposed. I am all the more emphatic when I say this now that the nine Member States have ratified the Lomé Convention, which contains a significant innovation which will undoubtedly influence the North-South Conference: the introduction of machinery to stabilize the export earnings of the developing countries. This Convention con-

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cerns 500 million people—our Community and 46 developing countries—and sets a pattern and a unique example in international economic relations.

We therefore hope that there will be support for our policy of short and long-term cooperation since, in my opinion, it is one of the most striking and significant illustrations of the solidarity which the Community is ready to establish with the developing world.

Moreover, the report rightly shows—and I am pleased to offer my congratulations to the rapporteur in this connection—that the Community's attitude at the Seventh Special Session of the United Nations General Assembly on the problems of development was exemplary. All those who had a hand in achieving a single Community voice in this international forum deserve our congratulations.

Finally, ladies and gentlemen, when we realize—and I am sure that we all agree with Mr Laurin on this point—that development aid is essential, that other industrialized nations, because they have discovered plentiful oil resources, are also beginning to provide aid, we have no hesitation in saying that everyone stands to gain. Neither the unsettled economic situation in the world nor the state of monetary chaos can last indefinitely.

The energy crisis, the supply of raw materials, monetary fluctuations and capital movements have shown clearly enough and are still showing that a re-examination of the precarious imbalance in which we have been living is called for so that the new economic order in the world may be more stable and more equitable.

How apt were Mr Ortoli's words yesterday on international economic cooperation and the North-South Conference! This Conference must be our prime concern in the Community, in other words, we must be able to grasp its worldwide implications and understand the close interdependence of the problems of energy, raw materials, development and finance.

The Community must demonstrate that it is capable of concerted action, i.e. that it can present a consistently united front at the negotiations and display flexibility, because it must endeavour to inspire solutions and compromises. Its role must therefore be to promote cooperation and solidarity between the developing and developed countries.

This being the case, ladies and gentlemen, we feel that the organization of this important North-South Conference demands from each one of us an additional effort and a keener insight into the factual situation in which this unique undertaking is set.

Echoing the words of Sir Christopher Soames earlier, let me say that when this initiative was originally taken by the President of the French Republic, it was not certain that the Conference would take place or that it would become such an accomplished fact that we should here be acknowledging its importance and setting forth our expectations from it already.

A political risk has been taken and I welcome the fact that this Conference has managed to get under way, just as Mr Thorn did earlier on behalf of the Council.

It is important that it follows a successful course and therefore important for us all, ladies and gentlemen, to lay solid foundations for tomorrow's world, a world in which solidarity, and not opposition, reigns supreme.

I often think that the success of this Conference on International Economic Cooperation will also enable us to involve the Socialist states in this undertaking. The dialogue is beginning between the developing countries, the fourth and third-world countries and the countries rich in oil resources, but let us not forget the countries of the Eastern bloc. The success of this Conference and this dialogue could prompt these countries to join us in our efforts in the fields of energy, raw materials, development and cooperation.

This is a specific wish, the significance of which will not be lost on the Groups which sit on both sides of the House.

I therefore believe that Europe must set an example in this dialogue; indeed, it has already done so and the success of the remarkable and unique Lomé Convention bears this out. But it must continue to do so: we have a great responsibility and must not let Europe down in its historic mission!

(Applause)

President. — I call Lord Reay to speak on behalf of the European conservative group.

Lord Reay. — Mr President, we are pressed for time with our agenda. In addition, I have my doubts about the value of this Parliament's holding a debate after an international conference has taken place: there is a tendency for such debates to follow the occasion at some distance and for Members or groups to feel obliged to speak when perhaps they have not very much to say. Nor is there much more to say after the speeches of Mr Thorn, Sir Christopher Soames, Mr Couste, Mr Krall and others, and for that reason, too, I shall keep my remarks brief.

I do not wish to follow Lord Gordon-Walker and touch on what was, at one time at least, the

Lord Reay

liveliest political issue with respect to the North-South Conference, namely, that of the floor price for oil—one of my colleagues may later say something about that—except to say that my group strongly welcomes the fact that there was in the end a single Community representation, although some of us feel that this could have been reached with rather less difficulty than was in fact the case.

There is no doubt that it was an important conference, although, as has been said, it was not so much a conference as the inauguration of a process and the establishment of a machinery. In this respect, with the establishment of the four committees, this process will perhaps develop some similarity to GATT. Its real importance is that a machinery has been established which, in the years to come, will enable cooperation on specific matters to take place between the developing world and the industrialized nations. It can, therefore, be seen as a new and useful counter-balance to the United Nations.

I have no doubt that the developing countries will not abandon the United Nations as a forum in which they will express, often in less than moderate terms, their claims on the developed world. The United Nations will, I think, be used intermittently as a place where the industrialized world will find itself attacked, sometimes quite unpleasantly; but in the North-South dialogue the developing countries have joined in establishing machinery which did not exist before and in which there can at any moment be discussions and negotiations on specific matters between these two groups of countries. Who knows what crisis may not arise in the future, perhaps along the lines of the oil crisis, as a result of which we may find ourselves grateful that this machinery has been established?

I have no doubt, as Sir Christopher Soames said, that considerable hopes have been placed in this conference by the developing world. The existence of this conference may explain what Sir Christopher described as a degree of quiescence on the part of the developing world. In addition, considerable difficulties will be presented with respect to decision-taking for the Member States and for the Community. In that respect I was most interested in the remarks of Mr Thorn and Sir Christopher, but the fact remains that a possibility has been created which did not exist before, and the willingness of the developing countries to participate is perhaps an indication of their readiness to take up their responsibilities in the world at large, for they do have responsibilities. Indeed, the development of interdependence which we have seen in the world recently and which has become a characteristic of the world

has increased the responsibilities of the developing countries.

I now turn to the Krall report. In committee, my group questioned the motion for a resolution contained in this report. We did so because numerous changes had been made during the discussions in committee and there was no opportunity to incorporate these changes in a final text. It was left to the Secretariat to draw up a text that would reflect the discussions that had taken place, and we wished to reserve our position until we saw the result of that process. As it turns out, the Secretariat has done its job well and sensitively, and we shall lift our objections and support the resolution as it is.

In that resolution there is nothing—or at any rate nothing of importance—which one would specifically oppose. I agree with the individual proposals. Many of them have frequently been made in other documents that have been put before this Parliament and accepted by it. But if I have a criticism it is that the resolution shows an insufficient consideration of the possibility that there may be limits to what the Community can do for the developing countries. There is a tendency for Parliament and perhaps other institutions in the Community to pile promise upon promise without considering the damaging political consequences which would follow from failure to fulfil those promises.

From the point of view of leading domestic opinion, there is value in insisting on the need to follow policies of cooperation with developing countries. We must do that now more than ever before.

The Commissioner was right to underline the extreme vulnerability of Europe's economic position. But we must guard against the apparently chronic fault of democracies to make promises which are never discharged. There should be more recognition of that risk. I shall not pursue that matter any further now. I may come back to it on another occasion.

We support the Krall resolution. For the rest, like everyone else, we hope that the North-South dialogue will have productive consequences. We await the outcome with interest.

(Applause)

President. — I call Mr D'Angelosante.

Mr D'Angelosante. — *(I)* Mr President, to deal in a single debate with two vital issues which, moreover, concern our relations with the developing countries—a field in which the Community has played a pioneering role and provides a standard for others to judge by—may seem to detract from their importance.

D'Angelosante

The same applies to an even greater extent to the manner in which this debate was introduced. We were to have discussed the results to date of the North-South Conference, but the statements which we have heard on this subject (especially the one made by the representative of the Commission) can only be considered, with the best will in the world, as very general and quite different from what might have been expected from executive Institutions which sincerely want to give Parliament more, rather than less information, than was available in the press a few months ago.

Naturally, we welcome a Conference which has assembled and put to work four commissions, and thereby creating a dialogue between developed and developing countries. However, let me point out, ladies and gentlemen, that prior to our participation we worked out a series of positions, which have now merged into a stance which is relatively favourable to the views of others with whom we have major differences of opinion.

The North-South Conference was conceived after a series of political initiatives by the Community at the time of the economic and political upheaval caused by the Yom Kippur war and its aftermath. But before reviewing these problems briefly, let me say that while there is every reason to be gratified that the Community has spoken with a single voice in Paris, it would nevertheless be naïve and optimistic not to recognize that this was achieved by means of a fairly elementary and transparent compromise prior to which some Member States maintained rather senseless positions.

What astounds us, Mr President, is not the existence of problems—problems there have always been and today perhaps more so than in the past—but the refusal to discuss them. We feel that discussing the problems would go a long way towards solving them, whereas silence—contrary to what some of us seem to think—certainly will not.

This North-South Conference comes after a number of very important initiatives, and it might not be a bad idea to try and discover in this Parliament what became of these initiatives. We see it as our duty to continue to call attention to the resolution adopted on 6 November 1973 at the time of the Summit and the meeting with representatives of the Arab countries in Copenhagen, a resolution in which the Community undertook formal commitments. We call attention to it once again, because it would seem that this resolution has been well and truly buried, with only the historians

interested in unearthing it. As things stand, all that remains is the Euro-Arab dialogue, shorn of any real substance; according to the decisions taken in Copenhagen, this dialogue was to have been the central element in the future policy of the Community and its relations with the oil-producing countries.

This dialogue is marking time; the Member States show no interest in it and the Community has failed to reach any sort of agreement on a common energy policy. Meanwhile, all Member countries have blithely joined the International Energy Agency, which is run as a truly supranational organization, with a system of weighted voting which gives the USA a position of absolute dominance. It has not, however, proved possible to achieve anything similar at Community level.

I am well aware that publicizing these facts may not be enough, and may seem pointless or even unpleasant. But where, Mr President, if not in the European Parliament, can we try and understand how the Member States of this Community can manage to surrender some of their sovereignty to an institution such as the International Energy Agency, but find it impossible to reach agreement among themselves on the same subject? Furthermore, it is reported (and all those who spoke before me tactfully avoided this subject) that the Community organizations responsible have finally reached agreement on the Americans' dangerous proposal to impose a so-called floor price for oil. No explanation has been given in this Parliament as to why this agreement was reached when it was not previously possible, or what criteria are being applied, or what we hope to achieve by it. Quite frankly, it is extraordinary that European states whose economies have been thrown out of balance and put in seriously jeopardy by the increase in oil prices should have had to underwrite an agreement sought by the USA and by virtue of which the price of oil, should it drop, will have to be kept up artificially in order to safeguard the development of alternative sources of energy. But within that framework and behind this protectionist barrier, what safeguards are there for the interests of the Community and of the individual Member States? This is another point on which nothing has been said up to now. We have no desire to give this statement an anti-American bias without being fully acquainted with the facts. On the contrary, Mr President, ladies and gentlemen, we recognize that the most recent statements by the American authorities on problems concerning the development of the Third World contain some interesting new and perhaps positive elements to which our reactions might not have been, priori, negative. Unfortunately,

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however, the attitude of the USA vis-a-vis the developing countries must be judged in the light of the facts rather than in the light of confidence-inducing statements. Let me quote just two such facts: firstly, the American behaviour within the context of the system of generalized preferences based on agreements which are made to depend upon acceptance by the developing countries of specific political conditions, and secondly, the American attitude to the situation in Angola, where once again the independence and liberation of a people are seriously threatened.

In view of this, the question arises spontaneously: what can a Community which is fully aware of the need, and is ready and willing, to help the underdeveloped countries, a Community which signed the Lomé Convention and a few years ago introduced its own system of generalized preferences (abolishing reverse preferences and the system of making aid conditional on political and military considerations) have in common in the way of principles and aims with a superpower which is pursuing an entirely contrary policy? How is it possible to find common ground between the USA and the EEC in this field? These, in our opinion should have been the subjects of the present debate. Unfortunately, they failed to arouse the interest of the rapporteur and most of the colleagues who spoke before me. My Group therefore considers it indispensable for these subjects to be tackled in this House as behoves a Parliament, and not as they are dealt with in meetings at diplomatic level. Above all, they should be tackled independently by the Community.

As for Mr Krall's report, although we have reservations with respect to the explanatory statement and to the rapporteur's comments in this House, we confirm the vote which we expressed in committee.

(Applause from the Communist and Allies Group)

President. — I call Mr Härzschel.

Mr Härzschel. — *(D)* Mr President, ladies and gentlemen, I should like to thank Mr Krall for his report, which in my view is a good one. I am sure we basically agree—and this finds expression in the motion for a resolution—that we must make every possible effort to increase aid to the developing countries. But statements of principle of this type are of only relative value if they are not backed up by deeds. Experience and the trend in recent years show that we are no closer to achieving the aim which we set ourselves. We wanted to devote 0.7% of our gross national product to development aid,

but as a result of the recession our contribution has declined. There seems very little point in perhaps arousing new hopes now if we cannot fulfil them. In any case, I think a little more realism on both sides is called for.

Under the Lomé Convention and other agreements we have arranged for direct aid and trade concessions to a large number of developing countries. But we must also consider the consequences of this. It would be rather pointless for us to grant aid and trade preferences and in so doing plunge our own industry into difficulties and jeopardize large numbers of jobs. Mr Bangemann mentioned the problem of the textile industry. We must realize that if we approve development aid today, we may have to start talking about aid to the textile industry in the near future. We must also realize that any threats to jobs in our countries will compel us to devote extra funds to the creation of new jobs and that ultimately development aid will suffer a reduction or be lower than it would otherwise have been. So we must think carefully about the consequences.

It has been said time and time again that we must achieve some sort of international division of labour, and no one would question this. But the individual measures are not being geared to the structural problems in the industry of our Community. This matter must be put to both the Council and the Commission because I have the impression that it has not been examined as thoroughly as it should have been.

We cannot be all things to all men. This would be beyond our power. I am grateful to Mr Krall for mentioning the need to shed our illusions as regards development policy. We must understand the interrelationships between an economically sound and productive Europe and development aid. Only a sound Europe can afford to grant aid to the developing countries. Unemployment has far-reaching repercussions. At the present time millions are having to be spent to create new jobs or to safeguard existing ones, with the result that we cannot make sufficient funds available for development aid. The raw materials policy is also relevant to this problem.

The STABEX system used in the Lomé Convention is undoubtedly a model which might prove to be of lasting value. But we should wait until we have the benefit of experience before giving our general approval to it. As yet the period of testing has little more than begun.

We naturally recognize the justified desires of the raw materials' producing countries for higher, guaranteed prices. But arbitrary price fixing, leading to disturbances in our own econ-

Härzschel

omies, would not be in the interests of the developing countries either, since in the long run it would certainly lead to a reduction in development aid. A reasonable arrangement should therefore be sought jointly so that these prices can be fixed by mutual agreement.

I do not share Mr Bangemann's view that it would be possible for us to forge a structural policy for the whole world. We should not overestimate our influence in this area. Industrial cooperation with the countries in the developing world is necessary, but it involves major problems. If we begin with the textile industry and continue in the same way in every other sector, we might end up creating new relations of dependence by allocating the humbler tasks to the developing countries and reserving the more sophisticated, more lucrative and intellectually more stimulating ones for ourselves.

There is one last thing which seems equally essential to me. We should in future involve unions and employers much more closely in all these issues. Investment, development aid and raw material prices have repercussions on employment. We must therefore listen to those concerned and allow them a share of responsibility, for it is vital that any reorganization should be undertaken in good time.

This too can only properly be done by agreement with those concerned if we are to avoid unrest in our Community. If we want to make real progress in these major tasks, we should not in my opinion underestimate these questions of economic policy as they are of the utmost importance. I would therefore be grateful if the Council and the Commission would take these factors into consideration when dealing with matters of internal Community policy, so that we can anticipate structural changes. I believe we shall succeed in the area of development aid only if we keep our heads and do not overestimate what we are able to do, but use all the means at our disposal to establish priorities permitting effective aid to be given.

(Applause)

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

Mr Glinne. — *(F)* Mr President, it was with great interest that we listened to Mr Thorn's speech a short while ago. Our Group would like to express its positive appreciation as regards the general outline of the speech by the President of the Council, but more especially of the need, which Mr Thorn aptly stressed, of maintaining an approach which is both coopera-

tive and cautious—at Community level and for each of the Member States—in our relations with the OECD.

We are convinced that the Community must maintain and strengthen its traditional ties with the industrialized third countries within the wider context of the OECD. Of course, our solidarity must know reasonable limits, but these relations are both useful and essential, provided that the first claim on the solidarity of the European Community is in no way weakened or indeed threatened by discussions which are at times somewhat improvised and risky at the level of the OECD as such.

Turning to Mr Krall's report, I should like to say that we are not entirely satisfied. As far as the procedure is concerned, Lord Reay has just pointed out that after the Secretariat of the appropriate parliamentary committee drew up the final text, we were expecting the text to be placed once again before the Committee on Development and Cooperation. Unfortunately this did not happen, and it is much to be regretted since we wished to raise some objections as to the actual phrasing of this motion for a resolution which is now before us.

What are the comments which we should have liked to make? First of all, we must not be over-optimistic about the outcome of the Seventh Special Session of the UN General Assembly. There was a definite improvement in the climate at this session: the spirit of confrontation, the very desire for confrontation, were replaced, without any shadow of a doubt, by the obvious wish of those present to bring a spirit of conciliation to the session. But in spite of this, have the basic problems raised during the Sixth General Assembly been in fact resolved? We are forced to admit that so far they have not; they have merely been referred to other bodies which have still to meet.

The problem of a bilaterally acceptable formula for the Charter of the Economic Rights and Duties of States has not yet been solved. There will be meetings in the coming months in Lima, Nairobi and elsewhere. We may say that, even if the climate has altered, it is still too early to be over-optimistic about the fundamental issues.

Furthermore, during a meeting of the appropriate parliamentary committee Mr Broeks stated with regard to private investment—you will find this at the bottom of Page 5 in the English text—that the Socialist Group was definitely not against the development of joint ventures; we do not question the principle of

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joint ventures in the third world; the problem is one of method and implementation.

We feel, however, that these joint ventures, and private investment in a wider sense in the third world, must not be prompted by the profit motive, but rather by the desire to help the countries involved.

It was in this spirit that Mr Broeksz made his oral proposal for an amendment by which joint ventures and private investment in the third world would be obliged to reinvest most of their profits locally.

Instead of adopting the spirit of Mr Broeksz' suggestion, we find in Paragraph 3, sub-paragraph 2, of the motion a call for the 'creation of a more favourable climate for private investment'. As far as we are concerned, Mr President, this is far too restrictive a way to present matters. We are waiting for a code of good conduct, the scope, phrasing and conditions of which both the OECD and the United Nations are endeavouring to define. As the motion for a resolution is worded at present, it has already come to unilaterally favourable conclusions on the outcome of negotiations which have still to take place. It is for all these reasons, Mr President, that our Group will abstain from voting on the motion for a resolution in its entirety. Naturally, we have noted Mr Laudrin's proposed amendments. Some of them serve only to define the scope of the text—I am thinking here of Amendments 1, 2 and 3—and we have no basic objection to these amendments which leave the motion itself virtually unchanged.

On the other hand, we should like above all to draw Mr Laudrin's attention to the fact that Amendment 4, calling for the deletion of the words 'and to restrain their own interests' in Paragraph 9 of the motion, varies greatly according to the language in which it is presented. There is no doubt that in the Dutch version, for example, the text is quite unacceptable. Consequently, I should like to suggest that Mr Laudrin take another look at the way in which his amendment has been translated into the various languages, before the confusion which has arisen prompts us to give a somewhat unfavourable opinion. We shall subsequently reconsider the text if it has to be corrected.

Finally, Mr President, when it comes to sending the Commission's report to such an eminent authority as the Secretary-General of the United Nations, I must say on behalf of our Group that since, unfortunately, the resolution is in our view relatively insignificant rather than truly constructive, we feel it would be pointless to go through the solemn motions which such a process entails. We therefore suggest that the

idea of sending this resolution, which is in fact very limited in its effect, to international authorities, be omitted from the last paragraph, since it would merely lead them to think that we have acted rather naïvely without fulfilling our true rôle.

(Applause)

President. — I call Mr Normanton.

Mr Normanton. — At this late hour, after what we must all agree to have been a useful and valuable debate, I shall be brief. I want to make three or four observations.

The House will undoubtedly welcome the initiative and wish the North-South dialogue every possible success for the future. Mr Thorn said that it was hoped that this would 'resolve all the economic problems facing the Community in its relationships with the outside world'. I only wish that those high-sounding and idealistic words could prove true. However, although starry-eyed idealism may be wonderful in a story-book, it does not fit politics: no single solution will ever satisfy everyone.

Therefore, however idealistic the motivation, I earnestly make the plea to the Council and the Commission that they do not sell Community industry short. Mr Härzschel made a comment which my colleagues and I in our group warmly endorse. We should not repeat the bitter experience faced by a major section of European industry. I refer here especially to the textile industry in certain parts of Europe. The motive of starry-eyed idealism has resulted in the decimation of major areas of European industry. Community consumers and low-cost producers may have benefited to some degree, but it has been at a very high cost.

We certainly want trade, and perhaps aid, more particularly where in some parts of the world trade is not possible for obvious reasons. There is no doubt in the minds of those engaged in industry and those with political interests concerned with industry that much can be achieved. But the trade must profit both parties, both the developing and the developed countries. When a developing country exports its industrial products at below production cost, it creates precisely the situation that it can least afford, because by so doing it exports capital, and capital is the scarcest and most important single commodity required by such a country.

To ensure mutual profitability admittedly requires some mechanism for monitoring the trade to and from and inside the Community. The *laissez-faire* competition of the nineteenth-century Industrial Revolution would mean death

Normanton

to the developing countries and disaster to the developed countries. The Community has not yet contemplated establishing such a mechanism. It must be established on a Community basis, as an offset to the national mechanisms which in some respects have been so ineffective.

Although we are debating the North-South dialogue among other matters, I earnestly hope that no one in this Parliament will ignore the growing part in world trade played by state trading. There are not only the USSR and its satellites but an increasing number of other states, many of which are signatories of the Lomé Convention. Lomé economies are state-oriented, some entirely state-managed; the principles and objectives of some are totally different from those of the European Community and in this sense diametrically opposed to the interests of the free world. I hope that we shall have an assurance from the Council and the Commission that the interests of the industries of Europe will not be the price of the improvement of the developing areas.

Because of its very character, the North-South dialogue will inevitably concentrate on commercial relationships. The Community has been and will continue to be well served by the Commission, its executive agency, and by Sir Christopher Soames, who is responsible for this sector in particular. But the sense of realism in the dialogue must be directed and, indeed, dominated by the political considerations, and in this context the Community is ill-equipped institutionally to perform this important rôle.

I said 'the Community'—that is, the Council and the Commission—because the Community is based upon the Treaty of Rome, and as far as I am concerned and, I believe, as far as the political groups and political institutions in Europe are concerned, foreign affairs as such in the name of the Community do not fall within the remit of any of the institutions of the Community. I therefore hope that the North-South Conference will prove the need to fill this glaring omission and motivate the Heads of State, the Council of Ministers, the Commission and this House to establish at the earliest possible opportunity an appropriate mechanism for future commercial decision-taking.

If I may offer a specific proposal, it is that the powers of the Commission should be specifically and precisely extended by the inclusion of foreign affairs and foreign relations within the portfolio of the Commissioner currently responsible for external commercial policies. It is unrealistic for any policy to be isolated and identified as commercial. Commercial policy is an arm of politics, and it is commercial and poli-

tical policies which must dominate policies of the Community in its relations with the external world. If that initiative is mounted inside the Community, I am confident that the North-South dialogue will prove to have been a major political initiative and an even greater positive step forward towards the establishment of unity and prosperity in the Community.

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

Mr Fletcher. — Mr President, I shall confine my remarks to one subject that has been raised by a number of speakers during the debate, and that is the suggestion that in the interests of the economic development of the Community and the Western world generally it is necessary to apply some agreed mechanism to oil prices—some protection against the possibility of a decrease in oil prices.

I find that attitude difficult to understand, for it means that Western governments should guarantee the maintenance of high oil prices. Surely it is substantially because of high oil prices that our economies have been depressed during the past year or so and unemployment has been high. We have blamed the Arab countries for that, but now some of our colleagues are recommending a similar policy. It is a policy which, I suggest, would be just as damaging to the third countries if we were to follow it as it has been to those countries since 1973.

The economic growth of the Community and the underdeveloped world for which we accept economic responsibility depends upon our willingness to invest in our own natural resources and in the development of non-conventional energy projects, such as large-scale solar energy and synthetic fuel products.

One area of conventional energy that requires Community investment is North Sea oil. This investment is badly needed and it is at present in short supply, not because of fears of falling prices but because of an over-dose of political and government involvement which has raised serious questions and doubts about the commercial viability of further investment in the North Sea. Another dose of governmental or bureaucratic involvement by the Community in the form of a price mechanism would not act as a spur to further investment in the North Sea.

Lord Gordon-Walker earlier mentioned the farmer who hanged himself in expectation of plenty. I suggest that a floor price would mean that we in the Community were hanging

Fletcher

ourselves in expectation of falling prices—an expectation which I am sure will not be realized—and I think that if the bureaucrats were given their head to invent such a floor price, we should sooner or later find ourselves in some kind of CAP for oil—and I do not believe that that sort of exercise would stimulate the market generally.

We should remember that, when the price level was only \$2.30 per barrel two or three years ago, investment in North Sea oil was high. Now, when the world is fully aware how precious oil is and the price has risen by a factor of five, investment is in short supply. That is for political reasons, because the market has been distorted. That should be a matter of great concern to the Community, for both domestic and international reasons. Only by investing in areas such as the North Sea can the Community be sure of playing its part in harnessing and sharing in our natural resources for the benefit of the Community and of those other countries which depend upon us for their economic well-being.

(Applause)

President. — I call Mr Dalyell.

Mr Dalyell. — I should like to pose four probing questions to Commissioner Soames.

First, Sir Christopher used the phrase, 'There should be no colonial hang-ups'. What precisely does that mean in terms of aid policy? We have the current tragic example of Guatemala. Some of us would like to know how 'no colonial hang-up' is translated into policy terms. Indeed, if Mr Thorn were here and able to comment, I should ask what the Council of Ministers were doing about this policy.

Secondly, the Commissioner said that the Community should speak with one voice. Does that mean that the Community should speak with one voice on Iceland? If so, the Federal German Chancellor on his visit to Britain should not pass by on the other side of the road. If the Commissioner is to use such phrases, I should like to know their reality and, indeed, their reality in relation to events concerning Somalia. What does the Commissioner mean by 'flexibility of decision-making'? Some of us might think there should have been much greater flexibility of decision-making when it came to Angola. Does it mean a common policy? For example, does it mean some kind of common action regarding mercenaries? Many of us think that co-ordination between the United Kingdom and Belgium was not all that wonderfully good in connection with recent events involving

mercenaries going from Western Europe to Angola. Having put it in a rather hostile manner...

President. — The subject of mercenaries going to Angola is not connected with this debate.

Mr Dalyell. — ...The flexibility of decision-making is relevant only if it is applied to nub issues. Some of us strongly support Mr James Callaghan when he says that he feels most at ease on foreign-policy matters when he can get cooperation in the short term. Most of us in this hemisphere, I am sure, would want that.

Thirdly, the Commissioner said that developing countries saw the need to cooperate. It would be useful for Parliament to have his policy conclusions on his recent visit to Latin America. Those who attended the second conference between this Parliament and representatives of Latin America in Luxembourg just before Christmas know precisely how much better cooperation is to be desired. Relations are not at all good in many areas, not least in the commercial sphere. A great deal could be done to obtain greater cooperation.

Finally, the Commissioner said that somehow he saw 'the Community as a force between superpowers'. Will he expand on what he means by that phrase? It could be construed as talking to the Chinese. I made a visit lasting one-and-a-half hours to the Chinese delegation recently arrived in Brussels. No one who has had that experience can be under any shadow of doubt how acutely they feel about Soviet arms. That feeling is more acute than it was when I had the good fortune to visit China in 1971. Therefore, will the Commissioner explain his use of 'superpowers' and 'the Community as a force'? The Commissioner has close relations with the Chinese and has earned certain credit for developing relations with China. Precisely how does he see the Community as a 'force between superpowers'? There would be interest in the matter not only among the nation-states of Western Europe but also in Peking.

President. — I call Mr Thorn.

Mr Thorn, *President-in-Office of the Council*. — (F) Mr President, it is not my intention to prolong this debate but I should like nevertheless, before it ends, to thank all the Members who have spoken and, as could be expected with these two inter-connected subjects, touched on a number of closely linked topics. But this is only right since, as one of my predecessors used to say, it is all part of the same pattern. (Laughter)

Thorn

I do not think that anyone is expecting me to enter the lists again and express an opinion on the various problems which have been discussed. We have listened with careful attention to the debate which, as I said in my opening speech, is basically a debate held by Parliament in order to guide the Council and the Commission in their forthcoming negotiations. These will undoubtedly be difficult but we hope that the outcome will be positive; for as the speakers here have said, we are compelled to succeed.

There is no doubt that in the light of what will be achieved during meetings of the four Commissions and at the end of this important conference in Paris, we shall, as the months go by, have to reconsider our development policy.

In general terms, we must formulate a common energy policy which is, unfortunately, as yet still in embryo; but at least this conference will have succeeded in compelling us to conceive such a policy.

However, I shall take only one example to illustrate my difficulty in replying to the points raised: the floor price for oil. I can only say that the Commission and the Council are examining the matter, since this is one aspect of the negotiations, during which we have to adopt a stand.

I can say no more about the work of the Commissions which, if I may remind the House, is to begin only today—11 February. I should like nevertheless to offer some solace by saying that a certain number of internal documents have been drawn up for our spokesmen so as to prepare them for these negotiations. This, however, represents only an initial standpoint which will have to be developed and then discussed within the OECD with the industrialized countries and the other members.

This, then, is not the moment to reveal our position by stating where our priorities lie or, let us be frank, where we see little room for negotiation.

Nevertheless, it has been both interesting and helpful to hear the opinion of the House since Members are less restricted in their comments and thus able to express the opinions of their own parties, or even of their own national parliaments.

One or two Members have wondered about the spokesman for the Community. I should like to remind them briefly that on 9 December, on the basis of the European Council meeting in Rome, we decided that the President of the Council and the Commission should represent the Community.

Two delegations were added, including mine, for historical and political reasons which you well know. It was decided that the United Kingdom and the Grand Duchy could be called upon to give their point of view 'in conformity with the Community mandate'. I was especially flattered to read that we owe this to our own particular experience in certain fields...

(Laughter)

I should like to draw your attention to another danger which, while I do not wish to exaggerate its importance, at least seems very real: the problem of cooperation within the OECD. I should like finally to point out there that the Council decided that during the OECD talks concerning the North-South dialogue the Community would once again be represented by the President of the Council and the Commission. The Community position will be established in advance, either in Brussels or during the coordination meeting which will be held on the spot, in Paris. It will be based on the work being done on a continuous basis in Brussels.

Those who want to will have understood what I have said. This is a fine example of the procedural difficulties with which we are faced.

Mr President, through you I should like to express my thanks to the House for this extremely interesting debate.

(Applause)

President. — I call Sir Christopher Soames.

Sir Christopher Soames, Vice-President of the Commission. — I wish to reply to several of the points made during the debate.

First, Mr Krall, using the words 'economic order', advised a certain caution by saying that we must not let it be thought that we felt that one economic order was coming to an end and another was beginning the next day. With that I thoroughly agree. There is nothing wrong in thinking of adapting our economic order to modern circumstances; but the view that everything that has happened until now is bad, that we have to wash our hands of it and start something completely new, is a lot of hogwash, and we had better recognize that.

Lord Gordon-Walker talked favourably of having a common energy policy. He referred to the importance of North Sea oil to the Community and suggested a common energy policy. He even went so far as to say, 'Let us have something like a common agricultural policy for energy'. I am not sure about that. However, I am delighted to hear such a view from a British parliamentarian. It means, I imagine, that he

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feels that the British people are coming more and more to realize that they should regard North Sea oil as a part of the Community's wealth and riches. This is fine. One of the troubles from which we have suffered until now arises from the idea that one puts one's arms around North Sea oil and says, 'Don't let anyone touch it; it is Britain's and Britain's alone; it is entirely for us'. In fact, it is one of the great sources of wealth, riches and potential prosperity. We must look at it as part of a Community policy just as we must look at every other form of energy as part of a Community policy. I very much welcome the view that we should now move towards a common energy policy, and I hope it will have the support of the British people as a whole, because I am sure that it is right.

Mr Normanton talked about not selling industry short and said that we must not have a starry-eyed idealism *vis-à-vis* the developing world. There is nothing wrong with a little idealism. Being starry-eyed is, perhaps, not so wise. And we do not want to sell industry short: that is not our idea.

I mentioned in my speech that it was wrong to imagine that all the obligations were on one side and all the rights on the other side. One of the good things that have flowed out of the terrible difficulties through which the world has passed in this recession, with the great national and personal tragedies to which it has led in many instances, particularly in the developing world, is a realization that one cannot ask of the industrialized world in times of recession what one could ask of it in times of growth.

In my speech I said that in the 1950s and 1960s we did not do very well as an industrialized world *vis-à-vis* the developing world. But what are we talking about if it is not a redistribution of wealth? What is the lesson we learn about redistribution of wealth? The lesson is that in times of growth one can redistribute wealth but in times of stagnation and recession it is nowhere near as easy to convince people that it is right to do so. Nor, perhaps, is it in fact necessarily so right to do so. There has been a growing realization in these past two or three difficult years on the part of the developing world of the degree of interdependence which exists between the developing world and the industrialized world. They realize that it is in terms of growth that they must seek that response from the industrialized world which we look forward to giving them.

Mr Glinne made rather a good point. He said that we must not be over-optimistic. He sounded—very wisely in my view—a note of caution by

asking, have things really changed? The fact that we got through the Seventh Special Assembly without a row does not necessarily mean that the fundamentals have changed. I agree with Mr Glinne on that point. One swallow does not make a summer. It is without doubt true that we should not get ourselves too worked up by the fact that we got through the Seventh Special Assembly without having a row, particularly as we got through it without having a vote. If there had been a vote, there might have been a difference. But that at least is something. I refer once more to what I said earlier about the realization by the developing world of the far greater degree of interdependence that exists in the world than ever existed between the wars, and here again I ask, where is the world if this conference does not succeed? Where do we go next? Do we look to the United Nations to carry this project out? Do we start another conference? We cannot have a smaller one. If this conference does not work, why should another one of the same size work? Here the message should go out, addressed not only to ourselves but to all our partners in this conference, that this is their chance. If this does not succeed, I am fearful of the consequences.

Mr Dalyell asked me certain questions, some of which seemed to me to be rather wide of the debate. When I said that the Community ought to have a common voice, I meant, of course, within the scope of this conference.

Mr Dalyell also asked about Guatemala, Iceland and mercenaries. Little by little we shall arrive at having a common voice. We shall not do this from one day to the next, but there are certain areas in which pressures from outside force us to get a common voice more quickly than we should if we were left to ourselves. One of the gains which the Community will get from the conference is that we shall be forced to adopt a common voice on a number of issues. That is not to say that I should not like to see that happen on many other matters. It is simply that the conference will bring pressure to bear.

The honourable Member asked what we are saying to the Chinese about all this. The Community's relationship with the Chinese Government is by no means confined to trade. The Chinese told me that they would soon be asking for a trade agreement with the Community. That is fine, but they also said that they want to see a strong Community—economically, politically and militarily. That fits in with their geopolitical thinking. China is a country with a considerable influence in much of the developing world.

The Chinese are not taking part directly in the Paris Conference, but if the Community and the

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Chinese can have a dialogue I think that that will be of considerable help. We as a Community have a special position in this conference, and the Chinese have a considerable influence. A greater understanding between the two groups could be of some help—I put it no higher than that—and this might be an important element.

What is noteworthy in this whole saga of the North-South relationship is that one questions where the other Socialist countries stand. When, 10 years ago, honourable Members and myself were thinking that, provided East-West did not explode, North-South would become the great issue, what did we mean? We meant that the Western world and the Communist world would be vying with each other in the South for the hearts and minds of the South. That is what we meant. What is happening? Who has the generalized preference scheme? Who made the Lomé Convention? What countries have generalized preference schemes? From where is the aid for the developing world coming?

The free world is on its own in this regard. In this complex issue of North-South relationships, we shall need all the help that we can get from every nation which has at heart the peace of the world. Words are not enough. Every nation and every entity like the Community will be judged not by its words but by what it is prepared to offer up and to do.

(Applause)

President. — The general debate is closed.

We shall now consider the motion for a resolution.

I put the first and second indents of the preamble to the vote.

The first and second indents are adopted.

After the second indent I have Amendment No 3, tabled by Mr Laudrin:

'Preamble

Add a third indent to the preamble worded as follows:

" — having regard to the report drawn up on behalf of the Committee on Development and Cooperation on the Community's overall cooperation and development policy (Doc. 42/75)".'

I call Mr Laudrin.

Mr Laudrin. — (F) Mr President, I should like to see—and what Mr Glinne said earlier lends strength to my conviction—the words 'together with an explanatory statement' deleted from the introductory heading preceding the motion for a resolution. It is there that the problem lies.

Perhaps as a result of incorrect translation, and certainly as a result of the fact that the committee did not have enough time to complete the whole of the explanatory statement, the latter is very controversial.

President. — Mr Laudrin, you have tabled Amendment No 3. We may only vote on that Amendment.

Mr Laudrin. — (F) Mr President, I tabled another amendment which I have just explained and which was rejected on the pretext that it was inadmissible.

President. — It is still inadmissible. Please deal with your Amendment No 3.

Mr Laudrin. — (F) My Amendment No 3 is intended to pay tribute to the work done by Mr Bersani, who, on behalf of the Committee on Development and Cooperation tabled a report under No 42/75 on the Community's overall policy on cooperation and development, which the Commission has acknowledged as being of extreme importance.

President. — What is the rapporteur's position?

Mrs Edele Kruchow, deputy rapporteur. — (DK) This puts me in a very difficult situation indeed, since Mr Krall is not here. But I have discussed the amendments with Mr Krall and he will accept Amendment No 3 on the preamble. But it is really very difficult for me to go any further.

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

Amendment No 3 is adopted.

I put paragraphs 1 and 2 to the vote.

Paragraphs 1 and 2 are adopted.

On paragraph 3 I have Amendment No 1, tabled by Mr Laudrin on behalf of the Group of European Progressive Democrats:

'Paragraph 3

The third indent of this paragraph to read as follows:

" — A greater share for the developing countries in world industrial production and expansion of processing industries in *these countries* with the value *thus* added in raw materials processing accruing to the developing countries".'

I call Mr Cousté.

Mr Cousté. — (F) You only need to read this amendment, Mr President, to be convinced of its validity. I trust that Parliament will agree to adopt it.

President. — What is the rapporteur's position?

Mrs Edele Kruchow, deputy rapporteur. — (DK) I can say on Mr Krall's behalf that Amendment No 1 to paragraph 3 is acceptable.

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

I put paragraph 3 thus amended to the vote.

Paragraph 3 is adopted.

I put paragraph 4 to the vote.

Paragraph 4 is adopted.

On paragraph 5 I have Amendment No 2, tabled by Mr Laudrin on behalf of the Group of European Progressive Democrats:

'Paragraph 5

At the end of this paragraph, add the following: "... which would not only benefit the population but would also make it possible to avoid disturbances on the domestic market of the industrialized countries by eliminating distortions of competition;".'

What is the rapporteur's position?

Mrs Edele Kruchow, deputy rapporteur. — (DK) I can say on Mr Krall's behalf that he cannot accept this amendment.

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

Amendment No 2 is rejected.

I put paragraph 5 to the vote.

Paragraph 5 is adopted.

I put paragraphs 6, 7 and 8 to the vote.

Paragraphs 6, 7 and 8 are adopted.

On paragraph 9 I have Amendment No 4, tabled by Mr Laudrin on behalf of the Group of European Progressive Democrats:

'Paragraph 9

In this paragraph, delete the words: "and to restrain their own interests".'

I call Mr Cousté.

Mr Cousté. — (F) I should like very briefly to move this amendment, Mr President.

It is my view that the words 'and to restrain their own interests' are inappropriate, for the

simple reason that the interests of the Member States must go hand in hand with Community interest.

President. — What is the rapporteur's position?

Mrs Edele Kruchow, deputy rapporteur. — (DK) The rapporteur cannot accept this amendment.

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

Amendment No 4 is rejected.

I put paragraph 9 to the vote.

Paragraph 9 is adopted.

I put paragraphs 10 to 13 to the vote.

Paragraphs 10 to 13 are adopted.

On paragraph 14 I have Amendment No 5, tabled by Mr Laudrin on behalf of the Group of European Progressive Democrats:

'Paragraph 14

In this paragraph, delete the words: "and the report of its committee".'

I call Mr Laudrin.

Mr Laudrin. — (F) Mr President, I request simply that, since the committee's report has not been unanimously approved, it should not be forwarded to the Council.

I feel, as Mr Glinne very rightly pointed out earlier, that we should adopt a more modest approach and confine ourselves to forwarding the resolution, which on its own may obtain unanimous approval.

President. — What is the rapporteur's position?

Mrs Edele Kruchow, deputy rapporteur. — (DK) Mr Krall cannot accept this amendment.

President. — I put Amendment No 5 to the vote. Amendment No 5 is adopted.

I put paragraph 14 thus amended to the vote.

Paragraph 14 is adopted.

I call Mr Broeks for an explanation of vote.

Mr Broeks. — (NL) Mr President, you have already heard that it finally proved impossible to forward the motion for a resolution, as discussed in committee, to the committee in its final version. I have a number of objections to the wording of some points in paragraph 3. I am not satisfied with them and shall therefore abstain from voting on the motion for a resolu-

Broeksx

tion as a whole. I have, however, voted against a number of amendments tabled by Mr Laudrin, since I felt that the resolution ought not to be made worse than it in my view already is.

President. Since no one else wishes to speak, I put to the vote the motion for a resolution as a whole, thus amended.

The resolution is adopted.¹

8. *Tabling of a motion for a resolution*

President. — I have received from Mr Bertrand on behalf of the Christian-Democratic Group, Mr Radoux on behalf of the Socialist Group, Mr Scott-Hopkins on behalf of the European Conservative Group, Mr Durieux on behalf of the Liberal and Allies Group and Mr Kaspereit on behalf of the Group of European Progressive Democrats, a motion for a resolution, with request for debate by urgent procedure pursuant to Rule 14 of the Rules of Procedure, on the Tindemans report.

This motion for a resolution has been distributed as Doc. 527/75.

I propose that Parliament should decide whether to adopt urgent procedure in respect of this motion for a resolution tomorrow morning after the votes on the agricultural reports.

Are there any objections?

That is agreed.

9. *Oral question with debate: Relations between the European Community and the Lebanon*

President. — The next item is the oral question with debate, put by Mr Blumenfeld, Mr Aigner, Mrs Walz, Mr Notenboom, Mr Klepsch, Mr Früh and Mr Härzschel to the Conference of Foreign Ministers of the Member States of the European Communities, on relations between the European Community and the Lebanon (Doc. 458/75):

Subject: Relations between the European Community and the Lebanon

Having regard to

— the state of virtual civil war in the Lebanon, which has now lasted for some months and has caused considerable loss of life and the serious disruption of the economy,

— the fact that the Lebanon, as a State bordering on the Mediterranean, is linked with the Community by a trade agreement and is a

special partner in the overall Mediterranean policy of the European Communities;

— the participation by the Lebanon in the Euro-Arab dialogue,

We would ask the Conference of Foreign Ministers of the Member States of the European Communities:

What ideas have the Foreign Ministers of the Member States of the European Communities developed in the context of European political cooperation with a view to helping in a practical manner and as rapidly as possible to reconcile the warring groups and smooth the way for the reconstruction of the country?

I call Mr Blumenfeld.

Mr Blumenfeld. — (D) Mr President, it is symptomatic of the state of the Community and our Parliament and of the discrepancy between the alleged responsibility of the European Communities, i.e. its rôle in international politics, and actual reality, that we should now be debating an important issue under pressure of time. I would ask Mr Thorn to bear with me while I add a few extra comments and give him the opportunity of answering. I would just like to say one or two things and thus make it possible for him to go beyond the official answer and provide Parliament with somewhat more detailed information.

The question which my colleagues and I have tabled goes back to November of last year. That we should not have had an opportunity to discuss it in a plenary session until now, the beginning of February, is not a criticism. I should simply like to point out that at the time we were prompted to put this question by the civil war and butchery raging in the Lebanon and by a statement made by the Council of Foreign Ministers at its meeting of 30 October 1975 in Rome at which the Ministers agreed that the civil war in the Lebanon was an internal Lebanese affair in which the Community could not interfere. My colleagues and I deeply regretted the adoption of this opinion since it was observed with astonishment not only in Europe but in the whole world that Europe had failed to make any statement regarding the war in the Lebanon, regarding what one might have called and must today still call a veritable time-bomb. We therefore asked the Foreign Ministers of the Member States the following question: what ideas have the Foreign Ministers of the Member States of the European Communities developed in the context of European political cooperation with a view to helping in a practical manner and as rapidly as possible to reconcile the warring groups and smooth the way for the reconstruction of the country?

¹ OJ C 53 of 8. 3. 1976.

Blumenfeld

In the short time available to me, Mr President, I should like to make two comments on the question. Firstly, we have to accept the fact that today, at the end of this terrible, bloody war, which claimed well over 10 000 human lives and cost the country more than 5 000 million dollars, the Lebanon is now to all intents and purposes a divided country and all that is left of the State of the Lebanon is its name.

It is possible today, in this precarious period of peace and cease-fire between the warring groups in that country, to give active help. Hence it is all the more urgent now for us as the European Community to do something for the numerous victims in the Lebanon, for the refugees and those driven out of the South of the Lebanon and the cities, and for the people living in terrible poverty there. The question which we put to the Foreign Ministers, and to the Commission too, is as follows: what has been done by way of a joint effort by the European Community, in addition to the aid already given by the individual countries through their respective Red Cross organizations or by means of bilateral measures, and in what form can this joint effort bring relief to the victims of the civil war in the Lebanon in the shortest possible time?

My colleagues and I are thinking not so much of money as material aid for these refugees and unfortunate victims.

There is, however, little point in sending uncoordinated, bilateral aid. If we as the European Community regard aid as a political factor, we must treat it as Community action, in other words we must take account of the particular circumstances in the Lebanon and ensure that the European Community is present there as an organization and that the aid really reaches those who need it.

The second comment I wish to make, Mr President-in-Office of the Council, or rather Mr President of the Conference of Foreign Ministers, is of a political order. On the face of it the civil war in the Lebanon is a war between Christians and Moslems, but closer examination shows that religion is only one aspect of the problem. In fact political stability there depends on cooperation between Christians, Moslems and also numerous other sects. The religious institutions occupy a very important position in that country, and canon law and the law of the Koran represent the only legal bases for many family relationships and also for many aspects of economic life.

We believe that the present crisis is of a much more profound order. The Lebanon has now become the focal point for certain contemporary

phenomena, which are also burning questions. There is an open class struggle. There is the Arab-Israel confrontation. Internal Arab quarrels are also involved and so is the unsolved question of the Palestinians and, last but not least, the rivalry between the United States and the Soviet Union.

The European countries should make every possible effort to support those political forces in the Lebanon which have been advocating and are still advocating a national programme of reconciliation.

Mr President, here is an opportunity for the European Community to translate into action the fine words which the Council of Ministers and the Conference of Foreign Ministers are constantly uttering regarding the political rôle which we have to play, and to make sure that Europe actually does play its part with regard to what I have called this time-bomb of 'political conflict in the Middle East' and now at last begins to go beyond humanitarian action and adopts a political standpoint. This is why we have asked this question and we hope and expect that President Thorn will be able to say something positive about the rôle which Europe will play.

(Applause)

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

Mr Emile Muller. — *(F)* Mr President, I should have liked, on behalf of the Liberal and Allies Group, to go into some detail on this crucial aspect of our relations with the Middle East, but I shall limit myself to repeating the opinion of our Group: that we need to find an overall solution to this problem. No doubt it will be necessary to find a solution not only to the problem raised by Mr Blumenfeld, but also to the Palestinian problem; if this is not done, it will be impossible to ensure a stable peace for the martyred people of this troubled corner of the world.

I should also like to emphasize the urgent need of a Community aid programme, already mentioned by Mr Blumenfeld, for the refugees. It is essential for the Community to come to the aid of the victims of such happenings. This aid must take the form both of food and of financial assistance. We must not remain impassive to the Lebanon's need to rebuild, nor must we cease to be concerned about maintaining the integrity of frontiers.

Any interference in the affairs of the Lebanon which is not motivated by the desire to help the country re-establish domestic peace must

Emile Muller

be strongly opposed by the Community. I second Mr Blumenfeld in asking the President-in-Office of the Council to clarify the aims of the Council of Ministers so that our action may help to consolidate the cease-fire and rekindle hope in the hearts of these people who mean so much to us.

(Applause)

President. — I call Mr Cifarelli.

Mr Cifarelli. — *(I)* Mr President, I agree with Mr Blumenfeld's remarks as regards Community aid to this troubled land. But I have obviously not asked to speak just to say that I am in agreement, but rather to make three points.

Firstly, the civil war in the Lebanon—which we hope has ended, although I am far from convinced—is another step in the violent and forced arabization of the Middle East, and indeed of other countries, at the expense of the minority groups living there. If we speak of the Maronites in the Lebanon, we should also speak of the Kurds in another land. And the situation is all the more serious in that efforts are being made to convince us that there are various reasons for this, whereas the sole reason is an uncontrolled nationalism which is nothing short of racist.

Secondly, the Christian community in Lebanon is in a difficult straits, and not only because of the organized forces from outside, the Soviet Union manoeuvring behind Syria. It is in a bad way for the psychological reason that there is a tendency, very much in fashion in the current moral and political crisis besetting Europe and other parts of the world, to transform a problem of religious freedom for a long-established minority group into a social or other kind of problem, into a problem of haves and have-nots. This is a fundamental misrepresentation.

The truth is that the polyethnic Lebanese state was based on certain guarantees; disregard of these guarantees is an expression of the desire to crush and eliminate the non-arab minority which lives in the Lebanon.

Thirdly, let me take this opportunity of raising my lay voice in defence of the Lebanese Christians, since other voices, which should have thundered from high places in Rome, have recently joined—in Tripoli or Benghazi, at any rate in Libya—in the obscene chorus—yes, ladies and gentlemen, obscene—which equates Zionism with racism, and all for a cathedral or so in return.

We read yesterday in 'L'Osservatore Romano' that there had been a mistake. And we are suf-

ficiently full of Christian charity to accept this admission. But we find it odd that high-ranking prelates cannot read and oppose in a time a statement which was voted on by the Congress. Instead of indulging in demagogy, they should have examined the text carefully, as the pen can sometimes be sharper than the sword.

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

Mr Terrenoire. — *(F)* Mr President, no-one in this House will be surprised to learn of the deep concern of the Group of European Progressive Democrats for peace in the Lebanon. Indeed, we commended and supported the fact-finding and conciliatory initiatives of Mr Couve de Murville and Mr Sauvagnargues. We hold the Lebanon dear, and we held dear the tolerance which reigned in that land. Our present hope is that, with peace restored, the various communities will listen to each other, come to an understanding, and once again work together for the prosperity of their country.

However, let us not forget Europe's share of responsibility in this drama. Indeed, had we been quicker to show our interest and our concern over the delicate situation in a Lebanon divided by the Middle East conflict, we might perhaps have helped to avoid these tragic developments.

Europe's next step is to intervene on the side of peace in the Middle East, but we must never lose sight of the fact that the Palestinian problem is vital in this regard. If we are tactful and open in our approach, we can help the Lebanon overcome her problems. My hope, and the hope of our Group, is that we can make a contribution towards the realization of these aims.

(Applause)

President. — I call Mr Thorn.

Mr Thorn, President-in-Office of the Council of Foreign Ministers of the Member States of the European Communities. — *(F)* Mr President, this question has been tabled under the heading of political cooperation. It is therefore on behalf of my fellow ministers for foreign affairs that I should like to answer and inform the House that the ministers too have, for a year now, been deeply concerned by the seriousness of the confrontation in the Lebanon; this confrontation has brought with it a considerable loss of human life and substantial—even to some extent irretrievable—material damage. The concern felt is all the deeper on account of the historical,

Thorn

cultural and economic ties which link Europe and that country, whose stability and territorial integrity, to say nothing of its independence, are vital to the balance of power in the Middle East and therefore to any peaceful solution to the problems which arise there.

Similar views have already been expressed by the Ministers at the UN General Assembly in New York on 23 September last year, and again in Rome on 30 October.

The diplomatic action undertaken by individual Member States of the Community, in accordance with the particular means of action available to them and on the basis of their historical or other ties with the Lebanon and of their common interests, has on each occasion respected the common approach of the Nine to these problems.

In future relations with the Lebanon, the Member States will not fail to consider the special situation of that country in the light of the recent events. We also anticipate that the Euro-Arab dialogue which has now got under way will also have a beneficial effect in this context.

My colleagues and I are delighted that armed conflict has come to an end in the Lebanon and we welcome the prospect of a return to a normal state of affairs, such as to safeguard the independence and the territorial integrity of the country.

It is our fervent desire that all those involved, both in and out of the Lebanon, will refrain from any action which might hinder this process. As far as we are concerned, we shall continue to follow developments with all the attention they deserve and to offer our constructive support to all efforts which strive to find a peaceful and equitable solution to the Lebanese problem.

If I may, I should like to add one or two personal comments. I am surprised that some Members have expressed disappointment at what they term 'European silence' over the Lebanese tragedy; surprised, because during the speeches which have been made in this House we have heard two themes sung in unison: we must not interfere, say some; whilst others urge that we must be there and do something. How are we to achieve this, if not in the ways we have attempted, in a bilateral manner, among others? We cannot simultaneously respect the interests of both communities, not interfere and yet act. We may not have done very much, but I believe that the Nine and those in a position to act have done all they could. If peace, which we hope will last, has more or less returned to the Lebanon, it is perhaps because those who

intervened from outside felt that escalation might possibly carry them too far; and it is also because strong pressure was exerted to stop the delivery of arms and other supplies from outside. Thus it was possible to restore some stability to the situation.

If we had acted in any other way—in an active manner, as some people apparently wanted—there is a fair chance that we should have provoked a split and the extension of the conflict in the Lebanon. This is undoubtedly not the desire of the Community. In my opinion, the Lebanese problem will know no solution—but who today can speak of a lasting and permanent solution—no guarantee for the future until we, the people of Europe, have the courage to accept our responsibilities and play our part in working out a peaceful solution to the situation in the Middle East.

The fact that the Lebanese problem represents the fringe of a wider problem which goes beyond the Lebanon is known to everyone. For this reason we are concerned about the Lebanon. We must in fact be concerned about the Middle East; we must become aware of the problem; we must try and find a humane, harmonious and overall solution which we must then recommend; and to achieve this we must be concerned about the smallest aspects of the problem, which is no easy task.

Mr Blumenfeld spoke of more tangible aid. Yesterday there was a meeting between representatives of the Community and the Lebanese ambassador in Brussels, to discuss the means of bringing immediate and urgent aid to the Lebanon, aid in the form of food among others. Furthermore, I can say that we intended to initiate talks with the Lebanon as part of our Mashrek policy; it was the present conflict which prevented these from getting under way. We hope that the current situation will allow us to commence negotiations. I believe that these negotiations between the Lebanon and the Community will be the opportunity for all of us to reveal just how far our concern goes.

(Applause)

President. — I have no motion for a resolution on this debate.

The debate is closed.

10. Change in agenda

President. — The following items are still on the agenda:

— oral question with debate by Mr Klepsch, Mr Lückner and others on the denial of

President

parental rights in the German Democratic Republic;

- oral questions with debate by Mr Broeks and Mr Behrendt on the decision-making procedure of the Council and the outstanding Council decisions respectively;
- oral question with debate by Mr Cousté on the Community action programme on education, motion for a resolution tabled by Mr Broeks on a resolution of the Council comprising an action programme in the field of education, and oral question with debate by Mr Walkhoff, Mr Laban and others on the European schools system.

Do the Members concerned agree to the postponement of these three items to the next plenary part-session?

I call Mr Broeks.

Mr Broeks. — (NL) Mr President, I do not object in the least to the postponement of these items to next month's part-session. I should like to discuss them with Mr Thorn. It is not my impression that one month is going to bring about any improvement in the Council's decision-making procedure. Should that, however, be the case—you never know—Mr Thorn will no doubt tell me; one must always retain a little optimism.

The last item contains among other things a motion for a resolution by the Committee on Cultural Affairs and Youth which is to be dissolved next month. It will be very difficult to speak on behalf of a committee which no longer exists.

We intend to add our names to the motion for a resolution so that it can be dealt with next month.

President. — I consult Parliament on the postponement to the March part-session of the joint debate on the remaining items on today's agenda.

Are there any objections?

That is agreed.

I call Mr Spicer on a question of procedure.

Mr Spicer. — Mr President, I am sure that most Members will have noted with regret the short time that we had to discuss Lebanon. I hope that Parliament will bear that in mind and will return to that subject in the near future.

11. Agenda for next sitting

President. — The next sitting will be held tomorrow, Thursday, 12 February 1976, with the following agenda:

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

- Vote on the motions for resolutions contained in the De Koning and Della Briotta reports on agriculture
- Decision on the urgency of a motion for a resolution on the Tindemans report
- Statement on the economic situation in the Community
- Debate on the 9th General Report and the Work Programme of the Commission
- Glinne report on trade with the ACP States and the OCT (without debate)
- Pianta report on lawyers
- Oral Question with debate on quotas for fish catches on the high seas

The sitting is closed.

(The sitting was closed at 7.05 p.m.)

ANNEX

Questions which could not be answered during Question Time, with written answers

Question by Mr Dalyell to the Commission

Subject: Channel Railway Tunnel

Will the Commission state what discussions have taken place with the Council of Europe on a Channel Railway Tunnel?

Answer

The problem of the Channel Tunnel is currently being studied by the Parliamentary Assembly of the Council of Europe.

The Commission has been asked to provide certain general information for the preparation of reports by the competent committees of the Parliamentary Assembly.

The Commission has complied with this request for information.

Question by Mr Hamilton to the Commission

Subject: Employment effect of regional aid

What measurable effects on employment in Member countries have there been as a result of the provision of regional aid, and whether the Commission will request the Governments concerned to make progress reports on a regular basis on these matters?

Answer

As this House knows, the Regional Development Fund began its operation only in October, and it is therefore too soon to calculate the measurable effects on employment of its operations to date.

What I can say, however, is that the Fund makes available to the Member States additional resources which should enable them to add something like 10% to the regional development effort they would have otherwise made.

May I assure the Hon. Member that the Commission is deeply concerned at the current level of unemployment in the Community and is pressing ahead with its preparations for the next meeting of the Tripartite Conference to which the Commission attaches a great deal of importance?

Finally, in reply to the second part of the Hon. Member's question, the Commission has established machinery to monitor the development of the Community's regional aid efforts. Member States are now required to give detailed annual information of their regional policies including at the latest by 1 April, an overall statistical summary indicating by regions the results achieved during the previous year as a result of action taken in each region, indicating separately those results to which the Fund has contributed (Article 6 (6)).

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IN THE CHAIR: MR SPÉNALE

President

(The sitting was opened at 10.10 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. Fixing of prices for certain agricultural
products — Decision on additional measures
in the agricultural sector following revaluation
of the Deutsche Mark (vote)

President. — The next item on the agenda is
the vote, according to the procedure announced
on Monday, on the motions for resolutions con-
tained in the reports drawn up by

— Mr De Koning, on behalf of the Committee
on Agriculture, on the proposal from the
Commission of the European Communities to
the Council on the fixing of prices for
various agricultural products and accom-
panying measures for the 1976-77 marketing-
year (Doc. 522/75)

and

— Mr Della Briotta, on behalf of the Com-
mittee on Agriculture, on the proposal from
the Commission of the European Commu-
nities to the Council for a decision on
additional measures in the agricultural sector
following the revaluation of the Deutsche
Mark (Doc. 519/75).

We shall begin by considering the motion for
a resolution contained in the report by Mr De
Koning (Doc. 522/75).

I put to the vote the first four indents and sub-
paragraph a of the fifth indent of the preamble.

These texts are adopted.

On subparagraph b of the fifth indent of the
preamble, I have Amendment No 1, tabled by
Mr Liogier, Mr Gibbons, Mr Hunault and
Mr Laudrin on behalf of the Group of European
Progressive Democrats:

'In this sub-paragraph, replace the words "the
fixing of agricultural prices is based on the modern
undertaking with comparable incomes" by "the
fixing of agricultural prices is based on balanced
undertakings".'

What is the rapporteur's view?

Mr De Koning, rapporteur. — (NL) The Com-
mittee on Agriculture cannot accept this amend-
ment. In any case, as far as the fixing of prices
is concerned, the difference between our com-
mittee's text and the text of this amendment is
very slight.

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

Amendment No 1 is rejected.

I put to the vote subparagraph b of the fifth
indent of the preamble.

Subparagraph b of the fifth indent of the
preamble is adopted.

I put to the vote subparagraphs c, d, e and f of
the fifth indent of the preamble.

These texts are adopted.

After the preamble, I have Amendment No 35,
tabled by the Socialist Group:

'Insert the following paragraph between the pre-
amble and Section A:

President

"Calls on the Commission, as a matter of extreme urgency, to review the economic and social basis of the Common Agricultural Policy in such a way as to:

- (a) Prevent the creation of surpluses as a direct consequence of Community policy,
- (b) Narrow the gap between producer and consumer prices,
- (c) Take into account the continuing and even increasing differentials in farm incomes between regions of the Community;"'

What is the rapporteur's view?

Mr De Koning. — (NL) I have no objection to make against this amendment. It partly repeats in different words what has already been stated in the preamble, but the content of the amendment is correct.

President. — I put Amendment No 35 to the vote.

Amendment No 35 is adopted.

Again after the preamble, I have Amendment No 53, tabled by Mr Cointat on behalf of the Committee on Budgets:

'After the preamble and before Section A, insert a new heading as follows:

"Inclusion in the annual budget of the financial implications of decisions on agricultural prices

- stresses that the annual proposals on agricultural prices represent the most important act with financial implications in the financial year;
- takes the view that it is essential, if Parliaments' budgetary powers are not to be circumvented or infringed, for estimates of new expenditure to be included in the annual budget and for the procedure for fixing agricultural prices during the year to be linked with that for the establishment and adoption of an amending budget;"'

What is the rapporteur's view?

Mr De Koning. — (NL) I advise Parliament to adopt this amendment because it suitably expresses the fact that Parliament must use its budgetary powers in a different and more effective manner than has hitherto been possible.

President. — I put Amendment No 53 to the vote.

Amendment No 53 is adopted.

On Section A, I have three amendments:

- Amendment No 24, tabled by Mr Cipolla and Mr Marras:

'Replace paragraphs 1 to 4 by the following new text:

"A. Price proposals and accompanying measures

1. Considers that the totality of the proposals submitted is inadequate to guarantee adequate incomes to the vast majority of producers, and does not resolve the problem of eliminating or reducing surpluses, especially in the dairy sector; that it maintains or even aggravates the subordination of the products of Mediterranean agriculture; that it will cause resentment among consumers;
2. For these reasons, considers that the Council of Ministers ought to be guided, in the light of the results of the debate on the review of the common agricultural policy, towards the adoption of measures such as:

- direct intervention to sustain the incomes of the most disadvantaged farmers;
- programming of production where there are structural surpluses, starting with dairy production, in such a way as to eliminate these surpluses and stimulate the kind of production the European and international market requires;
- equalizing the guarantees to producers of wine and fruit and vegetables in the Southern and Mediterranean areas of the Community with those to producers in other sectors;
- defence of consumers by adequate measures (such as incentives to cooperatives to reduce the difference between producer and consumer prices, price integration, etc.) aimed at keeping consumer prices close to the levels on international markets, with the double aim of fighting inflation and avoiding the replacement of typical products of large regions of the Community by low-priced imports;
- measures to reduce the prices of industrial products essential to agriculture, of interest rates on agricultural loans, of the tax burden and of the cost of social and welfare services."

— Amendment No 36, tabled by the Socialist Group:

'Paragraph 2

Replace this paragraph by:

"Agrees to an average price increase of 7.5% on the express condition that this rise should be accompanied by direct aid measures for the producers with the lowest incomes and measures to strengthen considerably socio-structural aid;"'

— Amendment No 37, tabled by the Socialist Group, deleting paragraph 3.

What is the rapporteur's view?

Mr De Koning. — (NL) I ask that Parliament reject the amendment tabled by Mr Cipolla and Mr Marras. These gentlemen have in fact introduced a completely new resolution, the tenor of which is in complete contrast to the

De Koning

text which the Committee on Agriculture has submitted to Parliament.

I also ask that Parliament reject Amendment No 36. The Committee on Agriculture was strongly in favour of correcting the Commission's proposed figure to a price increase of 9.5%.

I am thus opposed to both amendments, and in consequence I feel that Amendment No 37 no longer has any significance and therefore can be dropped.

President. — I call Mr Cipolla.

Mr Cipolla. — (I) I would like to make a brief statement to announce the withdrawal of this amendment, which, as I have already said during the general discussion, resubmits almost exactly the text approved by the majority of trade unions on the Economic and Social Committee. However, I would not like this Assembly to take a vote on this at what might prove to be an inauspicious time and without the benefit of an adequate explanation on the part of my colleagues.

Nevertheless, I would like to say that the principles contained in this text merit the greatest consideration on account of the support it obtained in the Economic and Social Committee, and their importance will certainly be recognized by the Council of Ministers. I hope that in future the political groups will also follow the lead given by the trade unions.

President. — Amendment No 24 is accordingly withdrawn.

I put Amendment No 36 to the vote.

Amendment No 36 is rejected.

Amendment No 37 is now groundless.

I put to the vote paragraphs 1, 2, 3 and 4 of Section A.

These texts are adopted.

On paragraph 5, I have Amendment No 49, tabled by Mrs Dunwoody and Mr Hughes:

'Replace this paragraph by the following.

'Is concerned at the repercussions that may follow the establishment of a common single intervention price for common wheat, barley and maize and the single price for rye and durum wheat;'

I call Mr Hughes.

Mr Hughes. — I wish to withdraw Amendment No 49.

President. — Amendment No 49 is accordingly withdrawn.

I put paragraph 5 to the vote.

Paragraph 5 is adopted.

On paragraph 6, I have two amendments:

— Amendment No 9, tabled by Mr Howell and Lord St. Oswald:

'After the words "animal feed;" replace the remainder of this paragraph by the following:

"requests the Commission to give full details of the proposed bread-making test before Parliamentary approval can be given;".'

— Amendment No 10, tabled by Mr Scott-Hopkins and Lord St. Oswald:

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

"doubts, however, the wisdom of raising the target and intervention prices of maize by 9.5% while at the same time lowering the intervention price of feed wheat by 5.8% in most cases;".'

What is the rapporteur's view?

Mr De Koning. — (NL) I ask that Amendment No 9 be rejected, because we have already requested full information from the Commission and also because this amendment would delete the last clause of my text in which we give our opinion on the abolition of regional intervention for common wheat.

I find it difficult to give an opinion on Amendment No 10, because this point was not discussed at any meeting of the Committee on Agriculture. I can only say that I must leave this amendment to the judgment of Parliament.

President. — I put Amendment No 9 to the vote.

Amendment No 9 is rejected.

I put Amendment No 10 to the vote.

Amendment No 10 is adopted.

I put paragraph 6, thus amended, to the vote.

Paragraph 6, thus amended, is adopted.

On paragraph 7, I have two amendments:

— Amendment No 25, tabled by Mr Cipolla and Mr Marras:

'Amend paragraph 7 to read:

"7. Considers that the proposed aid for durum wheat is inadequate and calls for the adoption of measures aimed both at avoiding a link between the prices of durum wheat and soft wheat and at discouraging the use of the latter in the manufacture of pasta throughout the Community, and assure farmers in the

President

poorest regions of a reasonable adjustment to their incomes;”.

— Amendment No 38, tabled by the Socialist Group:

‘In this paragraph, delete the words: “so that a higher aid figure per hectare is desirable”.’

What is the rapporteur’s view?

Mr De Koning. — (NL) I ask Parliament to reject Amendment No 25. There are absolutely no reasons for changing the price relationship between durum wheat and common wheat in the drastic way which is proposed.

I also ask that Amendment No 38 be rejected. In my opinion, it pays insufficient attention to the incomes of producers of durum wheat and it does insufficient justice to the inducement to grow quality durum wheat.

President. — I put Amendment No 25 to the vote.

Amendment No 25 is rejected.

I put Amendment No 38 to the vote.

Amendment No 38 is rejected.

I put paragraph 7 to the vote.

Paragraph 7 is adopted.

On paragraph 8, I have Amendment No 39, tabled by the Socialist Group, deleting this paragraph.

What is the rapporteur’s view?

Mr De Koning. — (NL) I must request that this amendment be rejected. The text of paragraph 8 was adopted by the Committee on Agriculture in the form given in the motion for a resolution.

President. — I put Amendment No 39 to the vote.

Amendment No 39 is rejected.

I put paragraph 8 to the vote.

Paragraph 8 is adopted.

On paragraph 9, I have Amendment No 52, tabled by Mr Laban:

‘This paragraph to be amended as follows:

After the words “refunds for starch products”, insert the words “price trends permitting; the sums...”.

What is the rapporteur’s view?

Mr De Koning. — (NL) I ask that this amendment be accepted. I believe it properly links

implementation of the proposed measure to market trends.

President. — I put Amendment No 52 to the vote.

Amendment No 52 is adopted.

I put paragraph 9, thus amended, to the vote.

Paragraph 9, thus amended, is adopted.

After paragraph 9, I have Amendment No 40, tabled by the Socialist Group:

‘Insert the following paragraph after paragraph 9:

“Doubts that an 8% increase in sugar prices is justified in view of the Community supply situation;”.

What is the rapporteur’s view?

Mr De Koning. — (NL) I ask that this amendment be rejected. I think that an 8% increase in the price of sugar will have the effect of stabilizing production, and this is what the present supply situation requires.

President. — I put Amendment No 40 to the vote.

Amendment No 40 is rejected.

Again after paragraph 9, I have two amendments which are mutually exclusive:

— Amendment No 2, tabled by Mr Liogier, Mr Gibbons, Mr Hunault and Mr Laudrin on behalf of the Group of European Progressive Democrats:

‘Insert the following new paragraph after paragraph 9:

“9. (a) Rejects the Commission’s practice of proposing an increase in B quotas for sugar in 1975 with a view to reducing these same quotas in 1976, since this approach is prejudicial to the regularity of investments and the establishment of a climate of confidence among farmers;”.

— Amendment No 23, tabled by Mr Durieux on behalf of the Liberal and Allies Group:

‘Insert the following new paragraph after paragraph 9:

“9. (a) Calls for the maintenance of the maximum quota for sugar undertakings at 145% of their basic quota in view of the high production costs involved in beet-growing and the restoration of the levy on B sugar and beet;”.

What is the rapporteur’s view?

Mr De Koning. — (NL) I ask that both amendments be rejected. I have already said that sugar

De Koning

production must now be stabilized. The situation in the sugar industry has become normal. This means that it is now proper to cancel the increase in quotas which was necessary last year.

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

Amendment No 2 is rejected.

I put Amendment No 23 to the vote.

Amendment No 23 is rejected.

On paragraph 10, I have Amendment No 26, tabled by Mr Cipolla and Mr Marras:

'Add the following to paragraph 10:

"Considers that, by means of an increase in the price of olive oil and other measures, a ratio of 2.2:1 should be guaranteed between the price of olive oil and that of other substitute products imported from outside the Community so as to prevent a permanent shift in consumption, which would inevitably create structural surpluses similar to those caused by high butter prices in the Community; this would cause grave and irreparable damage to a million producers, to the economy and to the very way of life in whole regions of the Community."

What is the rapporteur's view?

Mr De Koning. — (NL) Mr President, I ask for this amendment to be rejected. It is my opinion that in the present situation it is not desirable to fix such a ratio between the increased prices of olive oil and other oils.

President. — I put Amendment No 26 to the vote.

Amendment No 26 is rejected.

I put paragraph 10 to the vote.

Paragraph 10 is adopted.

On paragraph 11, I have two amendments:

— Amendment No 27, tabled by Mr Cipolla and Mr Marras:

'This paragraph to read as follows:

"11. The fixing of prices for wine must be combined with other measures, including:

- (a) equality of tax treatment for table wine and similar alcoholic beverages and incentives to export to countries outside the Community;
- (b) the adoption of measures giving agricultural producers similar guarantees to those enjoyed by other Community producers,
- (c) abandonment of the unjustified, unilateral and illegal measures taken by the

French Government, the sole effect of which has in fact been to delay the solution of the fundamental problems of European viticulture;"

— Amendment No 11, tabled by Mr Scott-Hopkins and Lord St. Oswald on behalf of the European Conservative Group:

'At the end of this paragraph, add the following: "but insists that the agricultural alcohol market be kept under strict review;"

What is the rapporteur's view?

Mr De Koning. — (NL) I ask that Amendment No 27 tabled by Mr Cipolla and Mr Marras be rejected, because what it proposes is impossible from the point of view of agricultural policy, fiscal policy and political relations within the Community.

I ask for Amendment No 11 to be adopted. I have no objection at all to the proposed addition to this paragraph.

President. — I put Amendment No 27 to the vote.

Amendment No 27 is rejected.

I put Amendment No 11 to the vote.

Amendment No 11 is adopted.

I put paragraph 11, thus modified, to the vote.

Paragraph 11, thus amended, is adopted.

On paragraph 12, I have Amendment No 17/rev., tabled by Mr Faure, Mr Brégégère and Mr Lagorce:

'This paragraph to read as follows:

"12. Considers that the price proposals for tobacco will result in considerable losses of income, and calls for measures to be taken to encourage growers to maintain domestic production, in view of the very low rate of self-sufficiency on the Community market (20%); in any case insists that the average price increase should be at least equal to that applied to more favoured vegetable products, on the basis of a linear increase of the Commission's proposals for each variety; calls for the premiums to be appropriately adjusted to the new target price level;"

What is the rapporteur's view?

Mr De Koning. — (NL) I ask for this amendment to be rejected. In my opinion, the text of the Committee on Agriculture stresses more clearly the need for structural adjustments in the tobacco-growing sector.

President. — I put Amendment No 17/rev. to the vote.

President

Amendment No 17/rev. is rejected.

I put paragraph 12 to the vote.

Paragraph 12 is adopted.

I put paragraph 13 to the vote.

Paragraph 13 is adopted.

On paragraph 14, I have two amendments which are mutually exclusive:

— Amendment No 28, tabled by Mr Cipolla and Mr Marras:

'This paragraph to read as follows:

'14. Considers that the proposals for fruit and vegetables are inadequate;'

— Amendment No 41, tabled by the Socialist Group:

'In this paragraph, replace "1 400 u.a." by "1 100 u.a."'

What is the rapporteur's view?

Mr De Koning. — (NL) I ask for both amendments to be rejected. The amendment tabled by Mr Cipolla and Mr Marras has the obvious intention of increasing prices considerably. In my opinion, this would definitely increase the danger of overproduction.

With regard to Amendment No 41, tabled by the Socialist Group, I should like to observe that, in the judgment of the Committee on Agriculture, a higher premium is desirable in order to allow the grubbing-up measures to have a decisive result.

President. — I put Amendment No 28 to the vote.

Amendment No 28 is rejected.

I put Amendment No 41 to the vote.

Amendment No 41 is rejected.

Again on paragraph 14, I have Amendment No 12, tabled by Mr Scott-Hopkins and Lord St. Oswald on behalf of the European Conservative Group:

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

'insists that the withdrawal price for cauliflowers be increased by 20% for the period January-March to stabilize the market for that product;'

What is the rapporteur's view?

Mr De Koning. — (NL) I ask that this amendment be rejected, because it refers to a detail which does not fit in with the resolution as a whole. I would like to request Mr Lardinois to keep this amendment in mind and study it carefully when he returns to Brussels.

President. — I call Mr Lardinois.

Mr Lardinois, Member of the Commission. — (NL) If this amendment is adopted, I shall indeed bear it in mind and give it very careful consideration.

(Laughter)

President. — I put Amendment No 12 to the vote.

Amendment No 12 is rejected.

I put paragraph 14 to the vote.

Paragraph 14 is adopted.

After paragraph 14, I have Amendment No 3/rev., tabled by Mr Liogier, Mr Gibbons, Mr Hunault and Mr Laudrin on behalf of the Group of European Progressive Democrats:

'After paragraph 14 insert the following new paragraph:

'14 a. Calls for the harmonization of national fuel subsidies for glasshouse production, since these subsidies are still causing distortions of competition between producers in the various Member States;'

What is the rapporteur's view?

Mr De Koning. — (NL) I think we can accept this amplification of paragraph 14. There is Community legislation fixing the maximum subsidy, but there is no legislation compelling us to grant the maximum subsidy within this arrangement. Because of this it would seem right to me to introduce harmonization of fuel subsidies.

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

Amendment No 3/rev. is adopted.

On paragraph 15, I have two amendments:

— Amendment No 42, tabled by the Socialist Group:

'In this paragraph, delete the words "establishment of a link between... animal feed".'

— Amendment No 13, tabled by Mr Howell and Lord St. Oswald:

'At the end of this paragraph, add the following: "believes the Commission's proposals for compulsory inclusion of skimmed-milk powder in feedstuffs to be inflationary and unworkable and therefore rejects this proposal as a means of removing the excess stocks of skimmed-milk powder;"'

What is the rapporteur's view?

Mr De Koning. — (NL) I ask for both amendments to be rejected.

With regard to Amendment No 42, I would like to say that the text in the resolution has been adopted in this form by the Committee on Agriculture. I do not think that we can, as yet, depart from this.

With regard to Amendment No 13, I would say that the text of paragraph 20 (d) of the motion for a resolution by the Committee on Agriculture is absolutely clear and is better than the text proposed here.

President. — I put Amendment No 42 to the vote.

Amendment No 42 is rejected.

I put Amendment No 13 to the vote.

Amendment No 13 is rejected.

I put paragraph 15 to the vote.

Paragraph 15 is adopted.

After paragraph 15, I have Amendment No 18, tabled by Mr Lagorce and Mr Brégégère:

'Insert the following new paragraph after paragraph 15:

"15 (a) Hopes that in the longer term the growing of soya-beans will be encouraged in France and Italy in order to ensure a certain degree of self-sufficiency in protein for animal feed, thereby ensuring Community independence of third countries in this field;".

What is the rapporteur's view?

Mr De Koning. — (NL) In my opinion this amendment must be rejected. We have no need of an autarkical policy. In any case, it would be impossible to bring about the state of affairs desired here.

President. — I put Amendment No 18 to the vote.

Amendment No 18 is rejected.

I put paragraph 16 to the vote.

Paragraph 16 is adopted.

On paragraph 17, I have two amendments:

— Amendment No 29, tabled by Mr Cipolla and Mr Marras:

'This paragraph to read as follows:

"17. Supports, therefore, a direct-aid policy to supplement the incomes of the poorest farmers, and believes that price guarantees should apply only to milk and meat produ-

cers using mainly high-protein feed produced on their own farms;".

— Amendment No 43, tabled by the Socialist Group:

'Delete the words "supports... incentive to produce" at the beginning of this paragraph.'

What is the rapporteur's view?

Mr De Koning. — (NL) The proposal contained in the first amendment seems to me to be technically unworkable. One cannot make a difference between two types of milk according to the way in which they were produced. I do not think it desirable to put back the clock in this way with regard to modern farming methods.

With regard to the second amendment, the Committee on Agriculture considers that a larger price increase is necessary than that which was proposed by the executive.

I ask for both amendments to be rejected.

President. — I call Mr Cipolla.

Mr Cipolla. — (I) I withdraw the amendment because I do not wish to set Dutchman against Dutchman. All the same, the first Mansholt plan did say that there would have to be a guaranteed minimum level for feed produced on breeders' own farms... (Cries) Mr De Koning has a different idea, preferring soya.

President. — Amendment No 29 is accordingly withdrawn.

I put Amendment No 43 to the vote.

Amendment No 43 is rejected.

I put paragraph 17 to the vote.

Paragraph 17 is adopted.

After paragraph 17, I have Amendment No 30, tabled by Mr Cipolla and Mr Marras:

'After paragraph 17, insert the following new paragraph:

"17 a. Considers it essential to increase appropriations for the Guidance Section of the EAGGF and to amend the financial regulation in such a way that a share of Guarantee Section expenditure is met out of national budgets."

What is the rapporteur's view?

Mr De Koning. — (NL) I ask for this amendment to be rejected. It comes down to a re-nationalization of agricultural policy and it would also lay an unfair burden on the shoulders of the poorest countries.

President. — I put Amendment No 30 to the vote.

Amendment No 30 is rejected.

On paragraph 18, I have three amendments:

— Amendment No 4, tabled by Mr Liogier, Mr Gibbons, Mr Hunault and Mr Laudrin on behalf of the Group of European Progressive Democrats:

"This paragraph to read as follows:

"18. Rejects the proposed two-stage price-increase for milk and calls for a single price-increase for the whole dairy-produce season;"'

— Amendment No 33, tabled by Mr Martens and Mr Früh:

"This paragraph to read as follows:

"18. Rejects the proposal for a two-stage price-increase for milk and favours a single price-increase over the milk marketing year as a whole;"'

— Amendment No 19, tabled by Mr Bourdellès, Mr Durand, Mr Durieux, Mr Jozeau-Marigné, Mr Pianta and Mr Pintat on behalf of the Liberal and Allies Group:

"This paragraph to read as follows:

"18. Does not approve the proposal for a two-stage price-increase for milk;"'

What is the rapporteur's view?

Mr De Koning. — (NL) Paragraph 18 was changed by amendment in the Committee on Agriculture. All three of these amendments aim to reverse the change and restore the original text. A small majority of our committee is of the opinion that the price-increase for milk must take place in two stages, in line with the Commission's train of thought, while a large minority is of the opinion that there should be a single price-increase for milk over the year as a whole.

The undeniable advantages of a two-stage price-increase for milk are that there would be a gradual building up of the price of milk, that there would be smaller costs for the EAGGF during the first half of the year, in which two-thirds of all milk is produced, and that the winter milk, which is more costly to produce, would also receive higher remuneration. Apart from these important advantages, there are also important disadvantages. A single price-increase gives greater assistance to producers and makes it easier structurally to keep the increase in the price of milk over the whole year at the level of the average price-increase. In my opinion, this structural damping is appropriate

for the surplus situation with which we are familiar on the dairy market.

In view of the narrow vote in our committee, I am not at liberty to recommend the adoption of any of the amendments. Personally, I shall vote for the first one on the voting order.

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

Amendment No 4 is rejected.

I put Amendment No 33 to the vote.

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

Amendment No 33 is rejected.

I call Mr Bourdellès.

Mr Bourdellès. — (F) Mr President, I withdraw my amendment.

President. — Amendment No 19 is accordingly withdrawn.

I put paragraph 18 to the vote.

Paragraph 18 is adopted.

On paragraph 19, I have Amendment No 44, tabled by the Socialist Group, deleting this paragraph.

What is the rapporteur's view?

Mr De Koning. — (NL) I ask for this amendment to be rejected. The paragraph was adopted in this form by the Committee on Agriculture. Its purpose is to stimulate, at relatively low cost, the private storage of butter which would otherwise probably qualify for intervention. It is clear that we have no need for any expansion of the intervention stocks.

President. — I put Amendment No 44 to the vote.

Amendment No 44 is rejected.

I put paragraph 19 to the vote.

Paragraph 19 is adopted.

On paragraph 20, I have two amendments:

— Amendment No 45, tabled by the Socialist Group, deleting subparagraph d of this paragraph; and

— Amendment No 20, tabled by Mr Bourdellès, Mr Durand, Mr Durieux, Mr Jozeau-Marigné, Mr Pianta and Mr Pintat on behalf of the Liberal and Allies Group:

President

"The second sentence of subparagraph d to read as follows:

"Requests the Commission therefore to fix the amount of aid for skimmed-milk powder in such a way that pigmeat-producers and poultry-farmers are not required to bear any increase in production costs;"

What is the rapporteur's view?

Mr De Koning. — (NL) I ask that both amendments be rejected.

As far as Amendment No 45 tabled by the Socialist Group is concerned, I have already given my reasons for objecting to an amendment of this kind in some detail in my explanatory statement on the motion for a resolution. I would like to repeat them briefly here. The measure proposed by the Commission is quite unprecedented. I do not think it gives a fair deal to pig-farmers and poultry-farmers. I think that the consequences of Community policy and Community regulations should be met from public funds and should not therefore be borne by a restricted group. I am thus against Amendment No 45.

I also refuse to accept Amendment No 20. I find the wording too drastic. My preference is for the flexible version drawn up by the Committee on Agriculture.

President. — I put Amendment No 45 to the vote.

Amendment No 45 is rejected.

I put Amendment No 20 to the vote.

Amendment No 20 is rejected.

I put paragraph 20 to the vote.

Paragraph 20 is adopted.

On paragraph 21, I have three amendments:

— Amendment No 5, tabled by Mr Liogier, Mr Gibbons, Mr Hunault and Mr Laudrin on behalf of the Group of European Progressive Democrats:

"This paragraph to read as follows:

"21. Rejects the amended intervention system for skimmed-milk powder, which amounts to the elimination of guarantees to producers, since the adjudicated purchase-price of the powder can only go down, and insists on the retention of the present intervention system for skimmed-milk powder;"

— Amendment No 34/rev., tabled by Mr Martens and Mr Früh:

"This paragraph to be worded as follows:

"21. Urges that the method of fixing the intervention price for skimmed-milk powder be

maintained so as guarantee producers a minimum price, thereby contributing to greater stability of the market in milk products;"

— Amendment No 14, tabled by Mr Scott-Hopkins and Lord St. Oswald on behalf of the European Conservative Group:

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

"believes that after 16 September the intervention price for skimmed-milk powder will only reflect the current market situation and not be a firm support price, with the result that the effective support price for milk could be only 93% of the target price;"

What is the rapporteur's view?

Mr De Koning. — (NL) These three amendments express doubt on the amended intervention system for skimmed-milk powder with respect to the support price for milk. This doubt is also expressed in paragraph 21 of the motion for a resolution. Amendments which express this doubt by rejecting the new system are in line with the intentions of the majority of our committee. I am therefore prepared to accept these amendments.

President. — I put Amendment No 5 to the vote.

Amendment No 5 is adopted.

Amendments Nos 34/rev. and 14 accordingly become groundless.

After paragraph 21, I have Amendment No 6, tabled by Mr Liogier, Mr Gibbons, Mr Hunault and Mr Laudrin on behalf of the Group of European Progressive Democrats:

"After paragraph 21, insert the following new paragraph:

"21 a. Considers that the present guarantee system covering only milk powder, butter and certain cheeses should be adjusted, notably by extending the range of guarantees to drinks based on fresh milk, yoghourts and other varieties of cheese;"

What is the rapporteur's view?

Mr De Koning. — (NL) In my opinion, this amendment must be rejected. I think it is technically impossible for an intervention system to bring about the state of affairs desired here. However, without a system of this type it would be impossible to give any guarantees.

President. — I put Amendment No 6 to the vote.

Amendment No 6 is rejected.

I put paragraph 22 to the vote.

President

Paragraph 22 is adopted.

After paragraph 22, I have Amendment No 7, tabled by Mr Liogier, Mr Gibbons, Mr Hunault and Mr Laudrin on behalf of the Group of European Progressive Democrats:

'After paragraph 22, insert the following new paragraph:

"22 a. Considers that application of the non-commercialization premium ought not to be obligatory in all Member States, since the result would be a further reduction in herds of cows, and thereafter of cattle herds, in certain Member States;".

What is the rapporteur's view?

Mr De Koning. — (NL) In my opinion, this amendment must also be rejected. There is no question of obliging individual farms to make use of this legislation. It is a voluntary thing. It is not fair to exclude farmers in certain Member States from this opportunity.

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

Amendment No 7 is rejected.

On paragraph 23, I have two amendments:

— Amendment No 15/rev., tabled by Mr Scott-Hopkins and Lord St. Oswald on behalf of the European Conservative Group:

'This paragraph to read as follows:

"23. Believes that the system of beef premiums should be retained as a system for use in the case of exceptional price variations;".

— Amendment No 50, tabled by Mrs Dunwoody and Mr Hughes:

'Replace this paragraph by the following:

"23. Disagrees with the Commission's view that the continuation of variable beef premiums (as paid in the UK) in 1976-77 or beyond is unjustifiable;".

What is the rapporteur's view?

Mr De Koning. — (NL) I believe that Amendment No 15/Rev. can be adopted. An addition of this sort may be useful. If it is adopted, the basis of the other amendment will be removed. My advice therefore is to adopt Amendment No 15/rev. and reject Amendment No 50.

President. — I put Amendment No 15/rev. to the vote.

Amendment No 15/rev. is adopted. Amendment No 50 accordingly becomes groundless

I put paragraph 23, thus amended, to the vote.

Paragraph 23, thus amended, is adopted.

I put paragraph 24 to the vote.

Paragraph 24 is adopted.

After paragraph 24, I have Amendment No 21, tabled by Mr Bourdellès, Mr Durand, Mr Durieux, Mr Jozeau-Marigné, Mr Pianta and Mr Pintat on behalf of the Liberal and Allies Group:

'Insert the following new paragraph after paragraph 24:

"24. (a) Calls for the restoration of both the permanent and the compulsory intervention price to 93% of the guide-price;".

What is the rapporteur's view?

Mr De Koning. — (NL) I cannot give the Committee on Agriculture's opinion on this amendment, since it was never discussed in this form. Clearly, on the one hand it will certainly mean that the level of prices on the meat market will be more static and on the other hand it aims to protect producers' incomes. I leave it to Parliament's judgment.

President. — I put Amendment No 21 to the vote.

Amendment No 21 is rejected.

On paragraph 25, I have Amendment No 8, tabled by Mr Liogier, Mr Gibbons, Mr Hunault and Mr Laudrin on behalf of the Group of European Progressive Democrats, and Amendment No 22, tabled by Mr Bourdellès, Mr Durand, Mr Durieux, Mr Jozeau-Marigné, Mr Pianta and Mr Pintat on behalf of the Liberal and Allies Group, both of which are worded as follows:

'This paragraph to read as follows:

"25. Recalls that for reasons of sound trade policy and a better long-term balance between Community consumption and production, the ban on imports of beef and veal should be retained as long as this balance has not been reached;".

What is the rapporteur's view?

Mr De Koning. — (NL) I think we should reject both amendments. I believe that we should stress the Community's responsibility as an important purchaser of meat on the world market. This responsibility requires that the Community should only close its borders in cases of extreme necessity and that it should resume trade as soon as this is at all possible. I believe that the legislation at present operated in a fair way by the Commission corresponds with the situation in the market.

President. — I put Amendment No 8 to the vote.

Amendment No 8 is rejected. The same will obviously apply to Amendment No 22, which is identical.

I put paragraph 25 to the vote.

Paragraph 25 is adopted.

On paragraph 26, I have Amendment No 46, tabled by the Socialist Group, deleting this paragraph.

What is the rapporteur's view?

Mr De Koning. — (NL) I ask for this amendment to be rejected. The poultry-farming sector has for many years been getting into great difficulty. We can only remedy this to a slight extent with a market and price policy. In my opinion, measures for dealing with structural problems in this sector would be particularly valuable. I therefore believe that we must retain paragraph 26.

President. — I put Amendment No 46 to the vote.

Amendment No 46 is rejected.

I put paragraph 26 to the vote.

Paragraph 26 is adopted.

After paragraph 26, I have Amendment No 51, tabled by Mrs Dunwoody and Mr Hughes:

'After paragraph 26, add the following new paragraph:

"26. (a) Is disturbed at the continuation of a subsidy for the 3 000 persons in the Community engaged in silk-worm rearing (estimated at 2m u.a. for 1975), and cannot support any increase in this subsidy;"

What is the rapporteur's view?

Mr De Koning. — (NL) I ask for this amendment to be rejected. After the first meeting of the Council, it was stated that an agreement had been reached on the question of silk-worms. In my opinion we ought not to spoil this success. I would like to point out that it is of some importance, admittedly for a small group, that the subsidy should be continued.

President. — I put Amendment No 51 to the vote.

Amendment No 51 is rejected.

I put to the vote paragraphs 27 to 29.

These texts are adopted.

On paragraph 30, I have Amendment No 16, tabled by Mr Scott-Hopkins and Lord St. Oswald on behalf of the European Conservative Group:

'After the words "Parliament's wishes", insert the following:

"and believes that the maximum payments permissible should be raised from 50 to 60 u.a. per livestock unit or per hectare to avoid farmers in some countries suffering a loss of income in 1976, since this is..."'

What is the rapporteur's view?

Mr De Koning. — (NL) I ask for this amendment to be adopted. It agrees with what was stated in paragraph 28—namely, that the subsidies should be adapted to the loss of value of money.

President. — I put Amendment No 16 to the vote.

Amendment No 16 is adopted.

I put paragraph 30, thus amended, to the vote.

Paragraph 30, thus amended, is adopted.

On paragraph 31, I have Amendment No 47, tabled by the Socialist Group:

'In this paragraph, delete the words "Processing and marketing".'

What is the rapporteur's view?

Mr De Koning. — (NL) I ask for this amendment to be adopted. It is perfectly correct. The European Parliament has not yet delivered a report itself on processing and marketing. We could hardly ask the Council to expedite matters when we have not delivered a report ourselves.

President. — I put Amendment No 47 to the vote.

Amendment No 47 is adopted.

I put paragraph 31, thus amended, to the vote.

Paragraph 31, thus amended, is adopted.

After paragraph 31, I have Amendment No 32, tabled by Mr Noè:

'After paragraph 31, insert the following new paragraph:

"31 a. Requests the Council to adopt the directive on the promotion of forestry projects in order to increase Community wood supplies and preserve the environment by means of afforestation subsidies and aids to improve existing forest areas;"'

What is the rapporteur's view?

Mr De Koning. — (NL) I ask for this amendment to be adopted. The European Parliament has already pronounced itself in favour of this once before.

President. — I put Amendment No 32 to the vote.

Amendment No 32 is adopted.

I put to the vote paragraphs 32 to 34.

These texts are adopted.

On paragraph 35, I have Amendment No 48/rev., tabled by the Socialist Group:

‘This paragraph to read as follows:

“35. Asks the Commission in due course to put forward proposals for further adaptation of the British and Irish green pounds to the true value of sterling;”’

What is the rapporteur’s view?

Mr De Koning. — (NL) I ask for this amendment to be adopted. It is more flexible than the version included in the motion for a resolution. It links up better with the intention which Mr Lardinois has expressed on this point.

President. — I put Amendment No 48/rev. to the vote.

Amendment No 48/rev. is adopted.

I put paragraph 36 to the vote.

Paragraph 36 is adopted.

After paragraph 36, I have Amendment No 31, tabled by Mr Cipolla and Mr Marras:

‘After paragraph 36, insert the following new paragraph:

“36 a. Considers that on economic, socio-political and moral grounds, the practice of destroying agricultural produce is no longer acceptable, and that every effort should therefore be made to ensure that milk, fruit and other surplus products are either processed or distributed in fresh condition to schools, barracks, hospitals and to all the poorest categories of workers in the Community;”’

What is the rapporteur’s view?

Mr De Koning. — (NL) I am sorry that I have to recommend that Parliament reject this amendment, the intentions of which are so worthy.

I must point out that considerable efforts have already been made within the common agricultural policy to use surplus products for socially responsible ends. We have to recognize that this is technically impractical for a number of products. On these grounds, despite the worthy

intentions of this amendment, I must ask that it should not be adopted.

President. — I put Amendment No 31 to the vote.

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

Amendment No 31 is rejected.

I put to the vote paragraphs 37 and 38.

These texts are adopted.

The moment has now arrived for explanations of vote. I call Mr Laban to speak on behalf of the Socialist Group.

Mr Laban. — (NL) Mr President, now that we have assessed the results, it is my duty to explain the votes of my group. We are conscious that this is a very important proposal we have to consider each year, and we have spent a lot of time considering it.

The various divisions show that these matters have been approached in a constructive way.

During the discussion of the opinion, our spokesman called the Commission’s proposals progressive and courageous. We do not agree with all of the proposals: the Committee on Agriculture has proposed a number of improvements to the Commission’s and we have voted in favour of these.

I would like to say something about a couple of the amendments which were adopted: the proposal to raise the average price-increase from 7.5% to 9.5%, and the increase in the premium for skimmed-milk powder added to cattle-fodder. The latter will have particularly considerable financial consequences.

The fact that both amendments have been adopted will induce a large majority of my group not to vote for the resolution in its entirety. Another section of my group will vote against the resolution because they consider that the price-increase of 9.5% does not go far enough. Also, some members will abstain.

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

Mr Bertrand. — (NL) Mr President, following this debate, which, as usual, has become a very exhaustive one, I would like to give the following explanation of our vote.

The Committee on Agriculture and others have put a lot of effort into the preparation of this

Bertrand

debate. We consider that the final result corresponds entirely with the demands of the present economic and financial situation.

One member of my group is to abstain; the rest will vote for the motion.

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

Mr Scott-Hopkins. — After the voting on these amendments, it is only right to congratulate the rapporteur on the way he has steered us through this difficult morning. I wish to thank him very much for all the work he has done.

(Applause)

My group will support the report. After the way the amendments have gone, I believe the vote will be almost unanimous.

It is hoped that the view of Parliament as expressed during these votes and during the debate will be very carefully borne in mind by the Commissioner when he goes to meet the Council in the early part of next week.

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

Mr Houdet. — *(F)* I do not want to repeat, after what Mr Scott-Hopkins has just said, all that we owe our rapporteur; I have already congratulated him. The way in which we have reached our decisions this morning proves how clearly he has expressed his opinions and how far he has succeeded in convincing all Members of this Assembly, whether members of the Committee on Agriculture or not.

The Liberal and Allies Group will unanimously approve the Commission's proposals as amended by the Committee on Agriculture.

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

Mr Gibbons. — On behalf of my group, I join in the tributes that have been paid to the rapporteur, Mr De Koning, for the serious and effective work he has done for Parliament in this affair.

My group have endeavoured to amend and improve the content of the resolution of this House. We have had some measure of success. To say that we are satisfied with the outcome would be to overstate the matter. However, on the whole it is acceptable to us.

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

Mr Cipolla. — *(I)* We shall vote against this motion because we consider that, in certain ways, it preserves features of a policy which we have opposed sincerely and tenaciously and which we shall continue to oppose.

We do, however, recognize that something new has emerged from the discussion and some of the divisions, and in particular the idea that it is necessary to reform the common agricultural policy. This idea is gaining ground increasingly in public opinion, amongst the working masses and even in this Parliament, where even die-hard defenders of the old protectionist policy of the Community have shown some signs of faltering.

We therefore hope that there will be no more debates like today's and that in future, thanks to a slightly more open procedure allowing discussion on the amendments (which, although necessarily concise, would nevertheless be more satisfactory than the present system where only the rapporteur is allowed to speak), Parliament will be better able to face the need, for the future of Europe, to modify the common agricultural policy. This, the only policy which has been put into practice by the Community up to now, is, by virtue of its defects, endangering the Community's progress and its very life.

President. — I call Mr Lardinois.

Mr Lardinois, member of the Commission. — *(NL)* Mr President, if I said that I was happy with every aspect of this resolution, I should be stretching the truth somewhat. That is, however, not the most important reason why I feel I ought to speak. The most important reason is that I would like to give my especial thanks to Parliament and the Committee on Agriculture for subjecting the Commission's proposals to such a thorough investigation in so short a time. I am of the opinion that Parliament has made suggestions and proposals on a number of important points which it would be worthwhile for us to adopt. I am very sorry that this is not true of all the points—I believe I presented the Commission's opinion very clearly yesterday. However, I think the rapporteur and the Committee on Agriculture have not only performed excellent work from the parliamentary point of view, but have done a job which does credit to this Parliament.

I want to underline this despite the fact that I cannot agree with some of the points in this motion. I express my particular thanks for their

Lardinois

work to the chairman of the Committee on Agriculture and the rapporteur.

(Applause)

President. — Does anyone else wish to speak?

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

The resolution is adopted¹.

(Applause)

Ladies and gentlemen, I should like to associate myself with those who have already expressed their gratitude to Mr De Koning. Indeed, although a wide diversity of views has been expressed on all the items, including the most important ones—which in itself is sufficient evidence of the vitality of this Assembly—all speakers have at least paid tribute to the quality of the work done by Mr De Koning, and I would like to stress the same point on my own behalf.

I would ask Mr Lardinois to pay the most careful consideration to the debate that has just taken place, and to let us know, in accordance with the traditional practice in other fields, what action the Commission intends to take on the proposals and suggestions made by this House.

We shall now consider the motion for a resolution contained in the report by Mr Della Briotta (Doc. 519/75).

These texts are adopted.

On paragraph 3, I have Amendment No 1, tabled by Mr Früh, Mr Lücker, Mr Aigner and Mr Starke:

“This paragraph to read as follows:

“3. Approves the abolition of the 3% revaluation compensation paid to German producers through VAT;”.

What is the rapporteur's view?

Mr Della Briotta, rapporteur. — (I) I am familiar with the arguments upon which this amendment is based, because Mr Frehsee and others put them forward in the Committee on Agriculture: they are the same objections as are made by the German Federal Government, which has to take into account a law adopted by the Bundestag. I believe that the decision of our Parliament should be based on another fact, and that is that when the 3 per-cent aid was started in 1969, compensation did not yet exist, even though this is a very efficient means of aid.

Because of this, I do not think I have to reply to Amendment No 2, relating to paragraph 4, and I ask Parliament to adopt the text which was passed by the majority of the Committee on Agriculture.

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

On paragraph 4, I have Amendment No 2, tabled by Mr Früh, Mr Lücker, Mr Aigner and Mr Starke:

“This paragraph to read as follows:

“4. Therefore proposes that this gradual reduction in aid should be effected over a period of five years beginning on 1 January 1976, since this will permit farmers in the Federal Republic to adapt gradually to the new rules;”.

We have already heard the rapporteur's view.

I put Amendment No 2 to the vote.

Amendment No 2 is adopted.

Does anyone wish to speak?

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

The resolution is adopted¹.

3. Decision on urgent procedure and adoption of a motion for a resolution

President. — The next item on the agenda is a vote on the urgency of the motion for a resolution tabled by Mr Alfred Bertrand, on behalf of the Christian-Democratic Group, Mr Radoux, on behalf of the Socialist Group, Mr Scott-Hopkins, on behalf of the European Conservative Group, Mr Durieux, on behalf of the Liberal and Allies Group, and Mr Kaspereit, on behalf of the Group of European Progressive Democrats, on the report by Mr Tindemans (Doc. 527/75), which was tabled during yesterday's sitting.

I call Mr Alfred Bertrand.

Mr Alfred Bertrand. — (NL) Mr President, I would like to say a word on the motion for a resolution. Paragraph 2 reads: ‘decides to open a general debate on this report at its March 1976 part-session’. I request that the words ‘general debate’ be replaced by ‘a general exchange of views’. This will make things easier for Mr Tindemans.

President. — I consult the House on this change of wording, necessitated, as became evident during yesterday's discussion in the enlarged

¹ OJ C 53 of 8. 3. 1976.

President

Bureau, by the fact that Mr Tindemans will only agree to take part in an exchange of views.

Are there any objections?

That is agreed.

I consult Parliament on the urgency of this motion for a resolution.

Are there any objections?

The adoption of urgent procedure is agreed, and we shall now consider this document.

Does any one else wish to speak?

I put the motion for a resolution to the vote, it being understood that the words 'a general debate' are replaced by 'an exchange of views'.

The resolution is adopted¹.

4. Economic situation in the Community

President. — The next item on the agenda is the report by the Commission of the European Communities on the economic situation in the Community.

I call Mr Haferkamp.

Mr Haferkamp, Vice-President of the Commission. — (D) Mr President, ladies and gentlemen, Parliament's traditional practice of holding a general discussion on the economic situation of the Community at the start of each year is particularly useful at the beginning of 1976. We are coming to the end of an extremely bad recession in the industrialized countries and in the Community, and economic recovery is slowly beginning in several Member States. At the same time, there is uncertainty about how long the upswing will last and still widespread pessimism about the economic future in the medium term.

In my opinion, we ought both to look back and learn from our experience of this major recession and look forward into the future so that we may prepare ourselves for new tasks. If we fail to learn from experience we may well repeat old mistakes.

Last year, 1975, was a year of negative records. The Community's gross domestic product fell by more than 2 1/2 per cent. Industrial production fell by about 8 per cent below 1974. In the winter the wholly unemployed in all Member States totalled more than 5 million, which is over 4.5 per cent of the gainfully employable population, 1.5 per cent being young workers. On top of this there were about 2 million on short time. Last year, at constant prices, world trade decreased by about 4 per cent and trade within the Com-

munity by about 7.5 per cent—the first time that this figure had fallen since the Common Market came into being. In spite of the slowdown in economic activity and mounting unemployment, the general level of consumer prices continued to rise, the average annual increase for the Community being 12.5 per cent.

Even so, alongside these very negative features, 1975 did have a few items on its credit side. In the Community, we managed to correct the big deficit in the balance of payments. Instead of the deficit of over 13 million dollars which we had reckoned for at the beginning of the year, the Community was, at the end of 1975, roughly in balance. The Community countries in the red were able to reduce their big deficits from 24,000 million to 5,000 million dollars.

Another point is the German Federal Republic's achievement in reducing its extraordinarily high balance-of-payments surplus of over 9,000 million to less than 4,000 million US dollars, which was of considerable help to its partner countries in improving their own balance of payments.

In addition, we had some noteworthy successes in fighting the high rates of inflation despite the continuing high rate of increase in prices. Reckoned on an annual basis, the increase in the first six months of 1975 was some 15 per cent for the Community as a whole: in the second half of the year it fell to about 8 per cent. Denmark, the Federal Republic of Germany and the Netherlands in particular, but also Italy and the United Kingdom, all gained ground in comparison with the preceding periods.

Our joint refusal to give in to protectionist temptations during the past year has to be described as a positive achievement. In spite of a substantial shrinkage in trade between the Member States there was no serious threat to the Common Market, and this positive example set by the Community is certainly partly responsible for preventing the spread of protectionist tendencies.

The general recession, however, also presented an endurance test for the social 'safety nets' in our Community. With the prevailing high unemployment figures, the effectiveness of our welfare systems emerged very clearly.

Finally, 1975 was a year of growth in European and international co-operation, particularly in economic and monetary policy.

The explanation for the far-reaching shock and brutal sharpness of the 1974-75 recession is not simple, but the following main points are identifiable. Over a long period since the second World War, the industrialized nations had become accustomed to a steady high rate of

¹ OJ C 53 of 8. 3. 1976.

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growth in production and consumption. After 1970 it became increasingly clear that the national product in our economies was overloaded. Conflicts between the social groups over the redistribution of incomes within the national economies became more acute and the result was an acceleration in general inflationary trends, with inflation itself becoming an accepted thing. Finance for the overloading of production potential was found by stretching national and international liquidities to bursting-point, which meant the collapse of the Bretton Woods monetary system.

A series of shocks from outside generated feelings of insecurity throughout the world. There was the collapse of the international monetary system, the necessity to adapt forced on us by changes in the system of parities and, lastly, the new inflationary pressures and cost escalation caused by the oil crisis.

The essential factor triggering the world-wide recession, however, was the sudden and drastic increase in oil-prices. Its result was a deflationary drop in purchasing-power in the oil-importing countries, and a cumulative effect soon developed between the closely interwoven economies of the industrialized countries. With the drop in demand that followed, and the quickening deterioration in the turnover of business firms, stocks were run down, output fell and unemployment grew. The general increase in savings ratios, and the as yet cautious reversal of what up to then had been a restrictive economic policy then intensified the recession. It was only through the general and joint efforts of all industrialized countries in the past year that a halt could be called to the cyclical downward trend.

Many Community measures to stimulate the economy in Member States were introduced during last year. In particular, I would mention the action that was launched in the Member States in September 1975 on a Community basis and which we have discussed several times in this House. Since the autumn of 1975 we have been able to detect a modest economic recovery, the first signs of which were already perceptible in some Member States in late summer. They were apparent in the production and order-book figures. This development we can put down to spontaneous re-activation factors, e.g., stocks no longer being run down and beginning to be built up again, and a resumption in domestic buying accompanied by lower savings ratios. Other reasons are the effects of expansion-oriented economic policy, in particular budgetary policy, in most countries and lastly the beginnings of a recovery in export demand. On the other hand, it has to be recognized that the propensity to

invest in business firms has, up to now, remained weak in practically all cases.

The degree of economic recovery is not the same throughout the Community. The reason is that anti-inflationary policy and the ensuing expansion measures have been introduced at different times and with varying vigour in individual countries. Another reason is the difference in general economic adaptation: the balance-of-payments situation and dependence on oil vary. This means that developments in, for example, growth-rates for the real gross domestic product are likely to be different in 1976 as well. For the Federal Republic of Germany, France, the Netherlands and Denmark, we may expect growth-rates of 4 to 5 per cent, for Italy and the United Kingdom 1 to 2 per cent and for the other countries somewhere between these two groups, 2 to 3 per cent.

There are convincing signs that greater progress has already been made in overcoming the recession in some countries, and particularly in the Federal Republic of Germany, than the public so far realizes. In the concluding months of 1975, there were high rates of growth in production and demand which were partly attributable to the previous very steep downswing and which will come back to a normal level. In the recovery phase we must reckon with an increase in our balance-of-payments surplus and a further downward trend in wage costs. We shall have difficulty in keeping a tighter rein on consumer prices.

The main problem in 1976 will be the persistently high level of unemployment, which will not begin, to fall until later on in the cycle because the first step will presumably be to eliminate short-time working. A second reason is the increase in the gainfully employable population that is to be expected in 1976 and the next few years. The rate at which unemployment is reduced will depend on the pace of investment. It will also depend on the breadth and effectiveness of our structural and training policies and our sectoral, regional and occupational adaptability and mobility.

The diagnoses and projections in the annual economic report discussed in this House a few months ago have been confirmed; consequently, the guidelines for economic policy in the Community and the Member States submitted to you, and approved by you, at that time remain valid for this year.

The main need, now, is to consolidate the recovery tendencies that are now taking shape, and to do so in three ways: first, measures already taken to stimulate the economy need to be enforced strictly and swiftly; secondly, we must

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avoid any interruptions in the recovery process; thirdly, we need to make further progress in keeping prices down and in slowing up the rise in wage costs. This applies particularly to Italy, the United Kingdom and Ireland. Since the strength of the upswing is still unknown, we need further measures of economic support in budgetary policy and in the form of more government investment. To ensure that the recovery continues, we need to back our other measures with an appropriate monetary and credit policy and above all we need an active employment, training and social policy with especial emphasis on the workless in the younger age-groups.

In 1976 our efforts must primarily be directed towards reducing unemployment. The first signs of an improvement in the employment situation are detectable in the Federal Republic of Germany and the Netherlands. But this does not mean that employment problems are solved. We must, therefore, spare no effort to bring down the unemployment figures by means of active national and Community labour-market policies. This applies above all to the fight against unemployment among the young. Unemployment figures are bad enough, but we must never forget that every digit stands for one human being who must not be abandoned to despair, even with all the material security offered by our welfare systems.

In 1976 we shall again be faced with a number of risks and uncertainties. Admittedly, there is a general recovery in world trade, caused by the increase in imports by the big industrialized countries. Here we calculate that the real increase will be from 5 to 6 per cent. It is clear that the economic upswing is continuing steadily in the United States and also in other industrialized countries outside the Community, although in their case too certain cyclical uncertainties still persist.

One disquieting fact is the steep increase in the balance-of-payments deficits of those developing countries that are not oil-producers. In 1975, these totalled some 35,000 million dollars. With the increase in prices brought about by the upswing throughout the world, reducing them will be a slow process. The financing of these deficits is a very big problem. We have endeavoured to find answers in the various relevant bodies—OPEC, the International Monetary Fund and others—and it is most important that we do find them in order to balance out and bring to a halt the reduction in imports that follows in the wake of these deficits. Twenty per cent of the European Communities' exports go to these developing countries with high deficits. Only 10 per cent go to the oil-producing countries with high surpluses.

There is also a need for greater stability in international trade and monetary relations. The principles that the Community has not only advocated for years, and especially during the crisis years, but also demonstrated by practical example and action—namely, that international problems must be solved by co-operation and not by confrontation—must be further pursued in the future. This approach, which will continue to be valid, was the foundation of our contribution to the success of the Kingston Conference. It is in this spirit that we shall attend the North-South Conference—this we have already discussed—and we are hoping that these international efforts will strengthen and consolidate the international economic and monetary situation.

If the recovery that has now begun is to be maintained, we also need, apart from the technical stimulation of domestic demand, to consolidate other components of demand. Consumer spending needs to be kept at a steady level in order to arrive, in particular, at a normalization of personal saving and ultimately at an increase in gross capital investment. The recovery, whose beginnings we can see, may be seriously imperilled if the increase in wages and prices cannot be checked or if conflicts over incomes flare up again between the two sides of industry. Exploiting the opportunity to jack up prices will improve firms' profits only in the short term. It would, so to speak, penalize the restraint workers have shown in their wage-claims by real losses of income and would reduce real consumer spending. On the other hand, high wage-claims would have a bad effect on the profits and competitiveness of business firms and on the propensity to invest and would ultimately, therefore, impede the creation of new jobs.

In our economic order, the economic and social groups are free to campaign and struggle for their share of the national product and, if necessary, to engage in outright conflict. For us this freedom is an inviolable right; but it can be preserved in the long run only if everyone exercises it responsibly and with self-discipline.

What we in Germany have come to call the struggle for the redistribution of incomes has, in the past, always been a question of one group's trying to get a bigger slice of the cake to the detriment of the shares of other groups. The vital need now is to produce a bigger cake so that everybody can have a larger slice.

Co-operation with the social partners in the Community is essential for the success of our economic and social-policy efforts. The continuance of the joint action introduced with the tripartite conference in October 1975 is particu-

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larly important from this standpoint. The next conference, in June 1976, must make a decisive contribution towards the improvement of conditions for lasting growth and stepped-up investment activity. It must make a decisive contribution towards reducing the risks of a new bout of inflation and the danger of continuing high unemployment-levels, and it must strengthen the confidence of the social partners in a fair distribution of the burdens of adaptation.

In 1976, we must form a European alliance for full employment and stability in which all the democratic forces in the political, economic and social groups must join. Our economy is at a turningpoint for the better. Now we are in a position to create conditions in which we can carry out the formidable tasks of the next few years. We shall be able to go forward to a secure economic and social future only if we act in concert.

(*Applause*)

IN THE CHAIR: MR SANTER

Vice-President

President. — I call Mr Leenhardt.

Mr Leenhardt, Chairman of the Committee on Economic and Monetary Affairs. — (*F*) Mr President, I do not propose to speak, since our committee will first have to discuss the remarkable address that we have just heard.

I would simply like to stress, in passing, that we greatly appreciate the importance that Mr Haferkamp has given, in his report, to the problem of unemployment, which will be our primary concern for 1976.

President. — I call Mr Notenboom.

Mr Notenboom. — (*NL*) Mr President, I thank Mr Haferkamp for his interesting statement. It comes at a time when, here and there, economic recovery and above all, therefore, potential full employment are coming in sight. He will, I am sure, not be surprised if I make a special point of asking whether the Commission, when drawing up the new guidelines, would not be well advised not only to keep its eyes on the cyclical situation (although that, of course, is still necessary), but above all to make sure that, with the cyclical improvement, structural changes do not develop which could result in considerable damage in a few years' time.

What I mean is this. Stimulants are welcome in periods when the economy is at a low ebb. My country, for example, has occasionally had a

pat on the back from the European Commission. When the stimulants, however, are of the structural kind they cannot be withdrawn when the economy begins to flourish, again because people have become accustomed to the advantages given them. Mr Haferkamp has pointed this out. That is why I want to ask the Commission to do everything it can to keep the structural background in mind when drawing up the guidelines and not to base them solely on the year's economic trend figures.

President. — I call Mr Artzinger.

Mr Artzinger. — (*D*) I have one question to put to the Vice-President. If I have understood you correctly, you said that it was not desirable for business firms, in this period of recovery, to make excessive use—or even any use at all—of the opportunities for raising prices. This is certainly right. And you said that the workers should show similar restraint in their wage-claims. And then came a sentence that I would like you to explain more clearly: is it your intention at least to try for a standstill pact between the two tariff partners throughout the whole Community or merely to administer a psychological massage, shall we say, on behalf of the Commission? I do not use the term psychological massage in any pejorative sense. Probably, in the present circumstances, there is not much else left, because there is certainly no chance of a formal pact among the Nine after several attempts at national level have already failed. But I would be grateful to you if you could say something to clear this up.

President. — I call Mr Normanton.

Mr Normanton. — We have all listened with interest to Commissioner Haferkamp's observations, but I am not sure whether we are greatly inspired by the picture that he painted, certainly bearing in mind the unemployment in most countries in the Community—more particularly in some than in others.

Does the Commissioner feel that the Community, and the Commission in particular, is inadequately equipped with mechanisms and institutions to cope with the situation facing us and lying ahead of us, especially in respect of the lack of, and the need for, a central bank for the Community? Should we be justified in reading this as a crisp and clear message in relation to President Ortoli's address to this House on Tuesday? Will the Commissioner indicate any time-scale against which we might look for the establishment of an institution such as a central bank, not only involved in monetary policy, but also

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providing mechanisms by means of which all the various facets of the Commission's policies are put into effect?

Clearly the Commissioner will be aware of my personal view that in its existence and rôle the European Investment Bank is being inadequately deployed. Would the Commissioner care to make any observations on that matter at this point or later in the debate?

President. — I call Lord Bruce.

Lord Bruce of Donington. — I should like to reserve a definitive view on the Commissioner's address until such time as the English text becomes available. I understand that a German text has already been circulated.

Eight or nine months ago, the Commissioner drew the attention of Parliament and the public at large to the problem of structural inflation. On 27 July, the Commission put out a comprehensive report on the whole problem of inflation and discussed at great length the rôle played by private corporate power, principally in the hands of the multinational companies, in adding to the problem of inflation throughout Europe. Any report from a Commissioner dealing with economic affairs which did not mention that aspect of the problem would fall far short of the kind of economic review to which Parliament should be entitled from those who are engaged full time on the study of this problem. Does the Commission at any time in the immediate future intend to take Parliament and the public into its confidence regarding the means whereby it proposes to deal with the whole problem of private corporate power in Europe and its effects on structural inflation? Any examination of Europe's economic problems and any kind of projection to deal with it which leaves out of account private corporate power in Europe is equivalent to the Commissioners' burying their heads in the sand.

President. — I call Mr Schwörer.

Mr Schwörer. — (D) It seemed to me, Mr Haferkamp, that there was a note of considerable scepticism in your words as to whether the recovery would last. For this reason I would like to put the following questions to you.

Firstly, you said that the propensity to invest was weak. What is the Commission doing to stimulate it?

Secondly, you said that further measures of economic support were necessary through national budgets. Does this mean that, in your view, governments should prepare further economic support programmes?

Thirdly, you spoke of the American recovery as a risk. Do you see the developments in America as an opportunity for Europe, in the form of support for our own economic development, or as a danger?

Fourthly, you spoke of the normalization of personal saving as one of your requirements. In so doing, are you not concerned about where the resources are to come from for the further economic stimuli that you asked for just before, if the level of savings starts to go down?

Fifthly, you said that the economy could take a turn for the better only if we take joint action. What programme does the Commission propose in order to bring this joint action into being?

President. — I call Mr Leonardi.

Mr Leonardi. — (I) I would like to know whether the Commission does not think it would be wise, on another occasion of course, to give more attention to the differences in development in the various countries of the Community. Just to give an illustration, the different levels of inflation might create acute differences not only in the field of production and earnings, but also in that of distribution and public support measures.

It might therefore be worth the trouble—as I have just said—to devote greater attention to these differences that may be encountered in the various countries of the Community in order to avoid the risk of finding ourselves faced, tomorrow, with conditions totally unlike those on which we have based our policy in the past, because this might foster disintegrating tendencies within the Community.

President. — I call Mr Burgbacher.

Mr Burgbacher. — (D) Mr President, I shall limit myself to a few questions. Firstly, has the Commission any reliable information about the revaluation rumours in the Community which are very persistent and obviously have some foundation? What effect would the revaluation of a least one of the currencies concerned have on the conditions of recovery you referred to?

Secondly, do you take the view that the Community countries have an adequate energy policy for the approaching recovery? Do you agree with me that, if there is a return to something like the earlier growth-rates, energy demand will probably return to a level comparable with the earlier situation, in other words that the currently declining figures for energy demand would change abruptly, if we remember that three-quarters of total energy consumption

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goes to industrial uses, i.e. production, and only one-quarter to consumer requirements?

My third and last question is this: do you consider the safeguard price of \$7 per barrel enough for alternative sources of energy—in other words primarily indigenous, i.e. European, sources of energy—to get into their stride? Do you not believe that this safeguard price is completely inadequate to have such an effect?

President. — I call Sir Brandon Rhys Williams.

Sir Brandon Rhys Williams. — As we have this short opportunity, which I did not expect, I wish to thank Mr Haferkamp for his statement but not to try to analyse it until I have had a chance of studying the English text. I hope that that will be available very soon.

I want to ask a question which touches on what Mr Burgbacher asked in connection with the currency crisis. However, mine is a more general question.

Mr Ortolini refers to the international mechanisms for creating money, which are not functioning smoothly, and to the need to finance constantly-growing budgetary deficits. We have a world problem of surplus liquidity at the very time that people are reluctant to use money for productive investment.

Can the European Community make a positive contribution to the problem of hot money and speculative activity, because the disruption of the exchanges is destroying confidence at a time when what we need above everything else is certainty about where money values are going and confidence to invest?

(Applause)

President. — I call Mr Haferkamp.

Mr Haferkamp, Vice-President of the Commission. — (D) Mr President, I shall endeavour to condense what I have to say as much as possible, for a number of the questions that have been put would in fact require a very full answer and a systematic debate.

Mr Notenboom has asked whether structural policy has been adequately considered in our policy and in the new guidelines and whether we have not confined ourselves to cyclical difficulties. This we have always done and we have long since pointed out that some difficulties in the present situation are due primarily and above all to the cumulative effect of both cyclical and structural phenomena. We have repeatedly and quite specifically stressed that, even if recovery and cyclical improvement did

come, it would be wrong to believe that the structural problems would not persist, including, in particular, a higher level of unemployment than in the past. You will remember these discussions. In the report I have just given you, I also pointed out, though in very condensed form, I admit, that we are only at the beginning of some difficult tasks that will go on for a number of years, and I drew the conclusion that we cannot confine ourselves to consolidating the present recovery but must have close co-operation for a long time to come between those responsible in the Community for policy, social and economic decisions. This is aimed at structural difficulties and will require all our efforts. We shall indeed be discussing this point in more concrete terms when we propose and discuss the Fourth Programme for Medium-Term Policy in a few months' time. This also, without a doubt, has its importance in connection with the Conference of the Social Partners, to whose special significance I have drawn your attention.

There is no question of continuing, short-sightedly, to the end of this year on the strength of flattering statistics and meantime forgetting that the real tasks still lie ahead. You may be sure that these considerations are always present in our minds.

Mr Artzinger asked whether I had a formal standstill pact in mind when I spoke of the need for co-operation or whether I was merely thinking of exercising a psychological influence or what he called 'psychological massage'. I do not believe we shall be able to come to a formal written pact, signed and sealed in due form.

When I spoke of an alliance on full employment and stability, I meant something that would be seen in the behaviour of everybody concerned and would take material form in their acts. In this connection I would once again like to stress the importance attached by the Commission to the tripartite conference of the social partners and governments. In November we held a meeting of this kind and were pleased to see that it was possible to discuss controversial subjects with all groups. We are determined to prepare, set up and conduct this discussion with fairness so that the various groups may co-operate in an atmosphere of mutual trust.

If we now have to urge that business firms should not extract everything they can from possible price increases because they would then imperil economic recovery and if we also have to stress that the trade unions should not, in the next phase, try to obtain everything that would then be possible because otherwise they too would endanger recovery, then this would be a real alliance, not in word but in deed; but it would then be essential to give those concerned

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a guarantee, in concrete proposals, that neither side would be the loser in behaving in this way. They must be sure that justice will be done. This feeling we shall not be able to create with Community instruments. Instead the partners will, very largely, have to operate at the level of their own autonomy. This will have to be accompanied by national policies, e.g., taxation and social policy. On the other hand, at Community level, policies providing the necessary guarantees will have to be intensified, e.g., policy on competition, a corresponding central bank policy in other countries and a full package of measures that we shall propose to facilitate this joining of forces. This is what is meant, and the target here again is to deal with structural problems. If, in fact, we do not lay the foundations now, we shall not be rid of structural problems.

In reply to Mr Normanton's comments I should like to say that the central bank functions, and the framing of central bank policy so that it provides positive support for general economic policy, obviously have a decisive part to play. Here, I think, a whole series of positions taken by President Ortolí, in his programme speech, dealing specifically with questions of the monetary fund, the unit of account and so on, are important for the Commission. I think you will agree with me that if these proposals were put through by the Member States we should make considerable progress in co-ordinating our monetary and credit policy and central bank policy as effective support for the economic policy we have in mind.

Lord Bruce has criticized me for not going into greater detail about certain problems referred to in last June's preliminary report on inflation questions. Incidentally, that report is not one of the Commission's, it is a report by experts who were delivering their opinion. The report does not represent the opinion of the Commission. We should have to have a special discussion on these problems. I would be prepared to do so, but I was not under the impression that, in the report I had to give today, I was called upon to refer again to the questions of the multinationals that we discussed last month and which perhaps—so I hope—we shall once again have on the agenda as an item in its own right. With the necessary preparation, and not solely from the standpoint of economic policy, I shall be happy to oblige.

Mr Schwörer raised a number of questions. He asked, what is the Commission doing as an incentive to promote investment? I can only say that there is little we can do. Taxation policy is in the hands of the Member States. Quite generally I can only say that we must endeavour to concentrate, not only on investment and with

the object of stimulating investment, all the resources, funds and possibilities available to us.

But I do believe that a stricter strategy for, say, the Social Fund, the Regional Fund, the use of ECSC resources and the Agriculture Fund must be steered, in the framework of the general programme and the general structure, towards problem areas such as unemployment and priorities of other kinds. This would have at least some indirect effect on investment as well.

As regards anti-cyclical measures *via* budgetary policy, I did not, of course, mean that at the moment further programmes needed to be implemented. But we need to be ready, with recovery now under way, to put through other programmes if that proves necessary. You will remember that we had a discussion a little while ago in which it was complained that this was too little. Others said it was too much. At the time I said that I preferred to give rather less, in order to be able to open the throttle a bit more later on, because in that way we should have better control over any new inflationary trends. In other words, we have to be prepared, in case this has to be done. As to your question about the US recovery and the risk associated with it, this must be a misunderstanding. Later on, I spoke about risks that might arise because of the international balance-of-payments situation and I made a few comments on trends in Japan and in the USA; I also referred to uncertainties in the economic situation of certain countries. It must therefore have been a misunderstanding or else I expressed myself badly, and I apologize if I did.

As regards the programme for this common approach, I think I have already said a few things in my reply to Mr Artzinger's question. As regards the normalization of personal saving, I think that the 17, 18 or 20 per cent ratios that we reached last year were much too high. Reducing these and generating demand so that underutilized capacities can be fully used again and thus facilitate recovery, is in my opinion a matter of urgency.

To Mr Leonardi I would say that of course we are correcting the differences in development in Member States and not just taking note of them. The other question is how can we take them more into account in policy-framing. Here again I would point out the importance of concentrating the resources available to us, which should be used so as to help balance out these disparities as far as possible. I do not think we should look on the Regional Fund, for instance, merely as a cash register. Much will depend on the extent to which we spend this money to implement a logical policy in accordance with a logical overall strategy. When so doing, the

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first thing, clearly, is to take due account of the differing situations in the Member States and to help those in arrears to catch up with general development.

Mr Burgbacher has asked me whether anything is known about the revaluation rumours. I too, of course, have heard the rumours. But that is not what you wanted to know. You wanted to know whether there was any basis for them. To that I can answer with a very definite 'No'. I also believe that in the places where people are speculating on revival and the like there are absolutely no economic policy grounds. The country regarded by speculators as the revaluation suspect has, at the moment, cause in its own interests to increase its exports, and they would clearly be hampered by revaluation. Not only would it not be in the interests of that country, it would also not be in the interests of the Community. To sum up, I know of these rumours, I think they are stupid and I am convinced that they are devoid of any foundation. I have indicated what the consequences might be.

With regard to energy policy, it would certainly be well worth while holding a special debate on the question. Naturally, energy demand will increase as the economy picks up. Hence my comment that, this year, we must expect a worsening of the balance-of-payments situation.

As regards the minimum price designed to protect, so to speak, alternative sources of energy, the Commission has always taken the view that this can only be part of a general policy and that it should not be imagined that all the problems can be solved by deciding on a certain minimum price. In this connection, moreover, the Commission's recent proposals with regard to energy questions need to be considered as a whole, and I do not propose to go into them at this time.

All that I can say about Sir Brandon's remark regarding the danger of surplus liquidity is that it has my emphatic support.

Mr President, ladies and gentlemen, I apologize for having taken so long, but I could not simply say yes or no to the questions you asked—I had to give some explanation.

(Applause)

President. — The debate is closed.

Mr Haferkamp's report will be forwarded to the Committee on Economic and Monetary Affairs.

The proceedings will now be suspended until 3 p.m.

The House will rise.

(The sitting was suspended at 12.25 p.m. and resumed at 3.05 p.m.)

IN THE CHAIR: MR LÜCKER*Vice-President*

President. — The sitting is resumed.

I call Mr Prescott on a question of procedure.

Mr Prescott. — Mr President, I have been informed that the last item on the agenda before us, which was accepted this morning, namely, 'quotas of fish-catches', is likely to be removed from today's business. I have made inquiries of the Vote Office to try to discover whether that is so, and I have been informed that the item has not been removed. What concerns me is that, having looked through the Rules of Procedure, and considering past experience, I feel that there is a possibility—and it is on this matter that I seek your guidance—that the mover of the question can agree with the Commission or with his group, or even decide on his own, that the item be removed from the agenda. Is that correct, or am I to understand that you have accepted the agenda as it stands and that the Assembly will today discuss this matter of fish-catches?

President. — Mr Prescott, I have received no such request, which means that the agenda remains at present unchanged. The last item on today's agenda is Mr Kofoed's question on the problems of the fishing industry. I know nothing of this item being withdrawn. This would seem to settle the matter.

Mr Prescott. — I accept the assurance as far as it seems to go, but what I do not want to see happen is the mover of the question, at his own discretion, asking that the item be removed from the agenda. Would you be forced to accept such a motion? If so, that raises a much more important point, and it is on that point that I seek your advice.

President. — Mr Prescott, I have received no such request. It is not possible to discuss the matter before there is a request to withdraw this question.

Mr Prescott. — Are you assuring me, Mr President, that even if a motion is moved by Mr Kofoed, the Assembly has to agree to a change in the agenda? I notice signs of dissent. The difficulty is that honourable Members, having

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heard your assurance, may later be informed that the item has been removed from the agenda because the Assembly has no say in the matter. My argument is that if an item is on the agenda, surely the Assembly must say 'Yes' or 'No' before any action is taken to remove that item. The Rules of Procedure are not clear on this point.

President. — Mr Prescott, I repeat, I have received no such request. We cannot discuss a question which is not down for debate.

Mr Stewart. — I do not wish to delay the House, but an important point is at issue. What my colleague, Mr Prescott, wants to get clear—and I think it would be valuable for the whole House to get it clear—is whether we can be certain that, as this item is on the agenda, it will be discussed this afternoon. It will be of great inconvenience to Members if, having been led to believe since this morning, until this hour of the clock, that the matter is to be discussed, we suddenly find at short notice that it is not to be debated today. May we have an assurance that this item will be discussed today?

President. — Mr Stewart, I must point out to you also that I have received no such request. Therefore there is no point in holding a debate on basic questions of procedure.

I call Mrs Kellett-Bowman.

Mrs Kellett-Bowman. — I can see the difficulty in which you are placed, Mr President, but many of us regard this issue as important. If the item is not withdrawn by the proposer of the question, may we take it that if this sitting overruns and this matter is not dealt with today, it will be debated tomorrow?

President. — My reply to you, Mrs Kellett-Bowman, can only be the same: I have received no such request, and I cannot see the point of adopting a hypothetical position with regard to what could happen if I did receive such a request.

I call Mr Hamilton.

Mr Hamilton. — We must press this important matter. As Chairman of the Committee on Procedure, I have received a letter from a group in this Parliament regarding the possibility of changing the agenda at very short notice. I am not asking you, Mr President, to deal with a hypothetical situation. I am simply asking you to refuse to accept or to put such a motion before this Chamber if one should be brought forward during this part-session. It would not be satis-

factory, as Mrs Kellett-Bowman suggested, to defer the debate until Friday. It is on the agenda for today and the debate should take place today. We should have that unequivocal assurance.

President. — Mr Hamilton, I can only repeat what I have already said. I should now like to continue with the agenda.

5. *Ninth General Commission Report on the activities of the Communities in 1975 and Commission work programme for 1976*

President. — The next item is the debate on the Ninth General Commission Report on the activities of the Communities in 1975 and the Commission work programme for 1976.

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

Mr Lange. — (D) Mr President, ladies and gentlemen, it is somewhat difficult in the time available to state one's position with regard to the Ninth General Report, Mr Ortoli's introduction and the Commission's programme of action for 1976. We will however have an opportunity to deal again with the Ninth General Report, which relates to the past period, i.e. 1975, in the Committees, and then to draw the necessary conclusions in a debate here.

Today I would like on behalf of my group to try to say something about the state of the Community and the steps which appear to us to be necessary. Mr President, if we consider the address by the President of the Commission, or rather the effect of that address, not so much in this House as outside, we find that the main impact it made on the press was to the effect that 1976 would be 'the year of the great debate'. I am sorry the public should have drawn such a conclusion from the address of the President of the Commission, for in the Community's present state great debates are of no use to us at all.

What the Community needs are decisive steps, which must be taken for its further development so as to put a definite stop to the process of disintegration, and once more to make use of all possibilities for further integration.

We agree with the President of the Commission when he declares that a certain process of integration has taken place in Europe. However, that process is being endangered by a series of factors—not only factors at work within the Community, but those which are affecting the Community from outside. However, it seems to

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me to be more important to throw some light on those internal factors which may be holding up the process of integration. In so doing we certainly come back to long-established facts, long-established because we have been constantly coming up against them over the last three or four years. When one remembers how Member States as parts of the Community behaved in the winter of 1973/74, one can only say in retrospect—at the risk of displeasing someone or other—that such behaviour was scandalous.

At the very time when parts of the Community and the Community as a whole were going through hard times as a result of external factors, there was not the slightest trace of solidarity in the behaviour displayed in the Community; every Member State tried to save its own skin as best it could. In the meantime, however, those parts of the Community have realized that they could not even save their own skin in that fashion, nor would they be able to do so in the future. To that extent of course one must agree with the President of the Commission, when he says that the idea of Community solidarity has again been strengthened. But, Mr President, the question remains: is this increased solidarity and the knowledge on which it is based sufficient to bring about the necessary further steps towards the integration of the Community, instead of doing what various parties in this Community would so much like to do, namely deal with problems which can be put off till tomorrow or perhaps the day after?

I am thinking here in particular about the year 1980. In connection with the debate dealing with the year 1980, we are all too prone to forget—and many may perhaps want us to forget—to tackle the tasks arising out of present difficulties and find the right solutions. One more thing should be pointed out in that connection: in the case of all the Commission's proposals for 1976—proposals which are basically somewhat more modest than the proposals in 1975, because the Commission at that time had perhaps placed a little more hope in the realization of certain facts by some parts of the Community—we are, with all good will on the part of the Commission—and I will not now examine the proposals in detail or compare them with each other—constantly being urged to apply joint pressure to the Council. The Council, whether as the organ set up under the Treaty, or as the 'European Council', is according to the Treaties the law-giving body. The Parliament must therefore bring pressure to bear, in order that the necessary political will may develop in the Council to enable further steps to be taken. All the proposals which can advance the integration of

Europe—that is to say the economic union—have already been tabled, and all the Council really had to do was to deal with them. Then we would, firstly, have expressed the necessary political will and, secondly with the help of the political will so expressed have also created the necessary body of instruments to arrive at the appropriate further development and deepening of this economic Community. Now there is today, of course, a somewhat more critical attitude, even on the part of Members of the Community. At the moment this arises in connection with the half-yearly dialogue, under the Franco-German Treaty, between the President of France and the German Chancellor. We are again finding that people are talking about other forms of possible integration and possibly trying to develop things which undermine the bases of the Treaties or disregard them. And yet we all maintain that the Treaties are the constitution of these Communities, and the immediately valid law and programme for the Communities. In our view one can basically develop from the Treaties everything which people are trying to develop by every possible other kind of accessory device. In this connection one should ask the Governments of the Member States whether they would not really take the decisive step and give up responsibilities which in the interest of the further development of the European Communities, should in fact be officially handed over to the organs of those Communities, so that the Member States would not insist so much on sovereignty and not be on the defensive about the loss of a sovereignty they already no longer fully possess, but be ready to recognize that there is undoubtedly—as we have already established in agreement with the President of the Commission—a definite degree of integration, and that the governments, in accordance with that degree of integration, must transfer responsibilities to the organs of the Community. Until that happens, even the best-intentioned organization programmes of the Commission will be useless, and the declared will of Parliament in this connection will also be precious little use if, for their part, the national Parliaments are not also prepared to promote that development further in the direction which the Members of the European Parliament regard as desirable, or even to promote it at all. It may well be that talks like those at Cap d'Antibes may also be a help towards making a serious attempt to bring into true harmony the economic policies of all those concerned. By economic policies I do not mean only short-term economic trends; I am thinking primarily of what we require on a medium-term basis in order to overcome the structural difficulties in our national economies—or, rather in the economy of the Community. With an economic policy thus harmonized, we

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would be in a position to strengthen the economic basis of the Community so as to enable it to fulfil its task internally, that is to say as a social Community, and at the same time carry out its task in relation to the outside world.

I do not wish to discourse now on the many different aspects of external relations. I merely wish to make it clear that the decisive requirement for the effectiveness of the Community in external affairs and for the fulfilment of its tasks in relation to the outside world is in reality to be found in suitable strengthening of economic foundations together with the necessary social elements. That is what is required of us. That is what we must emphasize most strongly—and these remarks are directed not so much towards the Commission but rather towards the Council.

Please forgive me, Mr President of the Commission, if I now say something to the Commission which is not entirely flattering. But what else can I do as regards a Commission which, in one instance after another, has contented itself with whatever had to be achieved in the opinion of the Council or of the Governments of the Member States—in fact with what in German today is called 'machbar' (feasible)? All that has so far happened under those conditions has always been merely an agreement on the lowest common national denominator and an attempt to make prestige or alleged vitally important interests, which were not proved to be such, prevail over the general interest which all the Nine should have had in closer cooperation.

When I compare the 1976 action programme with that of 1975, I have the impression, as far as the position which we constantly find in the Council is concerned, that the Commission has become somewhat resigned—to put it mildly. But, Mr President of the Commission, even if this is to be your last year of office—and according to the rules it will be—I think you will nevertheless make every endeavour to attempt to keep what you put forward here as a decisive promise. So if I say that the will of the individual parts of the Community to have an agreed economic policy must be developed on a short and medium-term basis, and if at the same time this is linked with what we in Parliament have hitherto always regarded as self-evident, namely mutual support—in particular support for those who find themselves in weaker positions by those in more favourable positions—it means that it is also necessary to discuss those questions which we call monetary policy questions.

I will not comment in particular on the currency policy agreement characterized in Europe by the

concept of the 'snake'; I merely think that everyone should make an attempt to arrange matters in such a way that all parts of this Community can participate in the monetary agreement. That this naturally means sacrifices for all participants is quite clear. But it is now necessary to ask—and I would be grateful if we could discuss this question with the Council on a suitable occasion, as that would be very useful—whether the various members of the Council cannot develop the will to overcome all the difficulties they are always describing through decisive steps of the right kind. It would then be no problem to make the European Monetary Cooperation Fund effective in the way originally conceived by the Commission and supported by Parliament and at the outset also by the Council. It was only subsequently that sovereignty and the exercise of one's own national power—no matter what party was concerned—was so tempting, and people were not prepared to take the appropriate further steps.

Let me touch on one other point. You know that in the Council—and I include the European Council—there is an idea that the Commission is not really an institution in which confidence could be placed as a quasi-government of the European Communities. We also know that many hold the view that basically it is only a matter of personalities. Those who represent such views should really volunteer for the task of the quasi-executive body of the Community! Then perhaps things would improve. But they would then find what difficulties the whole body has to face; and naturally those who say—and I now put it more harshly—that one could not entrust that Commission with the fate of Europe, are responsible for the fact that the Commission is composed in the way it is, and it is also they who have driven it into a corner so that it can no longer act, or not in the way it considers necessary or the way in which it would like to get the Council to act.

So I think this is a point which, whatever happens, we must make clear to the Member States and their governments. And it is no use talking about a directorate or anything of that kind, such as is now being suggested, or of a centre for political decisions in whatever form. We have in the Community the institutions we need; they merely have to be suitably developed.

Finally, I would draw the attention of the Presidents to the following: Mr Ortoli, with reference to certain extensions of the powers of the European Parliament, expressed doubts about what we said as far back as 1973 in connection with the necessary further steps in the second stage of economic and monetary union, namely that the budgetary powers should be

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extended and that we must be given appropriate legislative control powers in addition to the Council in order to be able to develop law-giving initiatives at the same time. For me, as one who belongs to the Federal Republic and Parliament, there is no problem, for in our country the three bodies, Parliament, Government and Federal Council, have the opportunity of developing legislative initiatives. That these can sometimes be controversial is quite another matter. But my group and I are convinced, Mr President of the Commission, that such a development would undoubtedly contribute to the vitality of the work as a whole and to the promotion of further integration of the European Communities; for we in this House have already made it clear in various ways that in this Parliament—apart from exceptions such as certain persons and particular technical questions—there is remarkably little trace of typical national interest. This Parliament has hitherto—and it can claim the credit for it—represented a definitely European interest. The fact that there have been exceptions here and there, as we saw this morning in the debate on agricultural prices, is quite another matter; but in the circumstances that can be disregarded.

I therefore consider, Mr President of the Commission, that we must also tackle that point. We cannot act as though all initiatives regarding laws can remain with the Commission, with the Council—as the legislative power—making the subsequent decisions. We must alter the relationship between the three bodies in accordance with the proposals which we put forward earlier.

We are not necessarily compelled to speak today or tomorrow about the Werner Report, the Marjolin Report or the Tindemans Report. All we need to know is that all the problems within the Community which confront us today and are hindering integration could be wholly or partially removed, if the proposals which have been put forward up to now by the Commission, and to which Parliament has largely given its participation and support—sometimes going even further than the Commission—were to be implemented by the Council. We should really regard it as one of our primary tasks this year to compel the Council—if such compulsion is possible—to take those decisions which will help to bring about this year a solution to the problems of economic, social and monetary policy and raise the Community to a position which will enable the citizens to say:

'It is well worthwhile supporting this Community'. That, Mr President, is how I would initially envisage our contribution to the debate

on the introductory address by the President of the Commission.

(Applause)

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

Mr Alfred Bertrand. — (NL) Mr President, I will begin by cordially thanking Mr Ortoli on behalf of the Christian-Democratic Group for the great efforts he has made in not very favourable physical circumstances to introduce the Ninth General Report in a way which gives us a clearer insight into the Commission's plans for the present year. I am struck by the fact that in his speech Mr Ortoli has stressed that the past year has been the worst since the European Communities have been in operation. In the economic field we have had to cope with a 2.5% fall in the gross national product, a 9% decline in industrial production and an unemployment figure of some 5 300 000 persons. Of those people, 1.5 million were younger than 25. That creates for us a big moral problem in that we have to help a generation in Europe which is in danger of losing its way and becoming discouraged and discontented. These young people had thought that on completion of their studies they could make a contribution to the commonweal. They now have a feeling that they are superfluous. That moral problem is of much greater importance than the problem of the material assistance they get as young unemployed.

Further, we were confronted with a general inflationary trend and with an average rise of 12% in the prices of consumer goods. That is the picture we have of 1975. That is the condition in which the Economic Community—for that is what we still are; we are still not a union—finds itself at the moment. Instead of increasing solidarity between the Member States, we see a nationalistic, egotistical trend. We have had to face the fact that, in spite of all the Commission's efforts, the Member States have not striven to solve these problems on a community basis. People have sought a solution on a national basis, to the great detriment of community cooperation.

This development has brought out strongly the problem facing the Community internationally. At the same time the Member States are saying that they are no longer able to solve the problems alone. It is being alleged by the Member States that as the Community is divided into nine separate parts, it no longer has its say in the world and finds its influence declining. Fortunately, that has led to positive reactions, which may perhaps enable us after all to pursue

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the development of the Community on a better and firmer basis.

We saw that the result of the referendum in the United Kingdom came as a surprise to the Government leaders, and that the population appeared to have a stronger sense of where the solution lay than the leaders concerned themselves. That made possible the enlargement of this Parliament on 1 July 1975. It also paved the way to the extension of our budgetary powers, a closer and broader dialogue with the Council and the creation of the European Council, it opened up the prospect of direct European elections and, above all, it provided a stimulus towards dynamic activity in the field of foreign policy. The consequence of that, however, was stagnation and rigidity as regards internal development.

In respect of all these factors the President of the Commission put forward three fundamental imperatives for 1976, which he summed up as follows:

An effort to strengthen in the future joint action in respect of external problems. I should like to congratulate Mr Ortolini on the fact that this year he annexed a memorandum to his introductory address. That memorandum gives us the opportunity of going more deeply into the problems he has brought up.

I want to dwell for a moment on this first imperative, namely joint action in relation to external problems. Mr Ortolini spoke about the problem of the multilateral framework. It is a matter of our attitude, our unity of view and our consultation procedure in the North-South dialogue. This will be the great test in 1976 for the cohesion of the Community in the new world economic order which is to be created as we avail ourselves of the last chance to safeguard, for the future, at least what we in Western Europe have achieved in the field of technology and living standards. If the North-South dialogue fails, that will all be jeopardized. We are therefore faced with an urgent necessity.

In the effort which the Commission will have to make in the four fields with which the four committees concerned are now dealing, it will have to show the necessary flexibility in relation to the Council when preparing concrete proposals. The main thing is to create a possibility for maintaining the present incipient unity in the next stage of the North-South dialogue, which will take place in the coming months.

On the other hand, 1976 is to see the extension and implementation of the Lomé agreements. The whole world has regarded those agreements with admiration. The Community has shown

itself to be a pioneer in furthering cooperation between developing countries and an industrial area. The obligations which we have assumed in concluding the Lomé agreements may well prove to have very grave economic consequences for our own Community, with all the resulting social tensions.

We have opened our markets, without reciprocity, to the 46 ACP Countries and are now in addition guaranteeing a fixed price for their raw materials. Certain of our own industrial sectors in the Community are already beginning to feel the consequences. In that connection I am thinking particularly of the textiles sector, which is at the moment undergoing a structural crisis. That then is one of the consequences of the Lomé Convention. I would earnestly urge that, when it is being implemented, the greatest care be taken to ensure that progress is harmonious and not accompanied with great disturbances in the Community.

Mr Ortolini went on to speak about the endeavour to conduct an overall policy with respect to the countries around the Mediterranean. This is to some extent connected with what is said on the subject in the Tindemans Report. In that connection, too, overall policy must not be laid down solely in terms of trade relations, or of purely technical and financial assistance. What is needed is an overall political policy if we want to avoid the emergence, militarily speaking, of a third block and to ensure that pressure from the two super-powers, the Soviet Union and United States, is to some extent neutralized. We need to convince the countries of the Mediterranean seaboard that we do not wish to leave them in an unprotected position. They are inadequately protected against pressure from the two great powers if they are not linked with us by strong agreements.

We are at the moment considering the problem of Europe in the world. My view is that the Commission can make a substantial contribution to the solution of that problem by means of dynamism in foreign policy.

Mr Ortolini also dealt with economic and monetary union. He spoke of possible practical steps towards the creation of the Union. Mr Notenboom and Mr Artzinger will be speaking on that point. In that connection, too, practical means must be sought to get progress started. Mr Tindemans has also made proposals on that delicate subject. So far, no solution to the problems has been found. People have come to realize that a step-by-step solution is not the right one. It has been said that things must be tackled in another way. On this point, too, the Commission

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has so far made no concrete proposals. It, too, is still seeking a solution.

I entirely agree with Mr Ortoli as regards the third point of the programme, namely the need for participation in the great institutional debate. From the political point of view that question will largely dominate the scene this year. If we cannot have any positive exchange of ideas about it, I fear the worst for the Community. What is laid down in the Treaties of Rome and Paris must be worked out in such a way as to satisfy everybody. I find, however, that in this matter the Council has failed to act. I have the impression—and I heartily agree with Mr Ortoli's view on the subject—that in December 1974 the Council was partially deprived of its substance, in that, above the Council, a European Council was placed, because it had been found that the Council as constituted was not adequate for its tasks.

There has been a move towards the highest level. But if tomorrow at that highest level too there is deadlock, then nothing more can be done in the Community, and everything will be at a standstill. That is what I am so anxious about. What is embodied within the framework of the treaties can be implemented through the institutions of the Community. What has now, through development, grown up over and above the treaties cannot be properly tackled, by any single institution, because the institutions do not possess adequate powers and authority and do not have the necessary dynamism to carry out the tasks. That is why it is dangerous to say that the European Council should meet within the framework of the treaty and take decisions with the Commission on proposals from the Commission.

As regards what is not provided for in the treaty, the European Council will, without any legal basis, but on the strength of political 'gentlemen's agreements', take a number of decisions. It is also going to indicate the organs which will be responsible for implementing them. Those organs, it is said, may be institutions of the Community, a Member State, a person or a group of persons. So it now appears as though there is to be a debate on further political development which is not based on an amendment of the Treaties, but merely on a 'gentlemen's agreement', with certain aspects being dealt with without reference to the Treaties. Therein lies, in my view, one of the great dangers, whereby the European executive, which is after all, like Parliament, preeminently a Community organ, could be excluded and reduced to a mere implementing organ.

That could mean that the Community institutions would no longer operate as laid down in

the treaties. If the Commission's right of initiative is not fully maintained, if it is not responsible for carrying out decisions and if it can no longer continue to fulfil its task as guarantor of the Community, then the whole Community is in mortal danger. Then perhaps the only way in which we can still give a new impetus for the future is direct elections for the European Parliament. But that problem is not yet on the agenda today. I will not say any more about it now, because I hope that we shall have a thorough debate on it on the occasion of the discussion of the Tindemans Report.

I should now like to ask the President of the Commission something else. On page 37 of his report—I know it already by heart—he indicates that the information policy of the Commission must reflect the decision to hold direct elections, which can now be regarded as an accomplished fact, and that the dissemination of information in that connection must be intensified in the course of 1976.

May I ask him to take the initiative in coordinating the information services of the Council, the Parliament and the Commission in order that there may be a joint effort to inform the citizens of the Community about the existing institutions, their significance, and the way they operate, so that the citizen is in closer touch with what is going on in the Community. In addition, I would ask him to make available to the groups the financial means for a political information service based on the ideology which the political parties in this Community represent. Then we can speak of a coherent community information policy, on the basis of which we can count in 1978 on a truly widespread and massive interest in the first direct elections. The view is being expressed on all sides that this should be the decisive impulse to set the whole process of European integration going again. We Christian-Democrats wholeheartedly support any initiative to achieve that turning point in public opinion concerning the working of the institutions.

(Applause)

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

Mr Berkhouwer. — *(NL)* Mr President, Mr Ortoli's address to this Parliament on the state of affairs in the Community can be compared with the 'State of the Union' message of the American President. I share Mr Lange's view that we do not have to agree with Mr Ortoli when he says that this will be the year of the great debate. We have had great debates here any number of times. We have also often complacently uttered great words. to quote an

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eighteenth century compatriot of Mr Lange. The fact that things are not going better with Europe is naturally not the fault of the Commission, but one may well wonder whether the Commission has really taken sufficiently vigorous action in the storms which beset us. It is certain that the centrifugal forces are stronger than the centripetal. There is talk here and there of a crisis similar to that of the thirties, which, thank God, is not the case.

Thus the Commission is not at fault. The Commission has, according to Mr Ortoli, taken vigorous action in the storm. If one considers that the centrifugal forces are stronger than the centripetal forces, it really is a wonder that there are still so many people in Europe—I am thinking of the southern flank of our continent—knocking at the door of this divided Europe, which appears to be so lacking in solidarity in relation to the great problems with which we are confronted.

I will confine myself to making some political comments. I have the text of Mr Ortoli's address. He said that 1975 was the year in which the European Council was set up, and that the European Council had provided the Community with an organ capable of taking major decisions which set the future course of the Community and its Member States.

At the time when the European Council was being created, I talked with various heads of government. I said then that the European Council could be set up within the framework of the existing Council, and that no new organ needed to be created. The Council is, after all, the representative of the Member States, so that the heads of government can themselves sit in the Council if they so wish. But what do we find now? We find that even Mr Ortoli speaks of an 'organ'. It is thus a new institution, a kind of super-Council which lays down the law.

I have obtained an opinion from an eminent French jurist on this matter. He says:

'In the final communiqué of the European Council of 1 and 2 December 1975, in Rome, one finds a formula which is legally questionable:

"The European Council instructs the Council to pursue examination of the problems..."'

There is thus a European Council imposing a task on the Council! What is your view, Mr Ortoli, about this new organ which you will have to take into account?

This has to do with the essential nature of the Community. It is thus no small matter!

In my view, we must keep a very close watch on the original concept. I was reasonably happy when it came into being, at the time when

the Heads of State or Government met in the Council of the Community. Now, however, there is a new Council. But there is more to it for us Members of the European Parliament. Where is the democratic parliamentary control—in that respect we have trouble enough with the Council—over what the super-Council does or fails to do?

Now I would like to dwell for a few moments on the political developments in the Community. I am not concerned with the economic chit-chat about details. We are hearing a lot nowadays about 'big' nations and 'small' nations in the Community. We had an example at Rambouillet, where only 'big' nations were present. In the meantime the whole thing has fallen flat on its face again; for various currencies on which agreement was reached at Rambouillet are once more out of control. What the self-styled 'big' boys decided in Rambouillet is now hardly valid any longer.

There is now, however, a remarkable development under way. Reference is now being made to two categories: the small and the big and the weak and the strong. But the odd thing is that the two categories do not necessarily coincide. One or two of those which are big in fact belong to the weak group, while some of the so-called small 'belong' to the economically strong! We discussed the matter with Mr Tindemans during the Congress of the European Movement last week-end in Brussels. We certainly do not want a two-speed approach in Europe. Mr Tindemans has in the meantime taken back some of what he said. I am not blaming anybody in this matter. The idea of slow development on the one hand, and rapid development on the other, comes I believe from Bonn. The idea of weak and strong Member States and of a *directoire* comes I believe from another capital. Everyone's got his own pet ideas, but they are wrong!

For in the Europe of the Nine neither of those ideas is tenable. In the Europe of the Nine we must have no strong, weak or big nations. There must be no travelling first class or second class. All the 250 million people who live in the nine Member States are travelling what the English call economy class. There are no first and second class passengers. There are also no weak and no strong countries in the Community. If one Member State is weaker than another, the others must help. An engine cannot run in two gears at the same time. Nor can an engine run in neutral and at the same time in first and second gear. An engine can only run in one gear. Therefore we must have done with the humbug which I have pointed out, from whomsoever it comes. We must have done with

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the distinction between big and small, weak and strong. Mr Ortoli should speak out candidly on that subject once and for all. Politics is our business here, not petty haggling about the cost of moving house or whatever.

At the moment there is a meeting of the Bonn-Paris axis in the Mas d'Artigny near Nice, a place well known to Mr Ortoli. L'Aurore contains the following passage on it:

'If it is believed in Paris that a *directoire* is necessary for the construction of a political Europe, it can surely only be formed round Giscard d'Estaing and Helmut Schmidt.'

Where is the rest of Europe, Mr President? Europe has bad memories of a *Directoire* from the past. The *Directoire* was followed by the Consulate. After that came the First Empire. From 1800 to 1815 Europe went through a bad time, which ended in Waterloo. What is remarkable is that people are always speaking about Waterloo in certain capitals but not in others. There, people prefer to talk of Austerlitz. We want no *directoire*! I believe Mr Thorn has commented, tongue in cheek, that he would like to be a member of this *directoire*. Does Mr Ortoli see a chance of his achieving that?

Mr Ortoli has spoken about 'l'Europe indépendante'. What is that? We talk of the Lomé Convention and of raw materials. Are we thus not everyday concerned with 'interdépendance mondiale'?

We do not want a solitary Europe, but a Europe of solidarity, involving mutual dependence in a worldwide context. 'Interdépendance mondiale' is the solution for the great problems in the world. The Third World and the Fourth World have the raw materials which we need. We have the knowledge and the technology. Will Mr Ortoli say what is meant by 'une Europe indépendante, maîtresse de son destin'? What does that mean? Are we 'maîtres de notre destin, seuls dans le monde'?

What about our independence in respect of defence? I find myself in the best of company here, namely that of Mr Gaston Palewski, the President of the Constitutional Council of France. I quote:

'Nothing has been done towards achieving a really autonomous European defence system which will guarantee our safety while maintaining our independence.'

On whom do we depend in the last resort for our safety? Do I have to say it? Are we perchance independent as regards our defence? With regard to whom? And with whom do we go along together? What does Mr Ortoli mean by

l'Europe indépendante? An independent Europe is, in our world, an impossibility! Only a Europe seeking solidarity is possible, and can mean something in this world.

Then there is the question of the enlargement of the Community. A great many people are knocking at our door, in particular in Southern Europe. The Commission and the Council do not see eye to eye in this matter. The Commission really wanted to slow things down as regards Greece. The Council has for once been more sensible than the Commission and has said that we cannot go on putting Greece off. I think the Council is right. Naturally the accession of countries of this type will involve difficulties, but let us thank heaven that they want to belong to our Europe and that they are prepared to fulfil certain conditions in order to do so!

In 1957 in Rome we called on the other European peoples who share our ideals to join us in our endeavour. We surely cannot now keep the door closed to them and say 'Go and wait a few years in the waiting room'! Can we now?

They will naturally have to fulfil a number of conditions, but when those have been fulfilled we cannot say 'We shall put you on the waiting list'. What we must then do is start negotiations with a view to the accession which was solemnly offered to nations in Rome in 1957. One cannot first say 'Come in', and then when people want to come in say 'But first wait in the waiting room'.

I come now to my last point. I am glad that I can raise it in the presence of a political kindred spirit. I am now going to speak of something which he has at heart as much as I have and which is in the programme of his party just as it is in mine.

I have also spoken about it in Brussels. I want to speak of the Europe of the citizens. I know that I am now going to say what I have already said a hundred times, but I shall continue to repeat it with my last breath. The Europe of the 'snake in the tunnel' and all the technical jargon means absolutely nothing to the man in the street! We have to do something for the ordinary people. In the year 212 the Emperor Caracalla made it possible for anybody who was *Civis Romanus* to travel throughout the whole of Europe. The same applied before the First World War. In those days you could go from Amsterdam to Moscow or St. Petersburg with a few gold coins in your pocket; nobody stopped you. Asking for any kind of identification was regarded as indiscreet.

Why, if the Europe of the summits, of the great undertakings, of monetary union, does not come

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off, do we not do a number of ordinary things which mean something to the ordinary citizen? We all walk around now with nine different sorts of currency in our pockets. Why is there not a tenth currency, a 'Euro-florin' which would be valid everywhere? Why is there not a uniform European passport? The efforts in that direction have again been sabotaged. Why is there not a uniform European identity card, a single European driving licence? Why do we not have the same summer time? We do not even live in this Community with the same time of day. One country is an hour ahead of another country. The Commission has now happily taken steps to ensure that there will at any rate be the same summer time in all Member States.

In my country we have the crazy situation that a letter to England costs 50% more than a letter to Belgium or Italy. Is that not grotesque? Should we not try to get one European postal rate, and one European postage stamp, valid throughout the whole of the European Community? Why does the Commission not now do something about the everyday things? By that I do not mean great matters which mean nothing to the people, but ordinary things which do mean something to them.

President. — I call Lord Bessborough to speak on behalf of the European Conservative Group.

Lord Bessborough. — My group very much values the realism and the honesty of Mr Ortoli's analysis of events in the Community in 1975. We believe that this is the kind of constructive criticism—indeed, self-criticism—without which no real progress can be made, and we congratulate him on having carried out a difficult task. We also believe that the main developments mentioned in his speech are those which in the perspective of history will be seen to have been the significant developments. I should like to comment briefly on a few of them.

Despite what Mr Berkhouwer said, I was glad to hear Mr Ortoli say yesterday that

'an independent Europe is a Europe that is able on its own to take those great decisions that shape its destiny'.

This quest for independence is a subject which finds its way into every aspect, however specialized, of Community policy, not least into the institutional structure itself. We have been encouraged by the success of the Community's effort to speak with a single voice at major international conferences. What we need now is a structure, a method of consultation, which provides for greater speed of response. The col-

lective prestige of those countries that are brought together in this Community is very considerable, but it will remain unfocused, insignificant and in consequence less effective as an influence for good in world affairs so long as we are unable to comment decisively, and above all speedily, on world events. We believe this to be one of the main arguments why the Conference of Foreign Ministers requires its own permanent secretariat to prepare its discussions and to follow up its decisions.

The question of institutional reform leads on inevitably to the proposals of Mr Tindemans—and Mr Ortoli does discuss them—and also to the current preparations for direct elections in 1978. This is not the occasion on which to comment in detail on Mr Tindemans' report; we look forward to doing that next month—I think on 10 March—but we can agree in passing that his report is indeed, in Mr Ortoli's words, a political act and an act which we welcome.

Our welcome is the more wholehearted now that the so-called two-tier or two-speed Community idea has been clarified by Mr Tindemans himself. We realize now that the idea was originally expressed as an option, never as a recommendation, but—and I think that here I speak for my group—even as an option, if it were to be formalized as part of the Community's fundamental structure, we would certainly oppose it.

Like Mr Berkhouwer, I, too, hope that the recent reports of reviving the idea of a directorate of perhaps three within the EEC—this is according to *The Times* of London—are not well founded. I hope that the President of the Commission will agree with me on this, because if they were true it would aggravate the criticisms of the two-tier concept.

On direct elections, I need only emphasize our conviction that a truly representative Parliament is essential to the kind of Community for which we are working. We look forward to the time when this Parliament, with renewed authority, can give the President and Members of the Commission the support they will need in the immeasurably difficult task of initiating progress towards European union.

I should like now to turn to the second of Mr Ortoli's three imperatives—that which concerns the development of common policies.

We share his view that coordinated policies, much as they may be desirable, are at best a poor substitute for common policies. In no sector is this more strikingly the case than in matters relating to economic and monetary union. I shall

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not say very much about that this afternoon, because my honourable friend, Sir Brandon Rhys Williams, will be giving the views of our group on these questions, with particular reference to the snake; but we firmly believe that it is only if such a union can be brought about that other Community policies can begin to work.

For example, the difficulties experienced over the past 12 months with the common agricultural policy prove, not that there is something fundamentally wrong with Community agriculture, but simply that the CAP can never work wholly satisfactorily without much greater progress in the economic and monetary spheres. Similarly, the Community cannot expect to conduct a successful campaign against rising unemployment until Member States adopt common programmes to fight inflation and correct the immense damage which recent events have done to Community industry.

We believe that this kind of point, if properly made at every level in the economic life of the Community, could do much to dispel the scepticism which Mr Ortoli detects in people's attitude to economic and monetary union.

Thinking in English of the initials EMU—economic and monetary union—I remind the House that the emu is a bird not unlike the ostrich: I hope that the emu will not bury its head in the sand or be buried in the sand. I leave the rest of that subject to Sir Brandon.

All that has so far been said in the debate serves to emphasize what is too often forgotten—that there is a fundamental interdependence—Mr Berkhouwer mentioned this point—between different policy-sectors requiring simultaneous progress on many fronts. Such progress is always slow. But even slowness is preferable to that waste of effort which may result when one sector begins to outstrip the others.

A sector which regrettably has fallen sadly behind concerns the Community's efforts to establish a common energy policy. We may have avoided, as Mr Ortoli notes in an encouraging aside, a resurgence of protectionism in trade policy, but the Europeanness, the European character, of governmental thinking in the Member States is clearly not yet so advanced that we can congratulate ourselves on having avoided economic nationalism in other sectors. The establishment of properly integrated common policies is valuable not only for the benefits these can bring to the individual Community citizen but by way of enhancing the Community's effectiveness in the world. Mr Ortoli is surely right to emphasize that such policies can exist only when power is exercised by the Euro-

pean institutions, which, by virtue of their neutrality, can command the necessary assent. That I like.

In no sector is this more vital than in defence. We appreciate that some Member States are wary of allowing the Community to become too deeply involved. On the other hand, we regard a concern for defence as fundamental in the long term to the Community's self-respect.

We believe, too, that the prohibitive cost of advanced military equipment will force Member States either to abandon defence altogether, which we regard as unacceptable, or to share the research, development and maintenance costs.

I think particularly of the aerospace industry, on which I am to give the opinion of the Committee on Budgets.

Nor can we assume that the United States will be prepared indefinitely to undertake so large a share of the cost of NATO. At present the Commission, and I think perhaps the Parliament, are the only European institutions to which we can look for balanced, detailed, long-term thinking on matters of vital importance to the prosperity and stability of our Community.

For this reason, we respect, and are determined to defend, the Commission's right to make proposals on matters such as new accessions. We must all recognize the complex and controversial nature of the Greek question. Whatever views we may have on the rightness of recent decisions in the Council—and I welcome them—these must not be allowed to interfere with the Commission's authority and the expression of Parliament's opinion in these matters.

Finally, in the coming years we hope that we shall also be able to look to the Commission in conjunction with the Court of Justice for initiatives in the protection of human rights. This extra dimension to our Community should powerfully enhance that sense of European identity upon which so much else depends.

In order to achieve the kind of European union for which I believe a majority in this Parliament is striving, we may need the performance of miracles. Who is to perform these miracles? The leaders of national governments in Member States, the President and Members of this Parliament, the President of the Commission and his colleagues. Above all, we need leadership, the leadership which Churchill, Robert Schumann, Jean Monet, Paul Henri Spaak and de Gasperi, to mention only a few, have given in the past. Whoever that leader is, he will indeed have to perform miracles so that Europe may again be seen to lead the world.

(Applause)

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

Mr Lenihan. — I feel very strongly about one feature of the report and I shall confine my remarks on behalf of my group to that feature. It is the imperative mentioned by President Ortoli on page 17 of his speech, where he speaks of this year as being the year of the great debate about Europe and of deciding where our European institutions are going. This is very important, because we are building not just for today or tomorrow, but for the future.

As Mr Ortoli said, it is now 18 years since the Rome Treaties were drafted, and for the first time we are considering what direction we want to take in reforming and reorganizing our institutions in the pursuit of European integration. That is the important issue for 1976 for the whole Community, its institutions and its people.

In this respect we must consider certain weaknesses in our structures and examine how they can be improved. In the Tindemans report and the Commission's report we see these matters set on the table for decision, as it were. What is needed is decision, as Mr Ortoli emphasized. We are at the stage when decisions must be taken, particularly on the question who is to make the decisions and how the decisions are to be made.

The European Council has been established. This marks a great political step beyond the old Council of Ministers, from which decisions were just not forthcoming. With the European Council, in conjunction with the Commission, having regard to the Commission's rôle of initiating and implementing decisions, we have the basis for a real European government. Taken together, the European Council and the Commission provide an opportunity for the political cooperation that is urgently required. We must speak with one political voice about energy, about North-South relations, about food supplies and so on. Let us look for an overall strategy in all these matters.

This morning there were divisions on the subject of food supplies. Food supplies will be as important to Europe as energy. We must have one European policy on the provision of energy resources, food resources and on initiatives in general in the whole North-South dialogue. Here we have taken one important step; now we want to take another in that direction, and that is what is now happening.

So we require a common policy on these three basic issues. Only this morning we saw how divided we can be on one of them. If we are

serious about our business, and if the Community is serious about its business, we must go much further and adopt a Community attitude right across the board, particularly when it comes to taking decisions of the kind I have mentioned—and others.

We are in the business of politics. I do not completely go along with what my good friend Cornelius Berkhouwer said about the Treaties. It is a matter of political decision and political attitude. If we have to change the Treaties in order to work out a new direction or a new approach for our Communities...

Mr Berkhouwer. — As long as they exist, one must accept them.

Mr Lenihan. — ...I agree, but if there is anything wrong with the Treaties, let us take political decisions and change the Treaties.

I should like to refer to one aspect of great importance to enlarging the Community. We are rightly concerned about the application by Greece. I look forward to the time when Norway, Spain and Portugal, provided they have suitably democratic institutions—I refer particularly to Spain and Portugal—become members and the Community is further enlarged.

But we have to consider what we contribute as a Community, whether we have an outward-looking approach. Such an approach can seem real to those people only if we are consistent in our social and regional policies and can be seen to be distributing our resources properly. At the moment that is not being seen to be done. If we are to make any impact as an enlarged Community, it is fundamental that we have far more positive social and regional policies. Otherwise enlarging membership will produce serious problems as regards policies on the less developed regions of the present Community.

Human rights is a subject in which as a Community we ought to give a lead to the rest of the world by reason of our tradition and background. We should, as a Community, be in the forefront of the battle for guaranteeing basic human rights, and the whole mechanism of legislation in Member States in this respect is of the utmost importance. I appreciate that the Council of Ministers of Justice will shortly be meeting to discuss this problem. I suggest that the right of *habeas corpus*—the right of the individual to be brought to a public court within a short time of a charge being preferred against him, which is a traditional right in common law—should be discussed throughout the Community as a basic human right. By virtue of the Community's tradition and background and the place

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that we hold, human rights is a field in which we should be taking a strong lead and set an example to the whole world.

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

Mr Leonardi. — (I) Mr President, I shall deal only with certain political aspects of Mr Ortoli's report. There will be time, in the coming year, to go into the many practical questions which he brought out in his speech. Since this is not a subject in which I am involved, I should like to express now my appreciation of the Ninth General Report on the Activities of the European Communities, which has been improved in terms of presentation and wealth of data.

The Community is at present passing through an exceptional phase, characterized basically by a serious economic crisis with social consequences which we know only too well. But at the same time institutional reform is in progress, a significant aspect of which is the creation of the European Council, which Mr Ortoli quite rightly mentioned in his report. It is also proposed to hold direct elections to Parliament, an innovation which will influence considerably the future development of our Community.

This situation is characterized by a radical change in the international context in which the Member States act both individually and as a Community. I should have expected in this situation—at the expiry of the term of office of Mr Ortoli and the other Commissioners—a greater effort to escape the ambiguity which he rightly denounced as a typical feature of European politics in recent years. But I do not feel that any escape from ambiguity will result from his very correct assessment of the fact that at the end of the crisis the Member States will be further apart from each other than before the crisis began. This assessment, however gloomy, is objective and correct. At the same time, M. Ortoli's report indicates satisfaction with the significant advances which have been achieved as regards internal economic policies. We are told, for example, that the Member States are making increased efforts at concerted action on the basis of general economic policy recommendations from the Commission, and that their economic policies are gradually coming into line or at least becoming more compatible. These are the terms used.

But what are the features of this greater compatibility with regard, for example, to my own country, where the situation is critical and time is running out for the formulation of any economic policy framed in line with the policies

of the other Member States? The same is true of the Regional Fund and the Social Fund, their importance for a harmonized approach to the situation, and the adoption—which Mr Ortoli hopes for—of a common energy policy, and so on.

In my opinion, there is no reason to be satisfied. However, the first point made is correct in that the current crisis will indeed increase the gaps between the Member States. Just consider the various effects of differing rates of inflation on the structures of our countries, if we look at the formation and distribution of income, the social structure itself, and government intervention—which increases daily in Italy, certainly through no wish of my party, but because it is a sad necessity. It increases in a haphazard manner, in a way which we cannot approve but which nevertheless brings about a radical change in the structure of the country.

We have to remember this, because Italy is developing differently from the other Member States; and even if progress can be made in some common policies, it is quite insufficient on account of the serious situation in which we find ourselves.

I do not share Mr Ortoli's view that major steps forward in many sectors of the economy, or in monetary and social policies, are possible despite the disparities between economies. Certainly we cannot wait until disparities have been eliminated in order to proceed with intervention in the social field; this is obvious. It is rather like the story of the chicken and the egg; but a start must be made somewhere. I do not think that this remark is appropriate or correct in the present situation. We should rather highlight the grave danger which increased differences mean for the Community. All our past experience—we have said this consistently—goes to show this fact. Take, as only one example, the Werner report. And the same thing will happen in the future, since while these different economic situations persist no democratic government will be able to resist the pressures of national interest in order to impose the observance of common rules which, even if freely accepted, run contrary, at least at that particular moment in time, or are inadequate as far as national interests are concerned, and which the Community is not prepared to counterbalance with truly common policies.

As we have always maintained, our party sees the problem not as an abstract waiving of national powers but as a precise decision on what powers are to be relinquished, how this is to be done, and who is to assume them. We fully realize that many problems today cannot

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be solved in the context, for example, of our country alone.

I feel, however, that some statements at various points in the Ninth General Report seem to indicate an approach which I should call voluntaristic and which certainly does not help to make matters clearer.

I shall not dwell on this point, which would only lead me into a detailed analysis of the individual proposals for action on coordination, harmonization, convergence and so on. The programme for the coming year contains many such proposals, some of which are of great significance, such as the proposal to strengthen the European Monetary Cooperation Fund and to introduce a more widespread use of the new ECU. However, these proposals are to be viewed only as the means of implementing a democratically decided economic policy for the good of the whole Community.

Instead of overburdening an action programme which emphasizes concrete action, would it not be of some use to examine why certain undertakings formally entered into by some Member States, among them my own, have not subsequently been carried out? Would it not be of some use to tackle the heart of the matter, by asking ourselves if the basic rules on which the Community is founded are not slowly undermining its very existence by ultimately making the strong stronger and the weak weaker, until the latter are to some extent left behind?

In these circumstances, what sense is there in asking the Member States which receive Community aid (because they are weaker) to be more steadfast in following the lines indicated by the Community? In addition to the rules of economic arithmetic, which are always important, we must have principles of solidarity, without which no community can be constructed. Yet I must sadly confess that in my lengthy career as a member of parliament I have been forced to admit that solidarity has been a rare commodity: even here, in this House which ought to be free of immediate administrative ties since it is not a national body, the principles of solidarity have never emerged to an extent which would enable something as great as the creation of the European Community to be achieved.

During the present serious crisis, from which we shall emerge different from before—and there is no doubt about this—is it not worthwhile to examine very closely these points? It is indeed the increasing disparity between the Member States which gives rise to the problem of introducing new principles for the creation of a new Community, or in any case a

Community which will inherit the positive features of the past and introduce new features which are of real and momentous significance. We shall watch closely individual actions in the future, but there is no doubt that at a political level this is the basis on which our party works and upon which we pin our hopes for institutional changes, including a different parliament, so that we are better equipped to continue our efforts.

I leave the internal problems, to go on briefly to the external problems, since the two are very closely connected. It may be true, as Mr Ortolini says, that the North-South dialogue will be one of the most ambitious attempts since Havana and Bretton Woods to reshape international economic relations on lines that will make for a just and more equitable economic order. It is our hope too. But how can we offer a truly united front at these forthcoming talks if the gaps are growing wider and wider between the internal situations in the individual Member States, leading to an inevitable accentuation of differences between them and the non-Community world?

As leading world consumers of imported raw materials, particularly oil, what common contribution have we made to the North-South dialogue if we compare it, for example, with the contribution of the major oil-producing countries? Even here, differences between the Member States are enormous. The poorer countries, like Italy, are more dependent on imported oil, bear a larger share of the brunt of price increases and have to find solutions on their own, individually, since there is a total lack of any Community support worthy of the name. Yes, I know there is some support, something is done, but it is totally inadequate. And this is a further factor in the process of differentiation, since the payments the oil-producing countries receive from the poorer countries of the Community are recycled to the richer Member States, who are major exporters of producer goods and sometimes of arms, for which we know the oil-producing countries are avid customers.

The fact is that even in this sphere the Community is not able to act for itself, so much so that we still do not have a common energy policy even though—and we have always stressed this very obvious fact—the European Community is the largest consumer in the world of imported oil. The Community seeks a basis for agreement at the lowest common denominator of Member States which are so very different; and then it struggles to defend this basis for agreement in the international arena where basic positions are determined by external

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influences or the predominant interests of the stronger Member States.

The same can be said of our relations with that other large community, Comecon, which is our direct neighbour and which gets only a few lines in the memorandum which is annexed to the report. It is as though this were merely an administrative question, and the excuse for the brevity of the mention is that we are waiting for a reply. But why is the reply not forthcoming? I have no desire to say that the blame lies with us or with Comecon. I am not going to defend one or the other. But, if a reply is not forthcoming on such an important issue, it would be better to find out why, to get to the bottom of the matter, and not just say that we are waiting for a reply. There must be a reason why there has been no reply, but not the slightest effort has been made to get to the bottom of a problem which, in my opinion, is of very great importance.

The fact is that in spite of the current grave crisis, in spite of the threat of a break-up, in fact if not in theory, which emerges with the increasing disparity between the Member States, and in spite of the profound changes in the international situation of which we are part, this is still the same old Community. Internally, it is characterized by integration based on supposedly market laws, which benefit the strongest; and externally, it appears as a suborder in a broader system dominated by the United States, and as such it cannot even achieve its own regional identity.

For those who defend this situation, the best road to follow is undoubtedly that of persisting with the ambiguity which we all condemn. We do not believe that the Ninth General Report has thrown enough light on this problem. And yet we feel that this is the least that could be expected of a Commission entering the last year of its mandate, during which it will have to administer a Community in more difficult conditions than those in which it took over from the previous Commission.

President. — I call Mr Leenhardt.

Mr Leenhardt, Chairman of the Committee on Economic and Monetary Affairs. — (F) Mr President, I should like to say that Mr Ortoli deserves our thanks for presenting a frank summary of the situation, with all its positive and negative aspects, and our encouragement in his resolve to make the last period of his mandate a 'key year', to quote the expression which he himself used yesterday.

My comments will relate mainly to the economic aspects of his speech and the memorandum.

Looking back at the memorandum annexed to Mr Ortoli's speech of 18 February 1975, when the Eighth General Report was presented, it is interesting to draw up a brief list of the promises which have been kept, of the work which has been carried over from one year to the next, of projects which have been omitted from the 1976 programme, and of new projects.

Among the promises which have been kept, we can cite in particular, with regard to the customs union, the simplification of procedures; with regard to economic and monetary union, the introduction of a new unit of account whose use is gradually being extended, and the proposal to set up a European Export Bank and a European Institute for Economic Research and Analysis, to mention only the most important items in the economic sector.

Some measures planned for 1975 have been carried over to 1976, such as the proposed directive harmonizing indirect taxes other than VAT and excise duties on transactions in securities, which it was intended to introduce in 1974. There is the preparation of the list of multinational companies, the publication of which was announced for the third quarter of 1975; there is the fourth medium-term economic policy programme, originally promised for the first half of 1975 but now to be presented next July. We have already expressed our concern over this delay with an oral question to the Commission. Finally, there is the draft convention on bankruptcy, initially scheduled for last year. Once again, we cannot urge the Commission too strongly not to delay, where such important matters are concerned, in taking the measures which we were anticipating last year. There are also some projects listed in 1975 which have disappeared from the 1976 programme; the reasons for their omission are unknown to us.

I am referring in the context of the Community's financial policy to the procedures for issuing Community loans, implementing provisions which Parliament has called for ever since the idea of loans was adopted. Then there are the unsupervised Eurocurrency systems; this year the Commission merely points out the drawbacks, whereas a year ago it stated that measures to supervise the systems would be studied.

With regard to taxation policy, we should like to know how far the Commission has progressed with the work it was to begin following the Council Resolution of 10 February 1975 measures to be taken to combat international tax evasion and avoidance. Further, there has

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been no follow-up during 1975 to the Commission's promise to present a proposal for a directive relating to the harmonization of excise duties on manufactured tobacco. Finally, with regard to industrial policy, we have heard nothing of any Commission initiative to implement an action programme in the construction industry.

Lastly, I come to the new initiatives or the continuation of those already under way. As regards the functioning of the internal market, the Commission proposes to take steps to eliminate the delays which have arisen in the removal of technical barriers to trade. The Committee on Economic and Monetary Affairs would like to take the opportunity of reminding the Commission of its frequently stated intention to improve procedure in this sector by means of outline directives.

We shall also be waiting this year for the Commission to present the two promised proposals for directives on the coordination of laws relating to banking supervision.

Turning to industrial policy, we cannot urge the Commission strongly enough to put forward practical proposals in order to get its proposed action programme for the aircraft industry off the ground this year. We should also like to express our earnest hope that the report on the state of the shipbuilding industry will be presented, as planned, by the end of the first quarter.

Finally, we welcome the action of the Commission regarding the development of the European Monetary Cooperation Fund, the wider use of the new unit of account, the extension of the machinery for granting financial aid, and any proposals designed to ensure the necessary dovetailing of economic policies in the Community.

As regards the European fund, we are promised by the Commission that in the first half of 1976 it will amend its proposals concerning the development of the rôle of the EMCF and the extension of its powers. We hope that these proposals will soon be with us, and that they do not subsequently meet with inertia on the part of the Council. I would remind you, ladies and gentlemen, that the Council has not yet acted on the Lange report of 18 February 1975 which even then was proposing an extension of the EMCF's functions. In fact, development of the functions and means at the disposal of the European Monetary Cooperation Fund has been talked about for years without any progress being made.

To conclude, after this brief survey of the questions which are closely being followed by

the Committee on Economic and Monetary Affairs, I should like to make one or two comments of a more general nature. In my opinion, the Commission can be criticized for not protesting vigorously enough against the Council's dilatory response to its proposals for directives and to the opinion of Parliament.

The list of opinions delivered by Parliament is too long, representing as it does a volume of 69 pages. There is hardly a sound of protest from the Commission; and in our view, such protests as there have been do not match the seriousness of the Council's omissions.

I should also like to ask why the Commission has not issued its report on the distribution of powers and responsibilities among the institutions of the Community and the Member States, as according to the Directive of 10 December 1973 this report was due for the end of 1975. We believe that this report would be of extreme interest and hope that it will soon be ready.

Mr Ortolini, you spoke of differing situations and economic disparities, but at the same time you stated that major steps forward were possible in many fields to close the gaps and to bring structures into line, and you concluded by saying that the guiding principle had to remain joint action by the Nine. This comment was greeted with satisfaction by many of us. You were quite frank in confessing that the major shortcoming is our inability to make decisive progress towards economic and monetary union. You attributed this to circumstances and a certain lack of conviction.

Mr Tindemans, in the same vein, wrote that there is no real political consensus to bring about the necessary transfer of powers. But he also spoke of another obstacle which you did not mention: the lack of any technical consensus on the way in which economic and monetary union is to be achieved.

He added that after years of debate no solution was emerging from the discussion of experts, and this in spite of the Werner report, to which he made only a passing reference.

Is it not cause for concern that after so many years we are still undecided as to methods, and do you not agree that priority should be given to finding a solution?

(Applause)

IN THE CHAIR: MR YEATS

Vice-President

President. — I call Lord Bruce of Donington.

Lord Bruce of Donington. — I am grateful that my good friend Mr Lange emphasized to the House that the discussion was on the introduction by Mr Ortoli to the Ninth General Report and therefore it is with that introduction only that we are dealing and not with the Report itself, which I sincerely trust we shall have the opportunity to debate on some future occasion after the various appendices and other documents have been annexed to it on 16 February next.

I wish to touch upon only one point made by Mr Ortoli. In general, I find that while he tried desperately to be optimistic in his projections, the pessimism kept seeping through: nowhere was this clearer than when he talked about economic and monetary union. My purpose in intervening in this debate is to see whether I can be of some modest assistance to Mr Ortoli and to the Commission in easing them out of their difficulties.

Discussing the question of the lack of decisive progress towards economic and monetary union, Mr Ortoli said:

'Circumstances are largely to blame, but there has been a lack of conviction too. Yet it must be made clear that economic and monetary union is not only essential to European integration: it is also, quite simply, the only remedy for the ills that beset us individually.'

I could not agree with him more. That must be made clear.

That is exactly what the Commission has failed to do. It tends, and so, too, does the Council, to confuse slogans with the programme itself. The Commission has not made clear what consequences would arise in individual Member States from the introduction of economic and monetary union. As my good friend Mr Leenhardt said, Mr Tindemans touched on this very point on 5 February last. He said: 'There is no real technical consensus on how a common economic and monetary policy could be achieved.' That is the matter to which the Commission should be directing its attention. It has not told Europe, Parliament or the Council what the consequences would be. Since 1970 the Commission has had under consideration the establishment of an Institute of Economic Research and Analysis, and with a bit of luck and a following wind it may be that this institution, which could be of enormous assistance to the Commission in carrying out the tasks that I have suggested, will be in operation by the end of 1976 or the beginning of 1977.

How is it possible for Parliament, the public, or the Council for that matter, to be enthusiastic

about this dream of economic and monetary union if they are unable to assess what the consequences will be? My colleague Lord Bessborough waxed warm in favour of economic and monetary union when he made his excellent speech this afternoon, but I say to him that he might have reason to be considerably surprised about the effect of economic and monetary union on the precious CAP. Nobody has spelt out what would be the effects on that. Nobody has spelt out what would be the effects on an individual country's balance of payments or capital movements, or even on the capital movements and balance of payments of the Nine taken as a whole. These things have not been spelt out.

It is no good the Commission's saying that it has not had the time or the opportunity to do these things. Day after day, month by month, parliamentarians are deluged with a cascade of paper which, if piled up, would be much higher than the skyscraper within which the Commission is housed.

The Commission goes into enormous detail on questions relating to the CAP. There is no reason why the same detailed application should not be shown when examining—if necessary, with the aid of outside experts—the precise consequences of economic and monetary union: for example, the benefits which would flow, the structural changes and the allowances which would have to be made for the economic infrastructures of the various countries concerned whose occupations, geographies and climates vary from the top of Scotland down to the Bay of Naples, from Brest right the way across to the border of Germany and from the Pyrenees up to Holland.

We are dealing with people, not abstract theories which may be dreamed up in the quiet skyscrapers of Brussels. This unity will be achieved by patient integration and building brick by brick. In building brick by brick, the Commission must carry with it not only parliamentarians but the people of Europe. For that task in 1976 I am sure that the Commission has the good wishes of everybody, including myself.

(Applause)

President. — I call Mr Notenboom.

Mr Notenboom. — *(NL)* Mr President, I should like to make only one remark about what Mr Ortoli called the second imperative—progress towards Economic and Monetary Union—and about what Mr Berkhouwer called 'chit-chat' although he probably did not mean it quite in that sense.

Notenboom

It is not only in order to strengthen the Community front—this is the first imperative in Mr Ortoli's speech this morning—that far-reaching integration is essential, but also, in my view, to maintain what has already been achieved. Mr Ortoli was right to devote so much of his speech to this aspect. There has lately been little or no progress in this field, and the concrete plans Mr Ortoli revealed are not on a par with the eloquence which I so much appreciate in him. But then, how can the Commission continue to produce new plans when good plans put forward in the past have not been accepted.

The programme is ready. It has been repeatedly improved, and is available in the various languages. I am thinking, for instance, of the decision of 22 March 1971—one of many plans under which margins would be laid down at Community level for the national budgets of the Member States, and the size and financing of these budgets would have to be kept within these limits.

This is an old decision. It is proposed that a working party be set up within the Monetary Committee to study budget trends. This is fine! It is a proposal which will have positive effect, provided that any instructions to emerge from it are followed independently and courageously. These instructions must also be couched in language which the national parliaments understand.

It is intended that the national parliaments as well should call upon their governments to behave in a Community spirit. What I am asking is that the language and the tone should be meaningful for work not only here, but also in the national parliaments. Even if the budgetary expenditure is acceptable, a national budget may still lead to distress and cause things to go wrong—namely, if the national income rises too fast because of higher taxation, and the corresponding sacrifices are converted into wage and price rises instead of being borne by the people. I know of one country where this has been happening at breakneck pace for more than ten years now. As Mr Haferkamp promised this morning, this trend must therefore be viewed structurally over a period of years. It is a pity that the medium-term economic programme is too late. Mr Ortoli said it would be ready by July.

It will have to be a very sizable programme. The mistakes that have been made and the distressing situation of many of our countries add up to a medium and long-term structural problem.

I believe the Commission is right in supporting so wholeheartedly Mr Tindeman's suggestion

that the 'snake' system should be reintegrated into the Community machinery. Although this will not be simple, it is certainly necessary. I think it is right to maintain that errors of policy at world and Community level—no doubt at national level, too, I might add—have resulted in excess liquidity, which has caused disorder. Without wanting to be a 'monetarist'—Mr Artzinger will no doubt correct me if I do in fact appear like one—I must say that controlling the flow of money is a major means of re-establishing order. A start can be made on this tomorrow.

The problems which arise when the monetary authorities make a stand, i.e. when they do not want to create any more money, have in fact arisen because too many demands were made on the national product, either through the national budget or through wages and prices. In my view—and here we are dealing with something that is still largely a national task—the monetary authorities must be given help at European level. They must not be too apprehensive of being blamed for the resultant unemployment. The causes of that are deeper and are partly historical.

When he was speaking about monetary questions, Mr Ortoli mentioned the European Monetary Cooperation Fund. It was interesting to note that he mentioned it in connection with a study of a proposal that the Member States should deposit with the European Fund a part of the gold to be returned to them by the International Monetary Fund.

This would be a new way of keeping alive the concept of the European Monetary Cooperation Fund, and it may inspire us to really make something of the fund. We should very much like to hear more soon about the study announced this morning. As a aside, I might point out that under such an arrangement, gold will in fact play a somewhat more important rôle than most people have apparently wanted it to do lately.

My group considers the increasing attention paid to the tripartite conference fully justified. If the two sides of industry are not prepared to support more common discipline, more co-ordination and the necessary integration, one of the chief mainstays of our work here will be missing.

I would ask the President of the Commission to ensure not only that the tripartite conference reflects the realities of society as far as the workers are concerned, but also that the representation of the employers takes account of the differences in society. There should not be representatives from the major businesses only.

Notenboom

Representatives of medium-sized and small businesses should also have a voice at European level, since their problems are in some respects very different.

The last speaker—and I can see his point—called for a study of the consequences in the different countries of Economic and Monetary Union. I have no objection to this, but I would point out that studies of this kind have already been carried out. I, for my part, do not doubt that we must make rapid progress in the field of integration if Europe is not to fall apart. Again, it is with this in mind that I feel that the Commission's remarks about starting negotiations with countries applying for membership—Greece, for instance—were perfectly correct. I am quite familiar with the relevant provisions of the Treaty, to which Mr Berkhouwer referred this afternoon, but there is no conflict between them and the Commission's statement about the many problems which will arise if the Community expands in the near future without our having stronger institutions and direct elections. I believe that the nine Member States must also show a genuine resolve to achieve more far-reaching economic and monetary integration.

(Applause)

President. — I call Mr Artzinger.

Mr Artzinger. — (D) Mr President, may I add a few remarks to what Mr Notenboom said? I too should like to dwell upon Mr Ortoli's 'second imperative'—progress towards Economic and Monetary Union—even at the risk of Mr Berkhouwer's telling me I should not speak about politics because not everyone can understand it. However, even if not everyone can understand it, everyone is affected by the consequences—either the consequences of an efficient economic and monetary union, or the consequences of not having an economic and monetary union.

Mr Ortoli, I have a feeling you have not been given many bouquets in this debate so far. Let me make you a compliment: I am glad to see that your report contains something on the problem of the creation of money by the banks. Any student of economics learns by the middle of his second year at the latest that a banking system can create money. This fact, however, appears to be forgotten in later years, and all that is talked about is the creation of money by the central banks. This report, too, speaks—although not exclusively, thank goodness—about control of the central banks' money supply and maintains that the central banks are automatically in a position to control the deposit money creation of the commercial banks. This

is not so, however. The commercial banks are on a leash, but it is an elastic leash which they can stretch a long way. I am therefore grateful to you, Mr Ortoli, for the announcement that the Commission intends to look into the creation of money on the Euro-currency market—because, looked at on an international scale, more than half of the explosive increase in the supply of money of the years 1970 to 1972 was in fact attributable to the operations of commercial banks on the Euro-currency market. Until we get a grip on this, we can try as we like to control the supply of money, but we will not solve the problem. As I say, Mr Ortoli, I can only congratulate you upon your diagnosis—but I am less happy about the treatment you envisage.

I naturally consider it very desirable to strengthen the European Monetary Fund, and my Group will give the Commission its full support in this respect. However, when I read that a common institution—this very European Monetary Fund—is to operate at Community level in assessing—'assessing', not, let us say, supervising—decisions relating to credit, liquidity, interest rates and exchange rates, I am afraid we shall not get much further with this European Monetary Fund than before. I realize, of course, that we cannot realistically expect to achieve more at present, but the objectives should be more ambitious.

Let me, in conclusion, return to my pet theme and say that monetary questions have again predominated in this report.

You say in your report that attempts to harmonize economic policies are inadequate. True enough, this is the main hindrance to progress towards Economic and Monetary Union. It must surely be clear that Economic and Monetary Union is only lastly a monetary matter. It is essentially political—and thus requires decisions. It must simply be recognized that, in the final analysis, the obstructions on the road towards Economic and Monetary Union are the result of disharmony and of the uncoordinated economic and monetary policies. This disharmony, in its turn, is the result of the differing priorities of the various governments, whose decisions are based on domestic considerations, as they have to be.

For that reason, Mr Ortoli, we should take very seriously the remark in the Tindemans report that there will have to be a renewed debate about Economic and Monetary Union, in which the principles and the consequences—and here I agree with Lord Bruce—of Economic and Monetary Union are made clear. Unless we hold this discussion, we shall not make any progress. Consequently, Mr Ortoli, I do not disagree with

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you when you say that 1976 will be the year of the great debate.

(Applause)

President. — I call Sir Brandon Rhys Williams.

Sir Brandon Rhys Williams. — It is inevitable when debating the annual work programme for 1976 that Parliament should express its concern and disappointment. Every Member State is afflicted with an unacceptable degree of unemployment. Quite as serious, our investment programmes have lost momentum and confidence. We are thereby setting limits to our capacity to create wealth in the future as well.

However, it is not enough to grumble about the Commission. Our analysis has to be positive. I hope that Mr Ortolini will not take offence at some of the things I feel it necessary to say.

It is clear that the Member States of the European Economic Community are not obtaining the full advantages of stability and unity which they are entitled to expect through membership of such a large and wealthy society. The reasons lie partly outside the Community, of course— with the oil price cartel, the vagaries of American exchange-rate policy, the growing uncertainty affecting many of our trading partners as a consequence of Soviet expansionism and other adverse factors.

But the real problem lies within the Community itself. Democratic Europe is falling apart on monetary policy. Our loss of business confidence is an inevitable consequence of our own muddled thinking, lack of leadership and the pursuit of national advantage without due consideration of the Community's interests as a whole.

I have often raised questions in the past about the wisdom of dividing the European Community into 'snake' and 'non-snake' countries. The Commission is particularly worthy of blame for the way it has permitted, and even encouraged, this deplorable development. The idea of two-tier Europe, or the Community at variable speeds, the strong and weak economies, has now become a commonplace of political comment. Some prominent national leaders, I regret to say, have shown a lack of statesmanship in the way in which they have seized upon and even sought to advance this idea for reasons of national prestige or advantage. They are not acting as good Europeans.

Although Mr Tindemans is well known for his opposition to the idea of segregating the Community into sheep and goats, his report, too, in the form in which it was eventually published, has been taken as having acquiesced in this

divisive and potentially ruinous conception, probably through no fault of Mr Tindemans' own.

It is necessary to speak candidly about the snake. It began as a dream, but it is becoming a nightmare. It was intended as a symbol of solidarity; it is now the particular cause of disunity. It was meant to create an area of stability and freedom from speculation, but the currency crises of the past month, involving hectic activity in the exchanges and almost insupportable pressures on more than one Community currency, have arisen directly out of it.

It is easy to understand why the French Government wishes the Community to insulate itself as far as possible from the ups and downs of the dollar. It is easy to see why the German Government wishes to protect the interests of German exporters. But there is an element of sheer hypocrisy in the pretence that the snake is a new currency bloc of lasting stability and unity when it is patently obvious that if the rules of the snake become incompatible with national interests, a parity adjustment still has to follow sooner or later.

The European Conservative Group does not oppose the view that it is the duty of the central banks to sustain orderly conditions in the currency markets. We recognize the necessity for traders and investors to be able to plan ahead with confidence. Of course we deplore depreciation of currencies and economic weakness. Of course we support the initiative of the Benelux countries and, indeed, of the snake countries as a whole in seeking the closest possible collaboration and stability in monetary matters.

Where we see danger is in the policy of 'the snake, the whole snake and nothing but the snake', which is cutting Europe in half. Mr Ortolini's report shows how much emphasis the Commission places on the value of this currency arrangement; but it offers no solutions to the stresses which we have all seen in the past month and which are inherent in the snake policy while we are still so disunited in the economic field.

I do not think that our brilliant central bankers, who are often very poor politicians, have any conception of the harm they are doing to the Community ideal and of the deep-seated suspicions and resentments that are being reawakened by the way they are dividing Europe into strong and weak. Our German friends should be particularly careful of the impression that they risk creating by their show of economic nationalism.

Other approaches to economic and monetary union are possible and, indeed, more likely to

Rhys Williams

be fruitful. A number are touched on in Mr Ortoli's address.

Much thought has been given lately to the adoption of the new Community unit of account. Mr Ortoli is obviously proud of the Commission's brainchild, and it has the advantage that the formula brings the whole Community into direct relationship with it. It does not divide the Community.

But Mr Ortoli is guilty of sloppy thinking if he believes that adopting a new paper currency made up exclusively of other paper currencies will provide any solution to the long-term monetary problem, which is the weakness of all paper currencies in the absence of any final arbiter of permanent value. We must warmly welcome Mr Ortoli's endorsement of the parallel currency idea, but a hotchpotch of paper currencies under a new name does not provide a serious alternative to the national paper currencies themselves.

To provide a successful alternative currency, it is necessary to introduce some element that the paper currencies do not have. Now that the gold standard has been abandoned, the alternative currency must have some other link with the real world that will give it a permanence and a quality of its own. A currency can serve as a measure of value. It can also serve as a store of value. These rôles must not be confused.

The most that the Community can attain while Member States cling to their national paper currencies, all depreciating at different rates, is the creation of a central index of value; but that would not be a negligible achievement. It would be a valuable step forward and, we believe, an essential one. The Community needs a permanent European standard of value as a central reference-point for long-term transactions across the frontiers. The Commission should proceed with this project under its own initiative. There is no time to lose.

The main hope of progress in 1976 is in the development of the Community's institutions in the monetary field. One dares to hope that out of the present currency turmoil there may emerge a mood of greater determination and clarity of vision on the part of the Commission; a greater readiness on the part of our central bankers to recognize the appalling political risks resulting from their pursuit of the divisive snake convention; and a degree of humility among the leaders of national governments.

Perhaps the lessons of the present crisis will make them ready at last to permit the Community to go ahead as a real economic entity with properly constituted central institutions

supported by adequate funds and exercising real powers. In his support for the European Monetary Cooperation Fund, Mr Ortoli has our warmest approval. We notice, too, the emphasis that Mr Ortoli places on social objectives. We shall be glad to support him in what he calls 'the long and laborious work of analysing and harmonizing social policies'.

In the approach to direct elections we must make Europe into a reality for each citizen of the Community, not just a matter for governments and institutions. As we bring the benefits of European citizenship up to the same general level, we shall help to end class antagonism and regional divisions and thus create a genuinely united European Community at personal level.

As rapporteur for the whole subject of economic and monetary union, I am often pressed by colleagues to come forward with a series of proposals in the economic field. They criticize the emphasis that I place on the need for a realistic monetary pact as an essential preliminary to further progress. In the battle of the economists and the monetarists I am on neither side. I recognize that genuine unity can be achieved only by parallel advances in economic and monetary unification. But I consider that the disastrous monetary trends of the years since the breakdown of the Bretton Woods agreement and the collapse of the gold exchange standard place an especially heavy responsibility on the Commission in the monetary field. It will be the duty of this Parliament to see that it rises to it.

(Applause)

President. — I call Mr Romualdi.

Mr Romualdi. — *(I)* Mr President, ladies and gentlemen, it is not on behalf of any political group that I speak now, but simply to convey at this critical moment the thoughts of more than three million Italian voters, whom I am honoured to represent here. My party has always endeavoured to respond to the needs of the European Community and to encourage the union of the peoples of Europe in a new national entity which will re-establish our continent's role in the political world and enable it to safeguard in an effective manner its fundamental interests at a particularly critical and difficult time. We represent, therefore, those Italians who until now have been able to look to the ruling parties for the expression of their hopes and desires in the intense political struggle for the future of Europe.

It is in this context that we can place Mr Ortoli's speech yesterday outlining the Com-

Romualdi

munity programme for 1976, a year which, as Mr Ortolini himself said, is to be one of great debate.

Let me say that it will be an extremely difficult debate if we do not succeed in determining why the European Community is unable to keep up with our hopes and our expectations, if we do not succeed in realizing that the problems are not only technical—as well as being so difficult and complex that they require study and dedication of the highest order—but more particularly concern political will. If the present governments of Europe cannot give expression to this will then no technical support will be able to hold up the Community structure.

President Giscard d'Estaing said today, before his meeting with Chancellor Schmidt, that political will was lacking in Europe and that Europe was a political vacuum, evading the world's major problems. He was referring especially to the serious problem of Angola, which is just one of the many—even if it is, perhaps, the most serious at the present time—which Europe ought to tackle with great diligence at international level as a definite presence.

The serious and dramatic nature of the situation is also borne out by current events in Italy, where there is a continuing political, economic and social slump, and where it is impossible to discern any footholds, any way of stopping the slide. In Italy even the Communists—I address my words to the Members in the House—are concerned by the vacuum which has been created and shrink from the burden of responsibility for which they do not feel ready and which would put them in a difficult position. I am thinking particularly of European commitments.

In spite of the good faith—which I do not doubt—of our Communist colleagues who represent so great a party in this House, they cannot possibly fail to realize that the conversion of any government, nation or group of nations in Europe to their way of thinking—however much this may be changing, as they themselves tell us—must inevitably lead to a dangerous severance. If it is true, as indeed it is that Europe must organize itself on a free and democratic basis, severance from a free and democratic economic system would be difficult to harmonize with any conversion to collectivist principles, albeit in a new form, of any nation that had or was about to have the Communists in power.

A short while ago Mr Leonardi was almost defending the immediate, democratic interests of this Italy which no-one can or dare defend any more. Basically, being convinced of the

serious harm, or at least of the dangerous split represented, he himself was attempting to decry the excessive nationalization of the Italian economy, the excessive dismantling of private enterprise in our system. He said, in fact, that through no fault of our own we were on our way to a state economy, under the supremacy of public and state bodies which had stifled or destroyed any initiative or resistance by the private sector.

You could reply, ladies and gentlemen, that this is our business. But I think that it is to some extent the business of everyone, not only Italy but the whole of Europe. Indeed, if Mr Tindemans' words are true, that Europe is a victim partly of its optimism and partly of its failures, it is a victim also of a certain slacking off, owing to the end of the cold war and to the disappearance of the reasons which, during the 1950's, seemed to make the creation of a united Europe a vital necessity for everyone. The fact that we have left the cold war behind has contributed to the easing of tension throughout Europe. But we have not been able to find our feet in this new situation; I mean by this that we have not succeeded in discovering how to integrate all the different political forces into an overall European plan, enabling them to contribute to European union and free development. This is the confused situation we find ourselves in; this is the serious problem confronting us, over and above any criticism that can be made of the Ninth General Report.

Consequently, we have to decide whether our governments really have the will to achieve European union. In my opinion, the problem cannot be solved even with the elections to the European Parliament which are scheduled for 1978. What is needed, rather, is for each one of us to probe the mood of his own country, of his own national parliament, bearing in mind the responsibilities of his own government, and to decide whether we seriously want a united Europe. We cannot go on with this mutual deception, we cannot go on reinforcing the power of some directorate which has nothing to do with Europe, we cannot go on being satisfied with statements which are then regularly belied by the facts.

Let me conclude, Mr President, by repeating my call to each of us here to do his best to discover whether the oft-expressed will for a united Europe really exists, or whether there is not hidden behind it the mere desire to defend one's own particular interests, using other methods and other aims.

(Applause)

President. — I call Lord Ardwick.

Lord Ardwick. — At the beginning of his report, President Ortoli spoke of one of the gains of 1975. He said: 'The European Council has provided us with a new organ capable of taking major decisions under the Treaties which set the future course of the Community and its Member States.'

I share his appreciation of the European Council. It not only took the decision on direct elections to Parliament and decided that the Community could speak out with one voice on the North-South Dialogue but also successfully concluded the renegotiations with Britain, and if they had not been concluded the Labour delegation from Britain would not be here. In some ways, we may regard them as the authors of our being. In fact, I thought that Mr Ortoli's conclusion was a little grudging. 'On the whole,' he said, 'the European Council can be said to be an asset.' I would go further and say that in our present stage of development in the Community it is a vital asset.

My only objection appears to be peripheral, but it is timely. I shall not today, at this late hour, try to go into the labyrinth of economic and monetary union, or even down into the snake-pit. What I am concerned about is the current confusion of Community nomenclature. I am especially concerned because we are now proceeding slowly on the path to direct elections. So far in Europe we have been concerned mostly with *élite* opinion. I am reminded of a theatre manager in Manchester who used to divide his audience into four classes. There were, he said, the cognoscenti, the illuminati and the dilettanti—and those who paid to go in. In the past we have been concerned with the first three classes, but now we have to spread the European gospel to the masses, to those who pay to go in.

It is bad enough that this Community has to suffer the curse of Babel, a developing curse as the Six became the Nine and as the Nine become 12 or more. We cannot avoid that, but there is no need to have this confusion of names.

How did the European Council get its name? It seems that no decision was taken. The name just emerged in a rather British way. We thought that on the Continent there was a written constitution and that everything came out in a logical sequence, but this one did not. It seemed to spring fully armed from the ground. Its conception was shrouded in mystery. I think Mr Berkhouwer suggested that it was not even legitimate.

All that the Ninth Annual Report, if I may dip into it briefly—I know that we are not discussing it today—tells us is that the Heads of Govern-

ment decided to meet three times a year to ensure that the Communities made progress and to ensure political cooperation. Then it says: 'Parliament's reaction to the setting up of the European Council—*now the recognized term...*' That all sounds rather improvised and tentative. Who recognized the term, and why? There is already a Council of Ministers which is often here, in the press, and on the radio briefly referred to as 'the Council'. The European Council is also sometimes simply referred to in newspaper reports as 'the Council'. To add to the confusion, there is a quite different body—we are meeting in their furnished premises today—the Council of Europe.

All this is very difficult for the general public. As we proceed to direct elections, we must explain to people not merely how this Parliament works, but how the Community as a whole works. We cannot separate the Parliament from the Community. The confusion of names makes the work of spreading enlightenment very difficult.

At the moment I am serving as a member of the working party on information. We are inquiring into the efficacy of our information services, which cost the Community a great deal of money. We are trying to find out how they can be improved and what superior facilities are needed.

One obvious way is to remove the present confusion of names. That would assist the working party in its task. A German colleague told me that the Germans have no problem. He said, 'It is very easy to distinguish between *Europa-Rat* and *Europäischer Rat*.' Easy for whom? Is it easy for all Germans? What about those in various parts of the world who are engaged on translating the German press?

There is a great deal of confusion in the newspapers and still greater confusion among translators, in organs such as the World Service of the BBC, who have to give some account of this Community and Parliament in many non-European tongues, including those of the Lomé countries. I hope that the appropriate institutions will take note of my remarks.

That is not the end of the confusion. There is confusion about the two European courts. Their names can easily be confused.

We have an Economic and Social Committee which is easily confused with the economic and social committees of this Parliament. When a non-English colleague says, 'What a good job the President of our Commission is doing', we do not know at first whether he is referring to Mr Ortoli or to the job that Hamilton is doing

in the Procedure Committee over which he is presiding.

I think that while some thought is being given to the problem, the European Council might consider giving the documentary libraries, newspapers and television stations of the world some help by calling itself the High European Council, unless that name has been reserved for the inner cabinet which newspapers state is being formed—the *crème de la crème*. Shakespeare said, 'That which we call a rose by any other name would smell as sweet.' I think that this European rose would smell even sweeter with a name which avoided confusion with the lesser roses of the Council of Ministers and the Council of Europe.

(Applause)

President. — I call Mr Nyborg.

Mr Nyborg. — (DK) Mr President, I should like, if I may, to make a few observations on a matter which did not receive the attention I feel it deserves in either Mr Ortoli's speech or the present debate.

Mr Berkhouwer stated that it was not the Commission's fault that 1975 was not a particularly positive year and that the prospects for 1976 were not particularly bright either, the explanation in his view being that the centrifugal force is too strong to counteract.

What then are our problems? They are multifarious, but one of the most serious is the fall-off in exports, with consequent unemployment. Our competitiveness has decreased considerably as a result of costs getting out of hand, particularly wages. The wage bill represents a very major item of expenditure in most industrial enterprises. I should very much have liked to see the Commission getting to grips with this problem and trying to find a solution to it. The Member States could rationalize their administrative machinery, thereby making it possible to reduce income taxes, which would enable us to avoid wage increases for a certain period. In this way we could recover our competitiveness on the world market. We could get things moving on the export markets, thus enabling our enterprises to reopen workplaces that have shut down. We would then again be able to provide the citizens of the Community with reasonable employment opportunities.

By overcoming the difficulties at EEC level, as outlined here, we would be offering our populations a much greater incentive to work for the construction of a more efficient Community.

(Applause)

President. — I call Mr Ortoli.

Mr Ortoli, President of the Commission. — (F) Mr President, as might have been expected the Commission and its President have not received unqualified praise here for the words spoken the day before yesterday. But I think today's debate ranks as one of our better debates because it seems to me that we have stated certain points rather more clearly and perhaps approached more closely the problems on which we shall have to decide to have more detailed discussions.

I should like to reply to each of the speakers, though not point by point as that would be too long, but summing up my reaction to their comments.

Mr Lange referred to one sentence in my speech in which I said that the year 1976 would be a year of the great debate. But he will have observed that I did not regard this point as the most important one; the point I regarded as most important was the way in which we are able to make progress in the process of integration.

In this connection I might borrow his own words; what we must do is to make use of all possibilities for further integration. This is, to use this somewhat pretentious term, practically the only personal message which I wanted to put across in this speech; in the face of difficulties—which we can analyse easily by glancing at the results achieved in previous years—and in view of the very real progress which has been made, we now have a highly specific task to accomplish, that of proving that we are capable not only of making speeches or talking about the future, but also of laying the foundations of our Community at a time when this has become feasible again.

Consequently I might repeat what Mr Lange said almost word for word, save for two points on which I do not agree with him.

I think his comments reflect the same philosophy, both as regards what he said on his own behalf and what he said on behalf of his Group. This philosophy is that we must analyse past events and discuss what happened in 1973 and 1974. I personally have not missed any opportunity to do so publicly, both here and elsewhere. It also needs to be said that a great deal remains to be done with respect to the Council—and this is a point I shall come back to later in connection with other speeches.

Whilst we do not fully agree on two points, we share the same certainty that the Community is the right basis. In looking for too many new

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elements, we are running the risk of undermining our own convictions, which are themselves evolving, as is the European Parliament. The European Parliament of today has fulfilled certain promises which were implicit in the Treaty of Rome. I am not saying that the European Parliament will acquire all the powers it ought to have, but, even if we disregard the question of election by universal suffrage, considerable progress has been made in respect of the budget and in respect of dialogue with the Council.

One of our satisfactions when the Commission was appointed was that we were Parliament's only partner in dialogue. I criticized this monopoly at the time since it is wrong that, when several institutions exist side-by-side, dialogue should not take place on a broader basis.

It is a great step forward that the President of the Council should now come here regularly and become involved in sometimes passionate debate and it is also a great step forward that Parliament should now hold dialogue with the Council—as we had suggested—on a number of major issues.

The first of the two points on which I do not agree with Mr Lange is related to his fear that the Commission or its President will become resigned. On the contrary, what I want in this matter is for us to agree on certain areas in which we all recognize that progress is feasible and thanks to which 1976 will show more results, especially, as far as internal Community affairs are concerned, than previous years.

I make no bones about the fact, however, that I have deliberately decided not to make too many proposals. I think we must make progress in the areas which we are willing to examine and on which we shall ask the Council to take a decision so that a certain number of them may then be selected. The debate will be fierce, as we have already realized here, since the experts do not all agree on every point.

It is thought, however, that they will be areas in which decisive progress is possible.

The second point on which I disagree with Mr Lange, or at least on which I have my doubts, is the idea of giving the European Parliament a power of initiative.

I am not absolutely sure that our Community edifice, in its present form, could sustain a two-fold initiative emanating, for example, in the same form from Parliament and from the Commission.

I believe we must fully explore the wealth of possibilities with which the European Parliament provides us. In particular I think that

cooperation between us should become increasingly close.

You know, for example, though it is perhaps not generally realized that this has been a reality for three years now, that the rule we introduced—stipulating that each time Parliament gives its opinion on an issue, the Commission shall incorporate this opinion into its own proposals on the assumption that it is valid—has been applied systematically.

Whatever one may think, the Commission, which has the power of initiative, regularly takes into account Parliament's reactions, the amendments it adopts and the ideas it expresses.

Mr Bertrand affirmed his faith in the Commission's intentions. He raised a problem which several of you touched on, i.e. external policy. This policy is admittedly important, but another thing that is important is the way in which we cooperate when major issues are involved. The fundamental point about external policy in our view is the need to be united—a notable example is the North-South dialogue—and this policy represents a sort of test of the Community's cohesion. I am convinced that this cohesion will actually be achieved.

Mr Bertrand also asked us to monitor closely the application of the Lomé Convention. He can depend on it. He also expressed the fear, as did certain other speakers, that the Council of Ministers may be deprived of its power by the existence of the European Council. I should like to expand on this somewhat and in so doing reply to other speakers.

With regard to the European Council, I apologize to Lord Ardwick but I am not very good at semantics and I do not know if the name is legitimate or not. But one thing I am sure about is that it is becoming accepted and that it is being used frequently enough, not least by the members of this Parliament, for it to have some chance of sticking. That the European Council is an asset, I am absolutely certain. I have stated in this very House that we must rejoice if Europe indeed is regarded as of fundamental importance by employers and persons in posts of responsibility. From time to time we must say, and mean it when we say it, that the most fundamental need is the need to make progress. It would be a mistake to try to institutionalize the Council and make it deal with all the major dossiers which we have to handle each year. I therefore think that it is fundamentally important—and here I am replying to several of you who have put questions to me regarding the European relationships of the Council—that the European Council should operate as a Council of the Community, because this is our

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guarantee that the Community character of the institutions will be preserved and their right to participate in the decision-making process maintained. However, there can be no doubting the fact that the Community's main problem today is neither Parliament, nor the Commission nor the Council. This is not a criticism; indeed, I detest the sport which consists in harassing anyone who is not acting in accordance with the original spirit. It is a fact that the volume of business we are handling at the moment, the number of issues being referred to the Committee and the technical nature of these issues, mean that a dozen or so ministers are concerned in each country. The Foreign Ministers have a twofold problem; firstly, they meet once a month, which is not often enough, and secondly it is not normally their rôle to deal with energy policy or the aircraft industry.

European affairs must continue to be conducted at this level. This involves a problem of organization, a problem of leadership which must be solved. I am in fact urging the Council of Foreign Ministers as strongly as I can to reorganize itself in such a way as to fulfill this function of leadership, which presupposes a certain amount of reorganization in each of the member countries. No Foreign Minister—and there are some here who have occupied this post—can manage to discuss, without assistance, any problem under the sun or spend two full days discussing energy or the aircraft industry.

On the other hand, the Council of Foreign Ministers—this is a proposal which we made with Mr Scheel—may decide to hold those highly restricted sessions in which problems are discussed in depth with the aim of taking action. It should be admitted—and we have begun to do this—that in this leading rôle this Council must deal with the files which are submitted to it and take action instead of being content to listen to an academic address, however brilliant it may be, delivered by its President who presents his programme once every six months.

It also tends to be forgotten that every month the ministers spend some time discussing what is being done or is about to be done elsewhere and are clearly informed of a number of fundamental problems. Thus you will have a 'Research Council' an 'Energy Council' and so on. This is the sort of policy it is intended to pursue. I would urge you, if it proves necessary, to tackle this problem yourselves, not in order to take the place of the ministers, but to make sure that you act early enough for decision to be taken. I think there is a whole host of things we can achieve, in particular in the straightforward matter of improved working methods, which should make it possible for us to make progress.

Mr Berkhouwer admitted that the crisis which occurred cannot be blamed on the Commission. Like him, we had rather it had not occurred. He too dwelt at length on the European Council. All I wish to add to what I have just said is that I agree with him when he says that it is necessary for the European Council to retain its Community character. This is what I meant a few moments ago not only when I spoke of procedures, proposals and forms of decision-making, but when discussing the need to respect the other Council, the Council which we need to deal with everyday business, the Council of Foreign Ministers, and the need to respect the Commission and Parliament.

He said that I should make no bones about saying that I do not much like the distinction often drawn between small and large, strong and weak countries.

If anyone has said that, it is I. I have always made my position perfectly clear and have always recognized that one of the virtues of the Community system is that it attempts to be efficient while treating all the States on an equal footing and that it is organized in such a way that the European idea is entrusted to several bodies: the Commission, in its rôle of independent body, and Parliament, which must act as real Parliament. On this issue my position has not changed—you have heard the various speeches I have been making recently on the problem of a two-speed Europe—and if you have read my text you will have noted the sentences in which I repeat that European action involves all nine countries.

I have no wish to deny that such a situation gives rise to certain problems. But it is my conviction that we must tackle these problems by trying to solve them in a spirit of solidarity rather than by adopting the principle of differentiation. Otherwise I am sure that Europe would suffer instead of drawing closer together and becoming the powerful entity which it must one day represent. That is why I have always maintained quite clearly that in our eyes there could be no distinction between those who can or those who can't and those who will or those who won't, since it is all too easy to move from one category to the other and in the end there are no mechanisms left, there is no system left, no driving force. You can rest assured that that is the Commission's position as well as my own.

As regards an independent Europe; my first impulse was to reply by asking you whether you yourself did not want it to come into existence, Mr Berkhouwer. But you would have replied: 'how can you say such a thing?' I am convinced that you want an independent Europe as much as I do. But you know me too well to think me

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naïve enough to imagine that Europe, a completely independent Europe, is something which cannot be set up at all, or which can be set up overnight.

As much as I smile at the word independence in the absolute sense, it is still part of my vocabulary and, I believe, the vocabulary of us all when it prompts us to manage our own affairs in a troubled world and to apply ourselves courageously to achieving our fundamental ambitions.

What we want to defend is a Europe which stamps its identity on the world, expresses itself with its own voice and defends its own interests. This must not prevent it, however, from having certain vocations, from having a vision of the world or from having friends. The word 'independence' does not involve the exclusion of others. It involves something more fundamental and for me this is one of the major goals which Europe must strive to achieve.

You raised a third point when you spoke of the Europe of the ordinary man, a happier Europe with a more human face. I think you are absolutely right and that one of the things that will have to be done in the coming months—and we said this in our report on European union—is not only to establish the European union of citizens, but to give some thought to their rights, which it is in our interest to recognize and, where necessary, draw up together.

The Commission therefore agrees with you on this point.

Lord Bessborough praised the constructive nature of what I said, and I thank him. The few comments I have just made about independence are not far removed from the idea which he himself wanted to put forward.

He too talked about the fundamental problem of this two-speed Europe and said that this concept was not being clarified. I think so too. He briefly commented on two or three items of the policy which we must follow in economic and monetary affairs, emphasizing—and this is a point which we must bear in mind—that progress towards economic and monetary union is essential if we are to preserve Community achievements. He mentioned, for example, the difficulties which will arise in connection with the common agricultural policy unless there is a certain amount of gradual *rapprochement* in the economic and monetary spheres. The same applies to energy policy.

The honourable member expressed his satisfaction with the way in which the institutions operate and pointed out—I did not quite understand the English phrase he used, but I think

I grasped his meaning — that they had the virtue of neutrality, in other words they had an objective approach to problems. This is indeed one of their virtues and there is no need to hold a lengthy debate on the subject.

Mr Lenihan said that the great debate about Europe centred on the basic question of who was to take decisions. That is very true. As regards the debate between the Commission, Parliament and the Council, the real problem is to decide where powers lie. In cases where the power belongs to the Community, there is often argument, but decisions are always taken, for the simple reason that power has been transferred to the Community.

The problem of decision-making appears in a different form in each particular case; doubts are expressed about the need for common action. This is where the serious bottleneck occurs in the decision-making process.

Having said this much, let me add straightaway that I am not arguing in favour of a wholesale transfer of powers to the Community. Like most of the members here I believe we must approach the transfer of powers with caution, it must be justified in each case.

The comments made by Lord Bessborough earlier in the debate implied that we must explain our motives for wanting to make progress in a particular area. I think power can only be vested in Europe when it is thought that it will be exercised better at European level, that the ordinary man will derive benefit from it and that it is therefore the right way of providing our people with the services they expect, whether in terms of welfare or in the matters involving our responsibility with regard to the outside world.

We must, however, realize that our problems in the area of decision-making are all the more difficult since we are now dealing with matters not actually covered by Community jurisdiction but to which this jurisdiction is being extended, and this is the problem we have been experiencing in recent years. Progress has been smooth in areas where powers have been definitively transferred. Eighteen years ago I was one of the first to be involved in administering the Customs Union with six countries which were all very worried about the fact that customs duties and quotas were going to disappear. But as soon as the law was established, as soon as there were common rules and the administration of the Union was the responsibility of the Commission and of the Council, and no longer that of the individual states, things moved along more smoothly.

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I repeat that I am not arguing here in favour of an arbitrary extension of Community powers; I am just saying that we are bound to be faced with this type of problem as soon as we leave the relatively sure ground of, for example, the Customs Union or the agricultural policy.

Mr Lenihan referred to the problems of enlargement. My only comment is that there can be no questioning the fact that each time the Community gains a new member it must strive to improve its methods of work. There is nothing particularly original about this idea, but it is obvious that if we wish to become a geographically more ambitious Community—and I personally am in favour of this—we must at the same time strive to achieve progress in our various policies and ensure that enlargement becomes a unifying and not a divisive factor.

This is the problem we had to face when the three new Member States joined the Community and it is one which will recur each time the prospect of enlargement arises.

When I hear Mr Leonardi speak I tell myself that we would sometimes do better not to give too many details. However, I thank him for his appreciation. When he says that we have not made enough progress in the common policies and when he refers to the dangers involved in the increasing disparities between our countries, my reaction is to say that these are things which I personally have never denied. I made a specific point of the fact that the Community has at its disposal a number of methods of dealing with problems arising in the economic and financial spheres, though they will not work miracles or bring instant success. I do not personally think—and I shall say the same thing to Lord Bruce later—that it is possible to draw up a comprehensive, detailed definition of economic and monetary union and then draw a series of precise conclusions from it. I think it is possible for us to set ourselves a clear objective embracing the objectives of our peoples, which we have the means to achieve thanks to Europe, and that we can then take some action. You spoke of patient integration; I too believe in patient integration. And the idea I have tried to put forward, Mr Leonardi, is precisely that in certain areas it is now possible to go forward.

You mentioned the problem of the compatibility of economic policies. We worked very hard on this problem last year, much harder than was generally thought. In the case of Italy we applied measures of medium-term financial assistance which gave rise to a debate within

the Community institutions relating not only to Italian economic policy and the objectives of that policy but also to the type of aid.

There are two other points which I noted in your speech, Mr Leonardi. You accused me of 'voluntarism' but if we do not act with a good measure of resolve I fear that the disillusionment which is sometimes felt in our Member States with regard to the possibility of integration may set us back considerably.

The second of these points concerns what you called the 'principle of solidarity' which I myself mentioned. You will have observed that in the section I devoted to economic and monetary problems I said that an essential aspect of the Community's action was the collective effort to restore the Community's equilibrium and to lend it greater harmony. I personally am convinced that in the next five, ten or fifteen years serious efforts will have to be made to bring about a transfer of resources, and this must be done in such a way that those benefiting from it should know that there is no internal disequilibrium in the Community. I am a wholehearted supporter of regional policy, for example; I support it because I have seen its effects in my own country; I have been one of its protagonists in France. I support it also because I am convinced that it is a way for us all to become aware of the problems which arise at European level and not just on our own doorstep, and to implement aid on a large scale, for the apparent benefit of the weakest and for the actual benefit of all; for an increase in the growth of the Community's poorest areas will bring a stimulus for the Community economy as a whole and we shall all feel its effects.

Mr Leenhardt gave an indulgent, and accurate list of our peccadilloes. He began by congratulating us on commencing work in certain areas and on making proposals which I had undertaken to put forward. He then asked me one or two questions about certain matters which he regarded as highly important and on which he asks us to take swift action. In this connection I should like to tell him that we have postponed certain proposals, in the majority of cases because we needed to make supplementary studies.

As an example of this, consider the problem of indirect taxes. In this area one cannot afford to come up with any proposal one likes. We thought we had a thorough enough knowledge of the dossier but on closer examination we realized that we would have to have more information if we wanted to be convincing.

With regard to the programme of medium-term policy we had to choose between a lightweight

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programme and a more detailed one. Preference will, I hope, be given to the latter.

The same applies to a large number of the problems you raised, on some of which we have already adopted proposals for directives, for example todacco duty. With regard to the problem of Eurocurrencies a debate has begun within the Monetary Committee. I can, as far as this is concerned, assure you that we have made the greatest possible efforts to keep to our timetables, to which I attach a great deal of importance. Thus in our relations with the Council we have acquired the habit during the last two presidencies of holding lengthy meetings with the new President-in-Office in order to define the problems with which we are faced, to agree on certain priorities and to draw up a timetable permitting smooth progress and the avoidance of any bottlenecks either at the Commission or, in particular, at the Council.

Lord Bruce rightly threw open the debate on economic and monetary union.

I cannot claim to be able to tell you in detail or with any certainty what this union will be like but I would just like to make two preliminary comments and one supplementary comment.

First, in the last two years we have witnessed a very profound doctrinal change. All the work which had been done on economic and monetary union was done before the Yom Kippur War and the subsequent upheavals in our economies. The situation has indeed changed and most people, including myself, think that it is now no longer possible in approaching these problems, which we might perhaps have foreseen but which we now have to tackle, to use the same language as when the world's economies were characterized by regular growth.

Secondly, last year the Commission concentrated on one particular priority which prevented it from continuing the work and the debate on economic and monetary union.

The first half of last year—and the Labour Party contingent knows this better than anyone—was devoted to matters quite divorced from intellectual speculation. The Commission had a great deal of work to do in dealing with certain problems which arose before the referendum in the United Kingdom.

We decided to give priority to the approximation of short-term economic policies. Perhaps our work was not very spectacular and I doubt whether it was 100% effective but I am sure it was a positive contribution. We fought fiercely to establish certain principles of common action and to enhance the principle of

solidarity within the Community, in particular by pursuing differentiated policies for states with balance of payments deficits.

We devoted all our energies to convincing the Finance Ministers and others that policies could be different and complementary at the same time and that they were in fact interdependent. Such was our work until the plans for economic recovery began to emerge in those countries which could already envisage such a recovery.

To return to the general problem you raised, I am, like you, a partisan of patient integration, as long as we do not get bogged down in generalities, of which I am as suspicious as you. Nevertheless, we can set certain common objectives and agree to expect that economic and monetary union will provide our common action with a stronger foundation, which is an objective of a political order; that it will highlight the need, in the economic and monetary spheres, for a *rapprochement* of our profoundly interdependent economies, and the need to manage our economies in such a way as to reconcile growth, stability and proper social justice; that it will make our economies strong enough to safeguard our impact and protect our interests abroad and to enable us to develop the policies, especially the common policies, which will be among the main ingredients of political life in the coming years in the social field, in the area of the redistribution of resources, in infrastructures and co-existence, in which a special effort will have to be made if we are to achieve our objectives.

There are certain things which we can start work on together here and now.

First, we can try, where appropriate with common instruments, to pursue sound economic policy together as a contribution to economic and monetary union.

Secondly, we can pursue a policy—and this part of economic and monetary policy—of stimulation of the economy, which will certainly cause problems. While I realize that our ideas on industrial policy are not accepted by everyone, I am convinced that there is one area of advanced technology worth exploring at European level and that is the aircraft industry.

I would say to Lord Bruce that one day a serious debate should be held on this issue in Parliament. Without taking it for granted that we shall come up with the right answers, I think the matter at least deserves some attention: shall we need an industry of this type one day? We shall have to take account of the social effects which a European policy might

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have in this area and assess its political impact by the yardstick of the year 2000.

There is another field in which a Community policy is feasible—the energy sector. It is not difficult to show that in this sector a common basis exists which would be of use to us, without our believing—and I myself do not believe—that we should adopt a dogmatic attitude.

Other policies having Community 'substance' include all the policies involving solidarity, in particular the regional policy which I should like to see expanded and modified in the coming months. Without trying to cover all the ground, let us remember the need to take into account the interdependence of economic policies within the Community and beyond its frontiers. Here we already have a solid basis for progress towards economic and monetary union, but—to use your expression—by means of patient integration, i.e. by not trying to do everything straightaway or by tackling all the major problems of principle at the same time.

Mr Notenboom said that our concrete plans did not perhaps always fully match our inspiration. This is, I repeat, because I do not want us to make too many proposals but to start deriving some benefit from the work already completed. As I said earlier, ten of fifteen matters of major or middling importance which have already been debated by this Parliament will be considered within the next three months by the Council of Ministers. By ambitiously making modest proposals we shall have set the machine in motion.

If I have dwelt at some length on monetary matters it is because I think that there are certain things which can be achieved in that area. I also think it is the area in which the most controversy is likely.

As for Mr Artzinger, I think there are some points on which we agree and others on which we disagree. I must say I am a little circumspect about giving the European Monetary Cooperation Fund the function of a central bank straightaway. I think it should be gradually given certain responsibilities, the usefulness of which will have to be proven each time. I do not think that we should go so far as to carry through centralization of that type in this area. I do however believe that our proposals will be able to speed things up considerably.

We disagree with Sir Brandon Rhys Williams, not on the principle of the action to be taken in the monetary sphere, but on the practical matter of the use of the tenth currency. A lengthy debate could be held on this, and has already been held on one occasion. I personally

believe that if, in the monetary sphere, we started this year, firstly, to strengthen our system of common action in the area of *exchange rates*, secondly, to pursue a common *monetary policy* in the true sense of the term, which implies the creation of money and the fixing of interest rates, and finally to develop our much-discussed *parallel currency* and that if we succeed in doing all this, with the aid of more reliable instruments, such as a real fund administered by responsible people, we shall have taken a major step forward, though without going beyond the limits of what is possible.

In reply to Mr Romualdi, I agree that there are indeed real reasons why we cannot all move forward at the same speed. But I have explained why I feel we should try to do so nonetheless. I think everyone accepts the view that if political resolve is lacking nothing is possible. This is very often the key factor and the European policies are no exception in this respect.

I replied to Lord Ardwick, partly in connection with the European Council, that I had no desire to prolong the debate on semantics, though I appreciated his address. One of my pet ideas is that a dictionary should be compiled, perhaps suitably illustrated, to enable schoolchildren to familiarize themselves with the European organizations. I am quite serious about this; we really should devise an appropriate language and a proper way of presenting things. Perhaps we have not devoted enough thought to this matter in the past.

Finally, turning to Mr Nyborg, how I wish we could restore economic equilibria by rationalizing administrative machinery and in so doing foster healthy developments. I do not, however, think we can expect too much here, as unfortunately there are many other problems involved.

I shall conclude by saying, like Mr Nyborg, that in the last analysis our work—and I mean the work of the Community—will be judged, in the coming months, according to the results we achieve in the economic and social fields. *(Applause)*

President. — The debate is closed.

6. *Decision on tariff preferences for the ACP States and the OCT — Regulation on trade with the ACP States and the OCT*

President. — The next item on the agenda is a vote without debate on the motion for a resolution contained in the report drawn up by Mr Glinne, on behalf of the Committee on Development and Cooperation, on the proposals

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from the Commission of the European Communities to the Council for

I. a draft decision of the representatives of the governments of the Member States of the European Coal and Steel Community, meeting in Council, extending the validity of their decision of 24 June 1975 opening tariff preferences for products within the province of that Community originating in the African, Caribbean and Pacific States and Overseas Countries and Territories associated with the Community.

II. a Council regulation extending the validity of certain interim arrangements relating to trade with the African, Caribbean and Pacific States and Overseas Countries and Territories associated with the European Economic Community

(Doc. 517/75).

I have no speakers listed.

Does anyone wish to speak?

I put the motion for a resolution to the vote.

The resolution is adopted.

7. Directive on freedom of lawyers to provide services

President. — The next item is a debate on the report drawn up by Mr Pianta, on behalf of the Legal Affairs Committee, on the amended proposal from the Commission of the European Communities to the Council for a directive to facilitate the effective exercise by lawyers of freedom to provide services (Doc. 470/75).

I call Mr Pianta.

Mr Pianta, rapporteur. — (F) Mr President, ladies and gentlemen, the draft directive submitted by the Council of the European Communities to the European Parliament for an opinion concerns the freedom of lawyers to provide services.

An initial proposal had been adopted in September 1972 by Parliament on the basis of a report by Mr Romeo.

Parliament has been asked for its opinion on a modified report submitted as a consequence of two judgments passed by the Court of Justice of the European Communities in June and December 1974, which defined the scope and interpretation of certain relevant articles of the Treaty, and also on account of the accession to the Community of three new Member States, particularly the United Kingdom and Ireland, in which the legal profession has certain quite distinctive features.

This amended draft directive has been submitted because the Council did not act on the initial proposal presented by Mr Roméo, and the Commission was thus able to submit a new proposal substantially amending the first. This is why the European Parliament is again being asked for its opinion.

The two judgments of the Court of Justice of the European Communities which I have just mentioned are of fundamental practical importance with regard to the problems involved in establishing the freedom of lawyers to provide services. On the one hand, the Court confirmed the direct applicability of the provisions of Articles 59 (1) and 60 (3) of the Treaty, and on the other it settled once and for all the question of the applicability of Article 55 (1) to the professional activities of lawyers.

The confirmation of the direct applicability of Article 59 (1) and 60 (3) removed the need for those provisions of the initial proposal referring to the elimination of existing restrictions. There was, furthermore, one particular interpretation of Article 55 (1) which would have raised considerable problems in effectively establishing the freedom of lawyers to provide services.

In rejecting this interpretation, the Court decreed that 'the exception... provided for by the first paragraph of Article 55 of the EEC Treaty must be restricted to those activities referred to in Article 52 which in themselves involve a direct and specific connection with the exercise of official authority; it is not possible to give this description, in the context of a profession such as that of *avocat*, to activities such as consultation and legal assistance or the representation and defence of parties in court, even if the performance of these activities is compulsory or there is a legal monopoly in respect of it.'

By this judgment, the Court of Justice decided—and this is one of the reasons why the amended proposal has been submitted—that the provision of services by lawyers could be covered by this proposal, in spite of the restriction provided for in Article 55 of the Treaty, which states that the freedom to provide services shall not apply to the activities or profession of lawyer when these are connected, even occasionally, with the exercise of official authority. This applies, for instance, in the case of a lawyer who, in a judicial organization, occasionally sits on a tribunal; at that moment he is holding a portion of official authority, and it is clear that the provisions of the first directive, like those of the more liberal amended directive, cannot apply to this exercise of judicial authority by a lawyer. As regards all the other activities, however, there is no doubt that the Treaty's provisions

¹ OJ C 53 of 8. 3. 1976.

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with respect to the freedom to provide services are applicable, and this is what the Court of Justice of the European Communities decided in the judgment I referred to a few minutes ago.

In two other judgments, the Court of Justice of the European Communities also decreed that the restrictions imposed on the profession of lawyer could be lifted by reason of Articles 59 (1) and 60 (3) of the Treaty, which are directly applicable.

The legal basis for this proposal is derived from Articles 57 and 66 of the Treaty. Article 57 contains two essential provisions, the first covering the mutual recognition of diplomas, certificates and other evidence of formal qualifications, the second referring to the coordination of provisions concerning the taking up and pursuit of activities by self-employed persons. Article 70, finally, is a referring provision which makes Article 57 applicable to the free provision of services. The Committee has invoked Article 57 without quoting specific paragraphs, since the draft directive with which we are concerned involves not only the recognition of formal qualifications—not diplomas—but also some degree of coordination of the provisions of the Member States.

As regards the content of the proposal, it must be made quite clear that it applies exclusively to the provision of services, and not to the right of establishment. Establishment means settling in the territory of another Member State—and this is not involved here—whereas services are of a temporary nature and are normally provided for remuneration.

What does this proposal contain? The aim is to make it easier for a lawyer to provide all his services, subject to the restrictions I have just mentioned—i.e. when he occasionally exercises authority. It defines a lawyer as any person exercising his activities under the designation applying in each Member State. A distinction is drawn between activities involved in representation and in defence, and other activities such as consultation.

In the case of activities relating to representation, the lawyer must abide by the professional rules of conduct obtaining in both the state of origin and the host state.

In the case of other activities, the Commission has laid down that only the professional rules of conduct of the state of origin of the lawyer shall apply, it being made clear that this gives *de jure* recognition of a situation existing *de facto*.

Special rules have been laid down for the free provision of services in the United Kingdom

and Ireland, since there are several categories of lawlers in these countries. The Member States may impose upon persons wishing to provide services certain conditions relating to representation and the defence of a client before court, particularly that the lawyer must be introduced to the presiding judge and that he must work in conjunction with a lawyer who pleads before the competent court and who would be, if necessary, responsible to the court in question.

It must be pointed out in this context that these provisions were obligatory for each Member State in the initial proposal on which Mr Romeo reported, whereas they are optional in the new proposal.

Provision is made for the professional organization of the host state to ask the person providing services to establish his lawyer's qualifications, and if the professional requirements obtaining in the host state are not met, the professional organization of that state shall determine, in accordance with its own rules and procedure, the consequences of this conduct. To this end, it may obtain the transmission of the professional file of the person providing services, and it shall inform the professional organization of the Member State from which he comes of any decision taken.

Mr President, ladies and gentlemen, these are the main provisions of this draft directive. The Legal Affairs Committee has made some amendments to the form and substance of the initial text. The aim of this proposal is to make it easier for lawyers to provide services freely, whereas the first proposal was concerned only with the right to plead before courts, to have access to files, to be present at preliminary investigations or to visit detained persons. The new text liberalizes all the services provided by lawyers, subject to the restrictions already mentioned.

The scope of the proposal is nevertheless very modest, and a start must be made on moves to liberalize the right of establishment of lawyers in all Member States of the Community.

This right of establishment, however, must be preceded by the mutual recognition of diplomas, and this will not be a simple matter in view of the differences between the laws of the Member States. The best solution will probably be to allow the setting up of legal practices with lawyers of various nationalities, although initially the foreign lawyers would exercise their activities under the responsibility of their colleagues from the host country, and only after having studied and applied the law of the host country would they have the full right of establishment.

Pianta

Mr President, these are the main provisions of this amended draft directive which we submit to the House. I think it would perhaps be better to consider it article by article, since some difficulties may arise when certain of them are being read.

(Applause)

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

Mr Broeks. — (NL) Mr President, I would remind the House that on 21 September 1972 Parliament unanimously approved a report by Mr Romeo on a directive about lawyers' activities. Our Group discussed this report in great detail at the time, so I think I can be very brief now.

It is understandable that the Council of Ministers of Justice asked for an amended directive in the light of the Court of Justice's judgments in 1974, and that it called for the directive to be adapted to take account of the legal systems of Ireland and the United Kingdom, which are based on the common law. We are particularly pleased about the Court's judgment with regard to Article 55, since our Parliament had already unanimously approved a similar interpretation on a previous occasion.

We have now been presented with an improved directive on the freedom of lawyers to provide services. The Socialist Group thanks Mr Pianta for his report and for his detailed discussion of this directive. We approve the motion for a resolution and the proposed amendments to the text of the directive.

We should like to draw Mr Brunner's attention to paragraphs 7, 8 and 9 of the motion, since we feel these are particularly important. What is involved is still only the freedom to provide services, and not the right of establishment. The right of establishment of lawyers and the right to exercise their profession are among the objectives of the Treaty of Rome. They can now be achieved. After what has been decided upon for doctors, it is high time that the freedom of establishment was also available to other professions such as that of architect, veterinary surgeon, engineer, dentist and so forth. It is also time to remove the hindrances to this freedom of establishment and freedom to exercise a profession. We therefore call upon Mr Brunner to give his full attention to this matter.

Let me turn now to the amendments which have been submitted. We shall vote against Mr Deschamps and Mr Santer's amendment, since if it were approved it would put the lawyer in an unequal position *vis-à-vis* the legal adviser, who

can himself perform some of the work which a lawyer does abroad. We think this would be prejudicial to the lawyers involved. We have no difficulty in accepting Amendment No 2 by Sir Derek Walker-Smith, since in most countries such tasks are not performed by lawyers. Instead, they are done by notaries public, and in my country and other countries lawyers do not concern themselves with this work. If it is done by lawyers in the United Kingdom, I feel the provisions must be amended to take account of this.

I understand that one of the two other amendments submitted by Sir Derek Walker-Smith is being withdrawn. Be that it may, the Socialist Group will have no difficulty in accepting formulations better suited to the situation of lawyers in the United Kingdom, and we shall thus be able to reach agreement on these. I think it is Amendment No 3, concerning barristers, which is to be withdrawn. At any rate, we agree to Amendment No 4 concerning solicitors.

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

Mr Rivierez. — (F) Mr President, I should like to offer my warm congratulations to Mr Pianta for his excellent presentation of this report. Indeed, it was so thorough that little further comment, as Mr Broeks has already said, is needed on this subject which Parliament had previously touched on in 1972. However, it is necessary to stress the important part played by the Court of Justice with its judgments in the *Reyners* and *Van Binsbergen* cases, which led to the withdrawal of one proposal for a directive and the presentation of another which is before us today.

The Group of European Progressive Democrats readily concurs with the findings of Mr Pianta's report. I listened with great attention to the rapporteur's words on the right of establishment. It is clear that the text before us today is the first step towards this right of establishment, although this must be preceded by the mutual recognition of diplomas, which is no easy problem. The Legal Affairs Committee has already come up against this difficulty, if I remember rightly, on a previous occasion.

The mutual recognition of diplomas will be difficult to achieve for the simple reason that, even though in some cases the laws of the Nine are similar, in others there are striking differences, sometimes in the very concept of the law.

I find Mr Pianta's idea of joint practices throughout the Community, bringing together

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lawyers from the different Member States, an excellent and appealing one, especially if it can eventually lead, via the mutual recognition of qualifications, to a foreign lawyer's being able to settle in another Member State after a spell in practice there. The idea deserves closer study.

I agree with Mr Broeks that further action should be taken along these lines, so that the long-awaited right of establishment can at last become a reality for architects, for doctors, and for all professional men and women.

These, Mr President, are the comments which I wished to make on behalf of the Group of European Progressive Democrats. We approve the findings of Mr Pianta's report, and also Sir Derek Walker-Smith's amendment to Article 1 (1). Indeed, as was stated by Mr Broeks, who is the expert on the matter, lawyers in almost all the Member States do not perform the work of notaries. Sir Derek Walker-Smith's amendment is merely an explicit statement of this and is no more than a ratification of current practice.

President. — I call Sir Derek Walker-Smith, chairman of the Political Affairs Committee and spokesman for the European Conservative Group.

Sir Derek Walker-Smith. — As we have heard from the rapporteur, this directive has had a long and chequered history. May I start, and for the moment only in my capacity as Chairman of the Legal Affairs Committee as well as spokesman for my group, by conveying my cordial congratulations to Mr Pianta not only on his work today but on all the work that he has done in committee on this difficult matter.

The draft before us is the result of the patient processes of preparation, and it has had a long history. I think, in retrospect, that it is as well that the 1969 draft foundered, though perhaps it is paradoxical in the case of a directive dealing with lawyers' services that it foundered because of what was later discovered to be a misapprehension in the law, as clarified by the European Court of Justice in the cases of *Reyners* and *Van Binsbergen* which were referred to by Mr Pianta and Mr Rivierez in their speeches. I say 'just as well' because the new draft, despite all the difficulties inherent in the subject, is basically more easily comprehensible, more practical and more acceptable than its predecessor.

I must necessarily be concerned with some of these inherent difficulties, which arose naturally in the subject of the liberalization of lawyers' services. They arose not because the principle of Article 59 is wrong in calling for the abolition of restrictions on freedom of services, nor be-

cause the inclusion by Article 60 of the Treaty of the activities of professions within such services is wrong. Nor do the difficulties arise because anybody would claim preferential treatment for lawyers just because they are lawyers. I do not want any preferential treatment for them although—and here I declare my interest—I am a practising barrister.

The difficulties arise in applying the agreed principles to the idiosyncratic practice of the law. They derive from the nature of the practice of law as distinct from the practice of other professions such as medicine, architecture and engineering, because the practice of law lacks the universality of these other callings. A doctor, skilled and qualified in the practice of medicine, has a readily exportable skill, a training and knowledge which should enable him to deploy that skill, with relatively minor adaptations, in any part of the world.

In the case of the law, it is different. Both the content of law and the procedures may differ from country to country. Though in a sense, therefore, there is only one profession of the law, in another sense there are parallel professions in individual countries for whom the mutual recognition of diplomas would present a considerably greater problem than in other professions.

To draw attention to these difficulties is intended not to abrogate from the principle of liberalization but simply to illustrate the difficulties of applying it. These difficulties have, of course, been accentuated by the expansion of the Community and by differences between the general pattern of court procedures of *plaiderie*, in the original Six, with its investigatory and progressive characteristics, and that in the United Kingdom and Ireland, with its emphasis on oral evidence and cross-examination and its restriction of the judicial function to that of hearing and determination.

In spite of these difficulties, British lawyers would certainly welcome the help and cooperation of lawyers from other Member States, whether in consultation or in the preparation of cases, just as we have welcomed, and in our turn been welcomed by, Commonwealth lawyers in various parts of the world when dealing with matters of common interest, though there, of course, the same difficulties did not exist because of our common legal training and common corpus of law.

In the case of the Community, the difficulties do not detract from the desire for cooperation or the warmth of welcome that will be extended by the lawyers of one country in the Community to those in another, but they condition the

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method of applying the principle and impose the need for safeguards.

These safeguards are not required to protect the preserves of lawyers of the host country, nor as an exercise in restrictive practices. Safeguards are for the purpose of safeguarding court procedures and for safeguarding the interests of the client, whose legitimate interest in seeing that his case is presented in all respects in conformity with the procedures of the court in question is and should be a paramount consideration both of lawyers and of this Parliament.

I put this consideration in the context of court procedures because it is in this connection—advocacy or *plaidoirie*—that difficulties are likely to arise. That is recognized in the current draft, particularly by the dichotomy in Article 4 whereby representation before the courts is subject to the rules and conditions of the host country, whereas, in respect of other activities—advice and consultation—the visiting lawyer remains subject only to the professional rules of his own country.

I think that is the right position. These other activities of advice and consultation do not and should not give rise to the same kinds of problem. Any attempt to fit them too tightly into the framework of the host country would lead to complication and delay and would not serve the best interests of the client.

It is possible to take the other view and seek to extend to non-forensic activities the obligation regarding the rules of the host country. That view was eloquently put forward by Mr Santer and was keenly debated in committee.

For myself and my group, I think that the directive and the committee came to the right conclusion on this point. The regulation on non-forensic activities should be restricted to what is proposed in the directive.

The question remains: are the safeguards sufficient in respect of forensic activities and court proceedings? That question has caused some anxiety, certainly in the United Kingdom, because the procedures followed there differ from the general pattern on the continent of Europe.

Articles 5 and 6 of the directive attempt to provide the solution and prescribe the necessary safeguards. In particular, the second paragraph of Article 5 ensures that a visiting foreign lawyer works in conjunction with a lawyer from the host country who practises in the court.

There are those who feel that these requirements may not be sufficient, even if it be in a minority of cases, and who would prefer a provision specifically putting the visiting lawyer

under the control of the lawyer in conjunction with whom he works in the host state. I do not think that 'control' is the *mot juste* to apply to the relationship of one professional gentleman to another.

In committee, I explored the possibility of adding the words 'and supervision of' as well as 'in conjunction with'. That did not receive a general consensus from the committee, and I do not press it now. Indeed, I think that in any event the concept of supervision is probably implicit in the context of working 'in conjunction with'.

Certainly any sensible visiting lawyer would seek the advice and guidance of his colleague from the host country in all matters affecting procedure, ethics and deontology. One may hope that only sensible lawyers are likely to receive the compliment of an invitation to share in the presentation of cases before foreign courts in the probably relatively few instances where this will arise.

Therefore, we think that in substance we can and should accept the draft directive in its present form, with appreciation for the various improvements effected in the consultative stages.

I have tabled three small amendments in the name of my group. They are designed primarily to meet United Kingdom points. Therefore, I shall not refer to them now but will explain them briefly when I move them.

Much of what I have said has inevitably had a United Kingdom background because of the special problems to which the differences of structure and procedure give rise. However, I should like to end with some general remarks on the freedom of establishment.

Mr Pianta's exposé, in its conclusion, turns to the future and expresses the hope that the Commission will embark on preparatory studies for a proposal for freedom of establishment for lawyers. I share that hope. I also share his view and those of Mr Rivierez and Mr Broeksz that there will be very considerable problems raised by the mutual recognition of diplomas inherent in the impossibility of universalizing expertise in law when legal systems and procedures themselves vary so widely.

There is much work to be done. I see it as parallel work: on the one hand, work in the elimination of restrictions where that is possible, and on the other hand, a suitable regulation of the activity of foreign lawyers based on host countries with, perhaps, undertakings to comply with a code of ethical rules which I hope can be devised for the Community on the lines of the International Bar Association rules on professional ethics. For the future I see great merit,

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as did Mr Rivierez, in the development of international practices staffed by lawyers of different nationalities as recommended in the report.

Meanwhile, subject to the few short amendments I shall move later, the directive makes a step forward on a necessarily difficult path. It has been slow in making this step, but time is always ill-purchased by minimizing the problems and difficulties that exist.

We appreciate the work done and hope that the same qualities of industry, patience and receptivity to advice which have been exhibited by the framers of this directive in the Commission will continue to be shown in the future work on liberalization of lawyers' services and freedom of establishment.

(Applause)

President. — I call Mr Santer.

Mr Santer. — (F) Mr President, changes have become necessary in the draft directive on the freedom of lawyers to provide services—which, as the rapporteur has just pointed out, we have been discussing for more than four years. They have become necessary partly because of the entry into the Community of the United Kingdom and Ireland whose legal systems based on the common law have certain quite distinctive features, and partly because of the judgments of the Court of Justice on the applicability of Article 55 of the Treaty of Rome.

Until 1974 it could be argued in the light of the preliminary work of the Treaty, and in the absence of any relevant judgments that Article 55 which excluded activities connected, even occasionally, with the exercise of official authority related to all the activities of a lawyer. But since the judgment of 21 June 1974 in the Reyners case, it is clear that official authority does not include the most typical activities of a lawyer, i.e. consultation, legal assistance, defence and representation of clients before the courts.

Mr Reyners was a Netherlands national who, after studying law in Belgium where he lived, was refused entry to the *Ordre des avocats* in Brussels since the requirement of reciprocity in Belgian national law was not met. The judgment in the Reyners case stipulated that the provisions of the Treaty of Rome on the right of establishment were 'self-executing', even without a directive, and consequently nationality could not be a barrier to the settling of a national of one Member State of the Community in the territory of another Member State.

Subsequently, there was a second judgment, that of 3 December 1974 in the Van Binsbergen case.

Mr Van Binsbergen was an *auxiliaire de justice* who intended pleading a case in the Netherlands, where he was no longer resident. Under Dutch law residence is compulsory in such cases. On this occasion, with regard to the exercise of freedom to provide services, the Court of Justice decided that since it was 'self-executing' the requirement of permanent residence was discriminatory and therefore inapplicable. However, and I should like to stress this point, the reasons 12 and following given for this judgment acknowledge that in view of the particular nature of the services provided the specific requirements asked of the provider of such services could not be regarded as incompatible with the Treaty; they would be due to the application of the code of professional conduct, particularly as regards procedure, qualifications, deontology, authority and responsibility, and could be justified by the public good. Recitals 20 and following emphasize explicitly the value of directives along these lines. It is in the light of these factors that we must examine the present proposal for a directive on the exercise of freedom to provide services.

I should like to make one or two general comments on the directive itself. It deals only with the exercise of the freedom to provide services, without regard to the right of establishment. I feel that Paragraph 11 of the explanatory statement leaves no doubt in this respect, and personally I should have liked it to appear in the text of the directive itself, so that anyone referring to the text without reading the explanatory statement would know at once where the dividing line lies, in this particularly delicate field, between the right of establishment and the exercise of the freedom to provide services. In my opinion, this line is crossed as soon as the services of a lawyer in the host country are provided on a semi-permanent, almost permanent or permanent basis, and especially when the services are provided by a lawyer working from a permanent office in the host country. I feel that this point must be stressed if we wish to safeguard the principle of the unicity of a practice, as enshrined in the deontological rules in force in some countries.

Turning to Article 4, I find the Legal Affairs Committee's text clearer than the one in the draft directive. It is, in fact, essential for a lawyer of a Member State to be enrolled in a professional organization of that State. This is the corollary of Article 6, which allows the professional organization of the host country to ask for evidence of a lawyer's qualifications. Here, the Commission's text is clearer than the original text. Article 4 requires that the activities of a lawyer representing or defending a client before the courts be carried on under the

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conditions established in the host country, without prejudice to his obligations in the Member State from which he comes. This is the application of a dual code of conduct. On the other hand, Article 4 (4) stipulates that for the exercise of activities other than the representation and defence of a client before the courts the lawyer remains subject to the rules of professional conduct only of the Member State from which he comes. These other activities cover principally consultation and proceedings undertaken on behalf of a client before a public authority.

The explanatory statement gives as the reason for this difference that in the case of other activities, not connected with the administration of justice, the requirement to respect the rules of professional conduct in the host country would have placed serious restrictions on present practice without any valid grounds. Furthermore, it would have been a requirement quite out of line with current practice, where there is an almost total *de facto* freedom in respect of these activities.

I do not consider this way of looking at the matter as either suitable or justified. I cannot understand how a distinction can be made between the activities of representation and defence and other activities. For the former we must apply the rules of professional conduct of the host country and of the Member State from which the lawyer comes; whereas for the latter only the rules of the country of origin are applicable.

Why does this distinction exist? I should like to make it clear that we should not be concerned with the interests of the lawyer or of the profession, but with the interests of the general public. As Mr Van Binsbergen has said, this means the interests of the ordinary man when represented before the courts and the interests of the public at large where other activities, like consultation and proceedings, are concerned.

With regard to representation before the courts, this rather limited proposal maintains the application of a dual code of conduct, even though the legal system in each Member State provides the ordinary man with formal guarantees and procedures aimed at obviating any abuses.

With regard to other activities, the principle of a dual code of conduct disappears and the lawyer is subject only to the rules of professional conduct of the Member State from which he comes, even though there are not the same guarantees for these activities as for representation before the courts.

And so what about the specific requirements justified by the interests of the general public to which the judgment of 3 December 1974 in the Van Binsbergen case refers, specifically the rules of procedure, qualifications, deontology, authority and responsibility? What about the protection of public interests? Because, basically, this is a problem of how we intend to protect the legitimate interests of the private citizen.

All of us in this House agree that the consumer is to be protected; we are all in favour of a European consumer code. But are those who require the services of a lawyer not also consumers of services?

It is for this reason—and this is the idea behind the amendment which Mr Deschamps and I have tabled—that I feel that it is vital to maintain the principle of a dual code of conduct for all the activities of a lawyer, so that an inverted form of discrimination may be avoided.

In this way, we shall only be putting into practice what the Van Binsbergen judgment has already stated in theory.

These, Mr President, are the comments which I wished to make when considering the proposal for a directive which is now before us.

(Applause)

President. — I call Mr Bermani.

Mr Bermani. — *(I)* Mr President, I wish to follow the well-chosen remarks of Mr Broeksz with a few personal words. I should like to say simply that in 1972, as a lawyer and as vice-chairman of the Legal Affairs Committee, I was a keen participant in the battle which raged in this House. It was a special debate, attended by almost all the lawyers among the Members of the House, on a report by an eminent jurist, Mr Jozeau-Marigné. That battle was our Waterloo—from Napoleon's point of view, of course, not that of the British!—because the Legal Affairs Committee was defeated and the motion for a resolution rejected.

We had the report by the late Mr Romeo at that time, and then nothing more was done for three and a half years. I am aware of the valid grounds for this—judgments by the Court of Justice, the accession of new Member States, and so on—but there is no denying the fact that, where freedom to supply services is concerned, we have advanced no faster than at the pace of a tortoise, if not at a snail's pace.

And here we are, three and a half years later, still at the starting line with a draft directive which—as Mr Pianta so rightly pointed out—

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is as limited in scope as before, since it says in effect that any lawyer can represent a client from any Member State, provided that he works 'in conjunction' with a lawyer who is a member of the competent bar or with an 'avoué' or 'procuratore' practising at the court in question. In addition, the professional organization in the host Member State may request the lawyer to establish his qualifications.

But all this already happens, without the directive before us now. Leaving aside criminal proceedings, which depend on the art of speaking in court and cannot therefore be ideally followed by a foreign lawyer, we already find that there is nothing to stop me, an Italian lawyer, from being the legal adviser in civil proceedings in other countries. And naturally, if I want to do such a thing, I consult a local lawyer, who will have the task of laying before the judge the case I have prepared.

Consequently, this directive is not a major event. Nevertheless, it is a step towards the right of establishment for lawyers, a step which is needed more than ever now, with the growing number of legal disputes arising from increased trade between the Member States.

With regard to the amendments proposed by Sir Derek Walker-Smith, in addition to what may be explained by the chairman of the Legal Affairs Committee, I wish to say merely that this matter has already been thoroughly discussed in the committee, and we have been able to place before it the proposals for amendment which we considered necessary. It is therefore our hope that the debate will be short and that this directive will be passed as soon as possible with the amendments which the Legal Affairs Committee has already approved. And it is also our hope that the House will not find itself talking about this matter in another three and a half years.

(Applause)

President. — I call Sir Geoffrey de Freitas.

Sir Geoffrey de Freitas. — It has been pointed out that for historical reasons the legal system in the United Kingdom and Ireland is very different from that prevailing on the Continent. There are in this Assembly three British lawyers—two English barristers, Sir Derek Walker-Smith and myself, and one solicitor from Scotland, Mrs Ewing. I speak only to reinforce what Sir Derek has said. British lawyers welcome Continental lawyers into their courts, and that welcome is very general.

I hope that the House will accept Mr Pianta's report, on which I congratulate him, and that in

due course the House will accept the three small but important United Kingdom amendments, which Sir Derek is to move.

(Applause)

Mr Brunner, Member of the Commission. — *(D)* The Commission is grateful for the contributions to this discussion. It has been stated that this is only a small step. However, looking back on the efforts of three and a half years, we can see that it is nonetheless an important one. Perhaps we are moving at a tortoise's pace, but also with a tortoise's patience and persistence.

The restrictions on the freedom to provide services that were previously tolerated have already disappeared as a result of the EEC Treaty. Secondly, it is now clear that the activity of a lawyer does not constitute an exercise of official authority. This brings us a stage closer to the possibility of liberalizing this important profession with regard to the freedom to provide services.

Our present proposal refers to all court and non-court activities of lawyers. This is a further step forward. We are not providing a complicated list as we did in our 1969 proposal and have therefore encouraged a process of consultation with Parliament.

I should like to thank Mr Pianta, in particular, for his opinion. We have heard a number of important comments in this House from, among others, Mr Broeks, whom I should like to thank particularly for taking the trouble to participate in this debate today, on his seventieth birthday. On behalf of this House and the representatives of the Commission I offer him our heartiest congratulations—I hope he will regard this as a special sort of birthday party!

(Applause)

The Commission is prepared to accept a number of amendments proposed in relation to the wording of Articles 1, 4 and 6. It is also prepared to accept the basic idea behind the proposed amendment to Article 5. However, on the latter point, I feel it would be better if we chose the wording 'the lawyer recognized by the court in question'.

Various suggestions have also been made concerning Article 7. By means of a declaration of protocol the Commission will endeavour to ensure that it is informed, not only about existing provisions relating to this field, but also about provisions envisaged in the future.

I should now like to comment on the guiding principle we followed with regard to the amended proposal. All our present activity is aimed

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at facilitating freedom of establishment. We know that we still have quite a long way to go as regards lawyers. With this group, the only progress we can make at the present time is to secure freedom to provide services. However, we feel it is our duty to remove, as far as possible, all obstacles to the practice of the liberal professions. We must strive to ensure that the situation obtaining since 1968 with regard to workers in the Community is gradually applied to all liberal professions. When this is achieved, we will really have a Community without internal barriers, a Community of citizens. Everyone should feel in his daily life, consequently also in the exercise of his profession, that this Community has real meaning.

I do not wish at this point to go into details of all the proposed amendments that were submitted, but merely comment on Mr Santer's amendment. It is our view that, as regards a lawyer's non-court activities, it is sufficient for him to observe the professional rules of his home country. We hold this view, because it accords with the situation which in fact already obtains. In view of the *de facto* harmonization of these professional regulations in Europe, we fear that, if we were to go further, the impression might be given that we were imposing a new restriction. Accordingly, we are unable to agree to this amendment.

Mr President, ladies and gentlemen, the directive we are proposing does not bring us immediately as far as in the case of doctors. Where doctors are concerned, we have ensured that 500 000 citizens can exercise their profession freely throughout the Community. Nor can we make as much progress as we hope to achieve for nurses, since we aim in the next few months to secure freedom of establishment in the Community for 700 000 nurses. Nevertheless, we are taking a considerable stride forward. We are already paving the way to the solution of the thorny problem of the recognition of legal qualifications. In my view, the 125 000 lawyers in the Community will appreciate our efforts. It is not only they, however, but also their clients, who will find things much easier as a result of this first step.

(Applause)

President. — Does anyone else wish to speak?

The general debate is closed.

Before voting on the motion for the resolution contained in Mr Pianta's report, we must deal with the amendments to the proposed text of the directive.

On Article 1(1), I have Amendment No 2/rev., tabled by Sir Derek Walker-Smith on behalf of the European Conservative Group:

'After the word "services", insert the following:

'Notwithstanding anything contained in this Directive, Member States may impose restrictions on the provision of services where these consist of the drafting of legal documents relating to the sale and purchase of land and matters of probate.'

This amendment has been corrected in languages other than English. Those using languages other than English should therefore have before them Amendment No 2 as revised and corrected.

I call Sir Derek Walker-Smith to move the amendment.

Sir Derek Walker-Smith. — Thank you, Mr President. The amendment was tabled in English and French earlier today in its revised form. Following helpful consultation, I have been able further to improve the wording and I should now like the amendment to read:

'Notwithstanding anything contained in this Directive, Member States may reserve to prescribed categories of lawyers the drafting of legal documents relating to the sale and purchase of land and matters of probate.'

The amendment is to meet the special position in the United Kingdom. In the United Kingdom there are restrictions on those who are not qualified, either as barristers or solicitors, to undertake conveyancing or the preparation of documents relating to the granting of probate or letters of administration. The reasons for that are reasons of public policy to ensure the appropriate care, expertise and responsibility in the drafting of these documents. The same reasons would seem to justify exclusion from this very technical work of lawyers with professional qualifications only in another country in the no doubt very improbable event of their being minded to undertake it.

There is no close parallel involved anywhere, because *avocats* normally do not draft this kind of legal document. In Continental countries it is normally the work of skilled notaries, who are not subject to this directive. I hope that within this narrow but useful context the amendment will be agreed by the House.

President. — Before I call the rapporteur to give his views on the amendment, I consult the House on the question whether it is willing to deal with the amendment as moved by Sir Derek Walker-Smith on the basis of his further oral amendment.

Are there any objections?

Walker-Smith

That is agreed.

I call the rapporteur to give his views on the amendment as again corrected.

Mr Pianta, rapporteur. — (F) This amendment was not in fact submitted to the Legal Affairs Committee, since it has been drawn up in the course of today by Sir Derek Walker-Smith. Some modifications were made to it following talks which Sir Derek and I had with the representative of the Commission, and the text on which we all agree is the following:

'Notwithstanding anything contained in this Directive, Member States may reserve to prescribed categories of lawyers the drafting of legal documents relating to the sale and purchase of land and matters of probate.'

Basically we agree. It is certainly true that in the United Kingdom lawyers have a monopoly in drafting legal documents relating to the sale and purchase of land, as do *notaires* in France, but the Directive is not concerned with *notaires* in France, but with lawyers. The same applies to matters of probate, which in France are also the concern exclusively of *notaires*. But in Great Britain there are certain categories of lawyers who draft legal documents relating to the sale and purchase of land—a term which includes buildings—and to matters of probate, as is the case in France and as is presumably the case in all the other Member States. The Committee has not given its opinion, but I should like to give my own: I feel that Parliament can adopt this amendment.

President. As revised and corrected, Amendment No 2 now reads as follows:

'After the word "services", insert the following:

'Notwithstanding anything contained in this Directive, Member States may reserve to prescribed categories of lawyers the drafting of legal documents relating to the sale and purchase of land and matters of probate.'

What is the Commission's position?

Mr Brunner, Member of the Commission. — (D) Mr President, the Commission agrees with this amendment. It is indeed not the aim of this directive to interfere in formal provisions for the transfer of property or for matters of probate. We therefore agree with this text.

President. — I put Amendment No 2, as revised and corrected, to the vote.

Amendment No 2 is adopted.

On Article 1 (2), I have Amendment No 3, tabled by Sir Derek Walker-Smith on behalf of the European Conservative Group:

'Under the heading "United Kingdom", replace the words "Barrister practising at the bar" by "Barrister".

I call Sir Derek Walker-Smith to move this amendment.

Sir Derek Walker-Smith. — I beg to move Amendment No 3, in Article 1(2) under the heading 'United Kingdom' to replace the words 'Barrister practising at the bar' by 'barrister'.

I can move this amendment very briefly. A barrister practising at the bar is not a distinction known in English law and practice. It is true that an employed barrister is not normally entitled to appear in court but, subject to that, he is in the same position as other barristers and has the same standards and duties.

We are not asking that a barrister should have the right of audience in foreign courts which he does not possess in British courts, but on the present wording—and this is purpose of the amendment—it could be argued that an employed barrister of the United Kingdom is not entitled to provide legal services by way even of consultation and advice in other Member States because he is not included in that definition.

If Commissioner Brunner can give me an assurance that it is not intended to prejudice the existing rights of a barrister and the Commission will see that these existing rights are safeguarded, then, because I do not want to give a right within the courts of the Community which is not possessed in the courts of the United Kingdom, I shall be prepared to withdraw the amendment.

President. — What is the rapporteur's position?

Mr Pianta, rapporteur. — (F) Mr President, I must stress the very dangerous nature of this amendment.

We have before us a proposal for a directive relating essentially to lawyers, but lawyers in private practice. This amendment—and it is a pity that it was not tabled in the Legal Affairs Committee to be discussed at length—and, incidentally, the next amendment, would enable all barristers, i.e. all those employed by private undertakings to benefit from the proposal for a directive which, however, is only intended to cover lawyers in private practice. Certainly, barristers or solicitors work for private individuals, but this is not the object of the proposal for a directive before Parliament today.

This is why I am personally not in favour of this amendment, which is once again contrary to

Pianta

the spirit of the proposal for a directive, since the latter is intended to apply only to lawyers in private practice.

President. — What is the Commission's position?

Mr Brunner, Member of the Commission. — (D) Mr President, the Commission shares the rapporteur's view. We would be pleased to see this amendment withdrawn. We see in it an extension of scope which raises problems. The directive is not intended to cover these cases. No one is being deprived of the right to carry on doing the work entrusted to him by his employer on the basis of his employment contract. Of course he can continue to advise his employer. But if the amendment were adopted, it would mean that this category of legal advisers would also be able to take part in court proceedings in other Member States, and we feel that this would include the whole range of lawyers' activities. The scope of the directive would thus be so extended that we would be faced with great difficulties in all Member States.

I therefore urge you to withdraw the amendment.

President. — I call Sir Derek Walker-Smith.

Sir Derek Walker-Smith. — I did not hear Mr Brunner give the assurance for which I asked—that is to say, that the employed barrister would not be prejudiced in his work of advice and consultation in other Member States. However, assuming that Mr Brunner intended to give that assurance and because, as I said, I do not seek to extend the rights of these people in the Community beyond those which they have in the United Kingdom, as long as their existing rights of advice and consultation are plainly safeguarded, I beg to ask leave to withdraw the amendment.

President. — I call Mr Brunner.

Mr Brunner, Member of the Commission. — (D) I have no hesitation in giving the assurance asked for. There will be nothing to prevent the lawyers referred to by Sir Derek from continuing to work for their employers in other Member States as legal advisers and in consultations. There is no limitation, and indeed there can be no limitation, since this right is already fully guaranteed by the provisions of the Treaty with regard to the freedom of movement for workers.

President. — Amendment No 3 has accordingly been withdrawn.

On Article 1(2), I have Amendment No 4, tabled by Sir Derek Walker-Smith on behalf of the European Conservative Group:

'Under the heading "United Kingdom", replace the words "Solicitor in private practice" by "Solicitor holding a practising certificate".'

I call Sir Derek Walker-Smith.

Sir Derek Walker-Smith. — Way I, by way of apology, preface my remarks by saying that these amendments were not tabled in the Legal Affairs Committee because, unfortunately, Article 1 was discussed when I was ill and unable to attend the committee. I was therefore not able to put these amendments down at that stage, though I would have done so in other circumstances.

This amendment raises a long and more difficult position than that which I have been able to withdraw. The effect of the amendment would be to substitute the words 'Solicitor holding a practising certificate' for the words 'Solicitor in private practice'.

The phrase 'Solicitor in private practice' is not a term of art in the law of the United Kingdom and is not defined in the Solicitors Act. Section 1 of that Act makes the qualification to a practice, *inter alia*, that the solicitor is in possession of a current practising certificate. Solicitors with practising certificates, at any rate in England and Wales, have equal rights and duties and are subject to the same ethical rules, and therefore the definition which we propose to substitute and which is desired by the profession in England and Wales at any rate is more appropriate in principle.

I find the matter here somewhat difficult. I must in all candour tell the Assembly—because there is an argument and no doubt it will be added against the acceptance of this definition—that although it is obviously appropriate in principle, it may provoke difficulties in that it may have implications for the relationship between *avocat* and *juriste d'entreprise* in other countries of the Community. But one would be loath to think that an amendment designed to clarify and make more equitable the position in the United Kingdom should have such unwanted repercussions.

I find that the matter is pithily put in the Report of Lord Diplock's Committee—he is one of the most eminent jurists in the United Kingdom—in these words:

'There would seem no justification for imposing on the right of a solicitor to represent clients in the conduct of litigation in the courts of other Member States any more rigid res-

Walker-Smith

triction than that to which he is subject in the United Kingdom itself.'

The difference between this amendment and the last amendment is that in that case the employed barrister would be given a greater right in the courts of the Community than he possesses in the United Kingdom, and for that reason I did not press the amendment. In this case, as the citation from Lord Diplock makes clear, the effect of the proposal would be to abrogate from the solicitor's rights and to put him in an inferior position in the courts of Member States than he would be in the courts of the United Kingdom—that is to say, in the case of a solicitor who is not in private practice.

On those balanced considerations I thought it right to put forward this amendment on behalf of my group. I have no personal interest in this matter because I belong to the other branch of the profession and am not in any way affected by this matter, but those concerned have the right to have their position put to this Parliament before their rights are abrogated in this way. For that reason, and not without a good deal of anxious consideration and thought, I commend the amendment to the House.

President. — What is the rapporteur's position?

Mr Pianta, rapporteur. — (F) I feel that, in replying to Sir Derek Walker-Smith, I must adopt the same position as I did towards his second amendment.

In fact, paragraph 2(1) of the proposal for a directive lays down what is meant by the term 'lawyer' by specifying a criterion, since there is no recognition of diplomas but simply, as it were, of lawyer's status.

Each Member State has laid down the formal qualifications which lawyers must have in order to engage in private practice. I stress this point, which is the main idea behind the directive.

This amendment would mean, then, that solicitors will be included in the directive in the same way as all legal advisers even when they are employees of private undertakings.

I should like once again to apologize to the chairman of the Legal Affairs Committee for giving my personal view, knowing that he was not present in committee when Article 1 was being discussed.

I repeat, therefore, that this amendment is contrary to the philosophy underlying the proposal for a directive before us.

President. — What is the Commission's position?

Mr Brunner, Member of the Commission. — (D) The Commission shares the view expressed by the rapporteur. We would also be very pleased to see this amendment withdrawn. It would give rise to considerable difficulties, since we would then have a situation in which this category of legal advisers from the United Kingdom would be able in the Member States of the Community to engage in an activity from which the same professional group is debarred in its own Member State. I believe that in this Community the chief concern should not always be to create reciprocity. That is not the aim of a community which is trying to go beyond inter-governmental considerations and move towards union. In this case the resulting imbalance would be so great that I fear we would be faced with enormous difficulties. I think that the whole object of the directive would be affected by such an amendment, which is why I must express my absolute disagreement with it.

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

On Article 4 (4), I have Amendment No 1, tabled by Mr Deschamps and Mr Santer and deleting paragraph 4 of Article 4.

I call Mr Santer.

Mr Santer. — (F) Since I already moved this amendment earlier, I shall be brief. Furthermore, I tabled a similar amendment in the Legal Affairs Committee where, if I remember rightly, it was rejected with an equal number of votes for and against.

I tabled this amendment because in my view it is in the interest of all. This proposal for a directive applies to lawyers—and the services they provide—but it also applies to third parties.

I fail to understand why a distinction is made between, on the one hand, cases in which the client enjoys formal guarantees, in accordance with the principle of the dual code of conduct, and on the other hand, cases where he does not have guarantees, thereby not benefiting from the dual code principle as applied to representation before the courts.

Consequently—as I already mentioned earlier—we call for protection of the consumer in this area and the setting up of a European code for this purpose. The important social implications of this matter are being forgotten. That is why I was rather surprised by the attitude adopted by the spokesman for the Socialist Group towards this amendment.

Neither am I in agreement with what Commissioner Brunner said, namely that the adoption

Santer

of this amendment would be a retrograde step since there was already an established practice among lawyers with regard to the services they provide.

The aim of my amendment is simply to delete paragraph 4 of Article 4. It thus leaves open the possibility for the Member States to adopt their own rules governing the other activities, i.e. consultation. This contradicts Mr Brunner's argument. In fact, even if these activities and established practices already exist, the sole aim of my amendment is to establish the principle of the dual code of conduct which should govern the representation of clients before the courts, and also to leave open to the Member States the option of whether or not to introduce regulations governing consultation.

That is the object of my amendment, which I ask the House to adopt.

President. — What is the rapporteur's position?

Mr Pianta, rapporteur. — (F) I am speaking as rapporteur for the Legal Affairs Committee since, as the honourable Member has just rightly pointed out, the Legal Affairs Committee rejected this amendment by 8 votes to 8.

On behalf of the Legal Affairs Committee, I should like to refer to some of the arguments adduced against this amendment. Firstly—as the honourable Member has just said—the activities of lawyers invited to act as consultants are conducted along the very lines proposed in this directive. Why not write in what is an established fact, since the very aim of this proposal for a directive is to take a step forward and thereby to convert *factum* into *ius*.

The second argument put forward is the protection of the client. The client is protected when a lawyer from the Community goes to another country to represent a client before the court or to investigate a case. With regard to legal procedure and the *plaidoirie* it is clear that the lawyer should be subject both to the rules of the host country and those of his country of origin. That is normal in the case of court proceedings trial as such. But what about the lawyer's other activities? If, for example, a German or Italian industrial undertaking consults a Belgian lawyer, it is because the firm concerned has confidence in that Belgian lawyer. He is supervised by his own professional organization, bar or court. This guarantee is therefore ample for the client who, furthermore, has consulted on his own initiative a person known to him or a specialist in another State. He will be protected by the professional rules of his country of origin. It is hard to understand why

he should not also be subject to the rules of the host country, all the more so since—as I said at the beginning of my speech—it is an established fact which the directive aims simply to convert into an established law.

President. — What is the Commission's position?

Mr Brunner, Member of the Commission. — (D) Mr President, I agree with the view expressed by the rapporteur. I really believe that this will not help to make matters any easier. I should like to give one more example. There are Member States in which one does not have to be a lawyer in order to give legal advice. People who give advice in this way are thus not subject to any professional rules. If we were to accept this amendment, the result would be that lawyers from Member States, when acting as legal advisers in another Member State, would be in a worse position and subject to stricter rules than non-lawyers who live in and are citizens of that Member State. I think that this is simply going too far, and I urge the House to leave Article 4 (4) as it is.

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

Amendment No 1 is rejected.

I put the motion for a resolution to the vote.

The resolution is adopted.¹

8. *Oral question with debate: Agreements on quotas of fish catches on the high seas*

President. — The next item is the oral question, with debate, by Mr Kofoed, on behalf of the Liberal and Allies Group, to the Commission of the European Communities, on the competence of the Community and the Member States to negotiate and to make agreements on quotas of fish-catches on the high seas (Doc. 510/75).

I call Mr Kofoed.

Mr Kofoed. — (DK) Mr President, ladies and gentlemen, I regret that this question has come up so late. It would probably have been of interest to many Members of this Parliament since, in my view, it is of greater political importance than the previous items on the agenda.

My reason for asking the Commission this question is that it is not clear whether negotiation and making of agreements on quota arrangements and fish catches on the high seas falls

¹ OJ C 53 of 8. 3. 1976.

Kofoed

within the competence of the Commission, that is the Community, or within that of the individual countries. In practice, the individual countries have already made such agreements with the North-East Atlantic Fisheries Commission, amongst others.

These quota agreements are of vital political significance as they have great economic consequences and implications for fishing policy. It goes without saying that it is unfortunate that there should be any doubt as to whether, under the Treaty, it is in fact for individual Member States to make quota agreements and agreements on the conservation of fish stocks.

We are also aware of several rulings by the Court of Justice of the European Communities which seem to indicate that the competence to negotiate should by right reside with the Commission. The Court's ruling in the Van Haaster case, for example, would appear to confirm this conclusion. This case was also instrumental in motivating Dutch fishermen to contest the competence of the Netherlands Government to negotiate in connection with fishing quotas.

This then is the background to my question.

It seems to me entirely logical that the Commission should have the right to negotiate in such matters, since problems relating to the limitation of fish catches affect the market mechanism for which the Commission is responsible.

This may possibly not apply in the case of agreements regarding conservation provisions, fishing gear, marking of gear, etc. But there is one element of major importance in this situation and that is the political aspect, namely the tendency prevalent in recent years to take unilateral decisions on the extension of the national fishing limits. The most recent example of this, of course, is Iceland. Norway is threatening to extend her national fishing limits, as is also the USA.

There is the further political problem that the Conference on the Law of the Sea, which will be resumed on 15 March, will probably decide in favour of 200-mile economic zones. In view of our experience with regard to fishery problems, it is vitally important to establish whether it is the Commission or the Member States of the Community which are competent to negotiate.

The example of Iceland is particularly instructive. In contrast to earlier conflicts, the renowned Royal Navy has been unable to solve the problems relating to the Icelandic fishing limits. This indicates that we are now confronted by a

political situation in which the national fleet is unable to maintain traditional rights.

This brings me to another point, the need for a political debate on the Community's fishing policy and its history. Questions have been asked in this House by Mr Scott-Hopkins and others in an attempt to extract from the Commission a statement on the precise fishing policy it intends to pursue.

My Group and I are of the opinion that time has almost run out for a decision on the fishing policy to be followed by the EEC. However, the question of competence to negotiate must be settled as a prerequisite for a Community fishing policy. I therefore await with interest the Commission's answer to the question. A subsequent date could then be chosen for discussion of the precise fishing policy the Community is to follow. We await this with interest.

(Applause)

President. — I call Sir Christopher Soames.

Sir Christopher Soames, Vice-President of the Commission. — I welcome the question the honourable Member has put on fishing quotas and the manner in which he has enlarged upon it in his speech. This enables me on behalf of the Commission to clear up a certain confusion which has arisen on this matter which is of very considerable importance. It also gives me the opportunity to make some general remarks on the developments in fisheries in the light of the United Nations Conference on the Law of the Sea.

I begin by recalling the factual situation concerning fishing quotas. Most of the Member States participate in the work of the International Fisheries Commissions which are concerned with fishing on the high seas, that is, outside the national fishing-limits, which are at present generally fixed at 12 miles.

In the interests of conservation, bodies such as the International Commission on the North-West Atlantic Fisheries and the North-East Atlantic Fisheries Commission have increasingly begun to regulate the fishing effort on the high seas by getting agreement on catch quotas among the participating countries in these Commissions.

The European Parliament Commission has fully supported the idea of catch quotas in the cause of conservation. This must certainly come, and to a far greater degree than has applied hitherto. They are the logical follow-up to a series of measures such as regulations on fishing-gear and the size of mesh which are designed to prevent the over-exploitation of the resources of the seas and the depletion of stocks of fish.

Soames

However, the Commission has always believed that the fixing of these quotas in international conventions is a matter which comes within the competence of the Community as such and that, instead of Member States singly negotiating their own national quotas in these bodies, the Community should negotiate a global quota for the whole Community which would subsequently be divided up among Member States.

We have taken this position for various reasons. First, it is clear that catch quotas which limit the fish-catch of the Member States have their effect upon the operation of the common fisheries policy. Therefore, in our view they come under the Treaty and fall within the competence of the Community.

A second reason is that the Member States, acting separately in these international Commissions with divergent and even conflicting interests, do not necessarily obtain the best results for their own national fishermen, let alone for the Community as a whole. We believe that, with a common position, the Community could achieve more satisfactory results in negotiations with other countries.

The Council has not yet accepted this view. The Member States have persisted in fixing their own quotas individually and implementing them internationally. As the honourable Gentleman pointed out in his speech, this has begun to lead to legal doubts and difficulties because of the conflict between national and Community law.

As the honourable Gentleman also mentioned, it is no secret that certain sections of the fishing industry argue that national laws enforcing the quotas agreed in the North-East Atlantic Fisheries Commission are incompatible with the existence of Community regulations on fisheries. The question has now been referred to the Court of Justice in Luxembourg for a ruling. The House will understand that the matter is therefore *sub judice*.

Nevertheless, I wish to assure the House that the Commission in its submission to the Court of Justice will continue to insist that agreements on catch-quotas come within the competence of the Community as such and should be negotiated by the Commission acting as spokesman, on a mandate from the Council of Ministers. That is our firm view. That is my reply to the question placed on the Order Paper by the honourable Gentleman.

Meanwhile, as we await the Court's ruling, it has been necessary to take urgent, practical steps to halt the confusion over the catch-quotas, with those behind crying 'Forward' and those in front crying 'Back'. Whether or not these quotas should

have been negotiated by the Community—and I have made it quite clear to the House where we stand on this matter—or by the Member States, it is not in the interests of the fishing industry that the catch-quotas which have been agreed should fail to be observed. It would conflict with our aim of conserving fish stocks and it could provoke other partners to the international convention to repudiate their quotas. That would be a highly retrograde step.

So it was that the Commission agreed at the Council of Ministers' meeting on 19 January to propose a temporary authorization under Community law for the Member States to apply the 1976 quotas agreed in the North-East Atlantic Fisheries Commission, but it did so only on the express condition that the Council would now examine a new system for the administration of fishing quotas.

These developments represent progress in our efforts to obtain recognition for Community competence in this respect, and we shall now see what is the judgment of the European Court. I think that we can expect further progress as the worldwide move towards greater regulation of fishing gains momentum. The further this goes, the more it is in the interests of all Member States that the Community as such should have a considerable rôle in this matter, as there are countries outside the Community itself to deal with.

The International Conference on the Law of the Sea is due to resume its discussions next month on the concept of a 200-mile economic zone in which fishing will come under the control of the coastal state. We must now expect and plan, therefore, for a vastly enlarged area of fisheries to come under the jurisdiction of Member States and, therefore, under Community rules of management and conservation.

We do not yet know on which dates this great extension, this great leap from what for many states is 12 miles straight to 200 miles, will occur. Nor can I yet tell the House what effect that will have and what arrangements will apply in the Community. That is a subject on which the Commission will shortly have to make proposals to the Council, and we shall be doing so.

What I should like to say here and now is that for the Commission the essential aim will be to set up a common management of fishery resources in waters around the Community, to manage the stocks rationally by means of different conservation mechanisms, including, of course, catch-quotas, but taking account of special economic and social needs in coastal regions largely dependent upon fishing, regions which, incidentally, are facing very difficult

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problems at this moment. It will also be necessary for the Community to negotiate on the basis of a common position with third countries about the fishing rights of Community vessels within their 200-miles limits and the rights of their vessels within Community zones.

Only a Community action and a common management of stocks will permit us to maximize the rich harvest of the sea and to offer an equitable share of that harvest to the different sections of the Community's fishing industry.

(Applause)

President. — Before I call the next speaker, I should like to remind Members that all speakers from now on will have a maximum of five minutes.

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

Mr Prescott. — I should like one day to have the luxury of speaking for ten minutes. I have never been known to have ten minutes in which to speak in this place. However, I will follow your ruling, Mr President.

The speech by Sir Christopher Soames was a valuable contribution to dealing with this problem rationally. However, his analysis of the problem contained a major flaw, which I should like to draw to his attention. I am glad that it is he who is dealing with this matter, for that shows a proper awareness of the importance of the problem of fishing and does not equate it with an agricultural problem, as has been done in the past.

It is the view of the Socialist Group that we are concerned with a problem that has national and international complications. The problem is how to get a rational solution to an increasingly difficult problem that is creating more and more conflicts. It is clear that the principle governing our policy at present is that of Article 7, which gives Community vessels freedom of access to waters of Community countries. That will continue until the Law of the Sea Conference agrees a 200-mile limit.

The problem with which I wish to deal especially is that of quotas. In any difficulty, it is essential to address oneself to the heart of the problem. In this instance that is a shortage of fish and an over-capacity of fishing vessels, and so there is conflict among nations attempting to seek their own solutions and guarding their own economic interests. The seeds of a wider conflict are now being sown by the Iceland problem. The seeds of a comparable problem are inherent in the present Community fishing policy.

The three major Community fishing countries which are responsible for 66% of the Community's catch—Denmark, the Netherlands and the United Kingdom—oppose the idea of quotas. Quotas as a method of solving the conservation problem have failed to achieve any solution. Fishing stocks around the world, despite fishing conferences and quotas, are falling, even though quotas have been drastically reduced in the last few years. If we rely on quotas to conserve our fish stocks, we shall meet with failure once again and we shall have sown the seeds of a future Iceland conflict.

I have always supported the principle of Iceland's arguments and I have done so even though I represent the fishing constituency of Hull, which will be greatly affected by any decision. I am to visit Iceland tomorrow, where I am to have talks to see whether agreement in this sorry conflict between our two countries is possible.

I wish to emphasize the need to review EEC policy, although I cannot develop this argument as much as I should like, because of your ruling, Mr President. There are essentials which Sir Christopher Soames must bear in mind when negotiating fishing policy. There is one condition especially that has to be observed.

If quotas are not to be used as a means of conserving stocks, the only alternative is the use of exclusive areas by coastal states. This will be the principle with which the Law of the Sea Conference will be concerned. Such a principle would give the coastal nations the right to conserve and control and to determine how much fish should be taken out of any area. However, it is clear that exclusivity of waters around a coastal state, even if we agree to a zone of 100 miles or 50 miles instead of 200 miles, would be in conflict with the Treaty.

There are three major requirements. First, the Community must redraft its fishing policy. It must determine how much fish there is in the waters around its shores, so that we may preserve stocks and maintain the industry. We are not doing that now. Secondly, it must recognize the right to exclusive areas of 100 miles, and within the 200-mile limit to be agreed by the Law of the Sea Conference there will have to be other arrangements decided by a conference of EEC Ministers with Iceland and Norway now—and I emphasize now—in order to decide how the catch of that area is to be shared.

Finally, if the Law of the Sea Conference does not agree when it meets in March, or soon after, to have a 200-mile limit, individual countries will have to declare unilaterally that they will go to 200 miles. Time is running short and we

Prescott

must urgently have a proper fishing policy to protect stocks or face the social and economic consequences.

I hope that our response to this problem will be rational but that it will involve exclusive zones, for they will be essential if we are to prevent conflict and yet maintain a fishing industry in Europe.

(Applause)

President. — In view of one point that you made in your speech, I should point out that it was not my ruling that there be only five minutes per speaker. That was decided in accordance with the usual practice by the Assembly on Monday afternoon.

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

Mr Fletcher. — At the beginning I must point out to Sir Christopher Soames that the time involved in international discussions on the 200-mile economic zone does not inspire confidence in the ability of international negotiations to reach a successful conclusion before more countries declare unilateral action. Indeed, my colleague, Mr Prescott, suggested that we in Europe may reach such sorry conclusions before very long.

We in the Conservative Group do not underestimate the difficulties facing the Commission in their attempts to reach agreement in detail as well as in principle. We wish the Commission well in the next round of talks.

Concerning the 200-mile zone, there is not a great deal that Parliament can do now other than wish the Commission well in their efforts to reach agreement with other countries.

Looking at the effect of a 200-mile economic zone on the fishing industries in each of our countries, we find a great deal to concern Parliament. The problems affecting the fishing industries within Member States have been well rehearsed in previous debates in this House; but they will not disappear whether or not we have a 200-mile economic zone. In fact, the establishment of such a zone may increase the problems facing Member States.

Therefore, while the Community works towards international agreement on an economic zone, I suggest that it must with greater urgency work towards a solution of the difficult problems affecting the fishing industries in the Member States.

The question we are debating asks whether the Community is competent to negotiate and

make agreements on fish-quotas. My group hopes that it is. We know of no other way of solving the problems of our fishing industries than Community agreement and action.

For example, the Commission has produced proposals for restructuring the inshore fishing fleets and dealing with the overcapacity of boats, which Mr Prescott rightly mentioned. That proposal is a welcome step forward. However, the time-scale suggests that there may be no fleets left to restructure by the time the proposals are implemented throughout the Community.

This problem provides an example of how the Community can act in advance of some of the implications of the fundamental changes which an extension of fishing limits will introduce.

Of course, other implications require advance action by the Community, including the protection of the fishing rights of Member States within their own coastal waters. That problem exists today. For example, in the waters of South-West England there is what might be described as disagreement between French and English boats regarding their respective fishing rights. This is not merely a matter of one Member State disagreeing with another. In those same waters there are disagreements with Scottish boats which have travelled 400 or 500 miles in search of a catch off an area or region of a country where local fishermen naturally consider that they have and should have prior rights and consideration.

These problems, which require action by the Community if a solution is to be found, may increase if we have a 200-mile zone. The acceptance of the competence of the Community to negotiate quotas and to deal with all problems relating to fishing in general and to inshore fishing in particular is, in our opinion, essential in the interests of the fishing industry at large and of consumers in particular.

(Applause)

President. — I call Mr Hamilton.

Mr Hamilton. — I shall not detain the House for too long. Like Mr Fletcher, I represent a Scottish constituency. It is important that the Scottish voice be heard in this debate. My honourable Friend, Mr Prescott, has pointed to the need—this point was underlined by the Commissioner—for planning on an international basis if the problems of the fishing industry are to be solved.

There may be a conflict between what the Commission are trying to do and what is about

Hamilton

to be done in an international context as distinct from a Community context. If the present situation continues, technologically there will be a faster cleaning up of the oceans than restocking. We must plan to ensure that stocking keeps pace with take-up.

I have figures relating to the importance of the fishing industry to the Scottish economy, though I shall not weary the House with them. The Scottish fishing industry is largely inshore. Therefore, we in Scotland insist on exclusive rights or control of stocks in those inland waters. My honourable Friend Mr Prescott mentioned a limit of 50 or 100 miles. Certainly we want exclusive control of those waters which are vital to us.

Whatever might be agreed internationally, inevitably we shall get an extension of existing national limits. There is no doubt about that.

I want to end my necessarily brief remarks by referring to the honourable Member for Moray and Nairn, Mrs Ewing. The honourable Lady has consistently been attacking the United Kingdom Government on the ground that they are not seeking a renegotiation of the common fisheries policy. Indeed, in the House of Commons she has attacked Mr Lardinois, who is not here this evening. She alleges that he said that the common fisheries policy was not renegotiable.

The Commissioner made it clear that the Commission takes the view that it can take a firm stand on this matter. It is extremely regrettable, indeed, absolutely scandalous that Mrs Ewing is not here today for the first major debate on fisheries policy, particularly as it affects Scotland. She is still going round sticking SNP badges...

President. — I am sorry to interrupt you, Mr Hamilton, but it is not good parliamentary practice to attack other Members when they are not present. Will you continue on the subject before us?

Mr Hamilton. — ...It is not my fault that Mrs Ewing is absent. I sought to give her notice, but I could not find her. She is so busy sticking her labels on officials of this House that I could not bring this matter to her notice.
(*Laughter*)

President. — Will you return to the subject matter before us?

Mr Hamilton. — I shall return to the subject of fishing policy. We are debating a matter of

crucial importance to Scotland, and the Member who presumes to speak for Scotland is absent. Mr Fletcher and I are holding the fort for Scotland. We are fighting for Scotland, and Mrs Ewing is sticking labels on officials in Europe.

(*Applause and laughter*)

President. — I call Mr Shaw.

Mr Shaw. — I want to emphasize what I said in a supplementary question to Commissioner Lardinois earlier this week, namely that there is no more important subject for the inshore fishing fleets in Britain, and particularly those on the North-East coast, than the extending of exclusive limits and protection within the 200-mile limit. We must press for this until it is achieved.

I accept the need for quotas in certain instances, but all the evidence about policing, and so on, shows that in many cases the quota system does not work. We may be forced back in our demands with regard to the outer limits, but for the inner limits it is vital that exclusive rights be established, because in these cases we are dealing with boats which are specially designed for the localities concerned, and the nature of the fishing in these waters can be ruined by the intervention of deep-sea fishing-boats of one sort or another.

Can the Commissioner tell us with any degree of precision when we are likely to get the decision of the Court of Justice on the competence or otherwise of the Community to deal with quotas? People throughout the industry are becoming extremely anxious indeed about what is to happen.

(*Applause*)

President. — I call Sir Christopher Soames.

Sir Christopher Soames, Vice-President of the Commission. — It has been useful to me to hear this debate because, as I said in my opening remarks, within the Commission we are considering what firm proposals we should put to the Council to follow up the paper of a more general nature which we sent to it a few weeks ago setting out the problems and our general approach to them. I am glad to say that that document has been fairly well received.

This whole complex issue of fisheries not only within the Community in the context of our common fisheries policy but also with regard to the outside world as we face this 'revolution' of fishing limits from 12 miles to 200 miles, presents a delicate political problem. It has a

Soames

high political content, and I repeat that it is a delicate problem.

Mr Prescott referred to the problem which the United Kingdom is having with Iceland and which goes back over many years. I remember that when I was Minister of Agriculture in the late 1960s there was trouble between the two countries, and that was not the first time. The honourable Member is right in saying that quotas have an important part to play but that they are not everything.

The problem facing Iceland is that, for proper conservation, there must be a limited take-up of fish from Icelandic waters each year. The question is how much of that should be taken by Icelandic vessels and how much by other vessels with historic fishing rights. This is an important problem in which quotas play a part, but many other factors have to be considered.

The honourable Member informed the Assembly that he was going to Iceland tomorrow and would be meeting people who are concerned about these problems. May I, on behalf of the Commission, wish him all good fortune. There is nothing that we would like more than to see a resolution of these problems, which have been going on for all too long. We have an agreement with Iceland, to which we attach the greatest importance. It is limited in its effect at the moment, largely because of the present squabble, and if the honourable Gentleman can make a contribution towards solving the dispute I am sure that we shall all welcome that. We wish him all good luck.

The honourable Gentleman said that the Community should redraft the fishing policy. There is in existence a Community fisheries policy, and there was one in existence when the Community was enlarged. Following the Accession Agreement, it was agreed that there should be a certain derogation from that policy and a meeting of minds, as it were, before that happened.

The situation now is that, in the Commission's view, we are in a different camp. We were thinking in terms of a 12-mile limit, but it now looks as though the limit will be 200 miles. In the Commission's view, we should look at this question afresh but remember that we are departing from a common fisheries policy that is in existence.

Within the next few days—weeks at the longest, but I hope days—a paper will be going to the Council with the Commission's proposals on this matter in the form of an adaptation of the common fisheries policy. We shall at the same time put a paper to the Council on the Law of the Sea, stating the Commission's views on

the common position which the Community should adopt in the closing phases of the Law of the Sea Conference. The Commission's view is that we should go along with the general desire to go out to 200 miles.

The honourable Member said he felt that if this were not agreed, a unilateral decision should be taken. Let us take our fences as they come. First, the Community must have a common approach in the Law of the Sea Conference. If that does not succeed, then we shall have to think again.

Mr Fletcher talked about English and Scottish fishing. He said that when English and Scottish fishermen meet a row takes place. One could go further than that and say, from one port to the port next to it. There is no more individualistic collection of men than the fishermen of all our countries. They are highly individualistic and very considerable characters. At one time I had the pleasure of being the Minister responsible for these affairs and of knowing some of them. They are great people.

Politically, this situation is potentially very explosive. This happens not only between one region and another within a Member State. Even less is it just between a Member State and the outside world. This occurs between ports that are next door to each other.

Of course we must take account of this, but we should remember that we expect a good deal from others as well. We expect to fish in other waters. Because of the 200-mile limit, we are not expecting waters in which Community fishing fleets have traditionally been fishing to be closed to us. We are prepared to discuss with them what should be our access to their waters and what should be their access to our waters.

We must also bear in mind what we do in a coastal strip of water. I hear some people talking of 100 miles or 50 miles. This has never happened before, nor anything like it. When I was a national Minister, I was responsible for moving out the fishing-limit in Britain from three to 12 miles. That was considered to be absolutely marvellous. It was the greatest bit of news heard for a long time by the fishing people. Of course they fished outside that limit, but there was no exclusivity. We have, therefore, to think in terms of a Community policy, because they are Community waters and not just British, Dutch, French or Belgian waters.

As to what we must do, first let us get this right at the Law of the Sea Conference.

Secondly, flowing from that, let us get right how we are to approach traditional fishing on an international basis between the Community

Soames

and third countries. Thirdly—and this will be the hardest of all—what conclusions should we announce at the end of the day on how we handle our own internal fisheries policy? This may be very difficult and very delicate. Let us not underestimate the difficulties.

It is up to the Commission to start this off by putting a proposal to the Council of Ministers. This the Commission will be doing very shortly. I am certain that the House will wish to debate again the question of fisheries in a broad manner once this proposal is made known. I cannot tell you what it is yet, because it has not been finally decided.

Finally, I am very grateful to the honourable Gentleman who raised this topic. It is very timely. It will help us concentrate our minds on this matter in the days to come.

(Applause)

President. — I call Mr Kofoed.

Mr Kofoed. — *(DK)* Mr President, I feel I must express my thanks for this answer from which I understand the Commission is of the opinion that it is the competent authority, but that the Council is unable to accept this.

I feel that the Honourable Member of the Commission, Mr Christopher Soames, is of the view that the Commission should have the competence and that it is only a question of time before this is accepted by the Council.

It was not my intention to instigate a general debate on fisheries for which there is not sufficient time. It is also clear from the tenor of the speeches that the discussion has, for the most part, been subjectively based.

I repeat, I am pleased with the Commission's answer. I think it is important that the Commission should now produce a proposal for a fishing policy and that this should be done quickly. We cannot wait for the international law of the sea. The EEC must formulate a fishing policy which I hope the Commission will present to Parliament, so that we can hold a proper debate on fishing policy. This is more important than waiting for the international law of the sea.
(Applause)

President. — Does anyone else wish to speak?

I have no motion for a resolution on this debate. The debate is closed.

9. Agenda for the next sitting

President. — The next sitting will be held tomorrow, Friday, 13 February, from 9 a.m. until 12 noon, with the following agenda:

- Flesch Report on a change in the staff regulations;
- Notenboom Report on tax exemptions for certain means of transport (without debate);
- Notenboom Report on tax exemptions applicable to personal property (without debate);
- Boano Report on relations with Latin America;
- Nielsen Report on asparagus (without debate);
- Walker-Smith Report on consolidated texts (without debate); and
- Kaspereit Report on tariff nomenclature (without debate).

The sitting is closed.

(The sitting was closed at 9 p.m.).

SITTING OF FRIDAY, 13 FEBRUARY 1976

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IN THE CHAIR: MR SANTER

Vice-President

(The sitting was opened at 9.00 a.m.)

President. — The sitting is open.

1. Approval of minutes

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

Are there any comments?

The minutes of proceedings are approved.

2. Documents received

President. — I have received from the Council of the European Communities a request for an opinion on the proposal from the Commission of the European Communities to the Council for a regulation amending Regulation (EEC) No 2506/75 laying down special rules for the importation of products in the wine-growing sector originating in certain third countries (Doc. 525/75).

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

3. Texts of Treaties forwarded by the Council

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

- Supplementary protocol to the Protocol of 13 April 1962 on the setting up of European Schools;
- Protocol on the provisional application of the supplementary protocol to the Protocol of 13 April 1962 on the setting up of European Schools.

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

4. Petitions

President. — During the sitting of 13 November 1975, I informed the House that I had received from Mr Virgile Barel a petition on the protection of the Mediterranean, and that this had been entered in the register under No 8/75 and referred to the Committee on the Rules of Procedure and Petitions for consideration.

By letter of 11 February 1976, this committee informed me that, pursuant to Rule 48(4) of the Rules of Procedure, it had decided to draw up a report on Petition No 8.

During the same sitting, I also informed the House that I had received from Mr Kowal, Mr Auverdin and 27 other signatories a petition on the liberation of Ukrainian women detained as political prisoners in the USSR, and from Miss Hartnett, Miss Boden and 11 other signatories a petition on equality of treatment between men and women workers. These petitions had been entered in the register as Nos 9/75 and 10/75.

By letter of 11 February 1976, the Committee on the Rules of Procedure and Petitions, to

which both petitions had been referred, informed me that it has decided that they should be filed without further action.

I have received from Mr Stanislas Gawel a petition on the reparation of injustices under the National Socialist régime.

This petition has been entered under No 15/75 in the general register provided for in Rule 48(2) of the Rules of Procedure and, pursuant to paragraph 3 of the same rule, referred to the Committee on Rules of Procedure and Petitions.

5. Regulation on the Staff Regulations of Officials of the European Communities

President. — The next item on the agenda is a debate on the report drawn up by Miss Flesch, on behalf of the Committee on Budgets, on the proposal from the Commission of the European Communities to the Council for a regulation amending Council Regulation No 259/68 laying down the Staff Regulations of Officials and the Conditions of Employment of Other Servants of the European Communities (Doc. 515/75).

I call Miss Flesch.

Miss Flesch, rapporteur. — (F) Mr President, my dear colleagues, without wishing to detain Parliament on this proposal, I feel it essential, as regards the proposed changes to the Staff Regulations for staff working at the Joint Research Centre, to make the following basic remarks on behalf of the Committee on Budgets, which, in our Assembly, is also responsible for the Civil Service.

Briefly, the Commission's proposal has three main aims: first, to abolish the category of establishment staff and consequently also local staff by giving the present staff posts in categories C and D for an indefinite period; secondly, to ensure that category A and B researchers and technicians shall in future be employed as temporary staff for renewable periods of 5 years, and no longer for a period of 2 years only; thirdly, to recruit staff in categories A and B performing administrative duties through temporary contracts for an indefinite period.

As regards the first amendment proposed by the Commission, the abolition of the existing discrimination between different categories of staff employed on similar tasks at the Joint Research Centre, both the Committee on Energy, Research and Technology and the Committee on Budgets agree with the Commission and propose that this amendment be approved. As rapporteur, I would nevertheless draw Par-

Flesch

liament's attention to the fact that this amendment might one day be used as a precedent.

As regards the second amendment, concerning the recruitment of scientific and technical staff in categories A and B through 5-year contracts renewable indefinitely, there is a difference of views between the Commission and the Committee on Energy, Research and Technology, on the one hand, and the Committee on Budgets, on the other. The Commission's proposal is based on the desire to permit the establishment of research programmes of normal duration, while ensuring greater and adequate mobility for scientific and technical staff. At present, when recruiting staff for the Joint Research Centre the appointing authority has the choice between the Staff Regulations for officials and those for other staff, that is to say, temporary staff. For temporary staff, the regulation applicable to 'other servants' provides for a two-year contract with the possibility of renewal for one year. This three-year maximum is inadequate for research programme, which, we are told, usually last for 5 years.

I would also remind you that the present Staff Regulations for temporary staff are confined, on the one hand, to staff recruited to fill posts designated as temporary by the budgetary authorities and, on the other hand, staff employed on a temporary basis with a view to filling a permanent post. It is basically in this second category that temporary staff of the JRC are recruited.

In order to provide rules for research workers which will permit greater mobility, the Commission, supported by the Committee on Energy, Research and Technology, proposes a 5-year contract indefinitely renewable. The Committee on Budgets fully supports the desire, often stressed by our Parliament, to ensure greater mobility for research workers. However, it believes that to achieve this it is not necessary to call into question radically the concept of temporary staff provided for in the Staff Regulations, but that research workers should be given a minimum number of guarantees. For this reason, it cannot support the method proposed by the Commission for ensuring mobility, since it feels that this proposal leads to a situation of permanent instability for staff working in Community research.

The Committee on Budgets believes that these proposals can provide neither the balanced mobility nor the quality required of research workers dealing with Community programmes. For this reason it proposes another system, which it feels is better suited to the aims of the Commission and the Committee on Energy,

Research and Technology without destroying the concept of temporary contract or calling into question the principles of the Staff Regulations. It suggests extending the present duration of temporary contracts from 2 to 4 years and providing for the possibility of renewing these contracts once only.

At the time of this renewal, that is to say at the date of expiry of the contract—which will probably be after a total period of approximately 8 years—the appointing authority, the Commission, will have a choice: it can either dispense with the services of the temporary staff member or allow him the benefits of the Staff Regulations and establish him.

Such a period should be adequate to complete Community programmes and allow the appointing authority to assess the competence and zeal of the staff member in question.

The system should in addition reconcile the interests of the appointing authority and those of Community research and staff.

It should be pointed out that the Staff Committee representatives on the Staff Regulations Committee were opposed to the provisions of Article 1(4) of the Commission's proposal, and felt that the lack of stability implied in the draft would make it even more difficult to recruit worthwhile research workers. They also stressed the danger these proposals represented for the European Civil Service.

As rapporteur, I also had talks with representatives of all the trade unions which are members of the Liaison Committee of the staff of the European Communities, the CLOSP. I discovered that the majority of trade unions are opposed to the Commission's proposal for the system of renewable A and B contracts for A and B category staff.

Finally, Mr President, as regards the third amendment proposed by the Commission, the Committee on Budgets felt that there was no need to introduce discrimination between staff in categories A and B carrying out duties requiring scientific or technical qualifications and staff in categories A and B with administrative duties at the Joint Research Centre, since these duties were often very similar. For this reason we propose that our amended proposals be applied to these two categories of staff at the same time.

I would like to make a last general remark, of some importance.

We welcomed the Commission's declaration that the proposal at present being considered protects the rights of staff at present employed

Flesch

at the Joint Research Centre. I personally believe that the safeguarding of these rights should not simply be interpreted as the preservation of present established posts but also as providing security in a service which is capable of providing normal career development.

The basic comments which I have briefly made lead me, Mr President, to ask the Assembly to reject the proposed amendments by the Committee on Energy, Research and Technology, and amendments 1 to 4 tabled by Mr Springorum on behalf of the Christian-Democratic Group and by Mr Geurtsen on behalf of the Liberal and Allies Group.

I would say once more to the chairman of the Committee on Energy, Research and Technology that his committee and ours have the same aims—the elimination of discrimination between staff, a point on which we agree, and the mobility of staff working in research, a point on which we disagree in our approach; but the Committee on Budgets is convinced that its proposal can reconcile the important requirements, which on first sight seem divergent, of the mobility and quality of research staff and the principles of the Staff Regulations for the European Civil Service.

On the other hand, the Commission's proposal, taken up in the amendments by the Committee on Energy, Research and Technology, might well in the long term—and I insist on this—prove dangerous both to Community research—for what worthwhile researchers would work for a Community in a permanent situation of insecurity?—and to the interests of staff responsible for implementing it.

(Applause)

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

Mr Van der Gun. — (NL) Mr President, speaking on behalf of the Committee on Energy, Research and Technology, and also of the Christian-Democratic Group, I should like to make a few observations. I thank Miss Flesch for her clear, well-presented report. When I read it for the first time it gave me food for thought at certain points. After further examination, however, I find that I must oppose the proposals of the Committee on Budgets.

In our opinion, the Committee on Budgets has failed to take a sufficiently broad and serious view of the matter. It falls back heavily on official status, without fully taking previous history into account. How was the situation before? For many years there was great uncertainty in the research centres over the posi-

tion they were supposed to occupy with regard to research at Community level. The Council criticized the way things were going, to some extent with justice, since there was a growing tendency to base research on the staff available, instead of starting off from what was necessary in scientific research at European level and choosing staff for these requirements. In the opinion of the Committee on Energy, Research and Technology and in that of my group, this is the only correct approach.

Moreover—and here there is no difference of opinion between Miss Flesch and ourselves—there is considerable unrest which has regularly given rise to labour disputes, provoked by the fact that there are enormous differences in incomes based, not on qualitative or quantitative differences in performance, but purely and simply on differences in status, as an official or otherwise. How complicated the matter is can be seen from the fact that the Commission took some four years to make the proposals that are now before us.

Against this background, the Committee on Energy, Research and Technology considers that the only correct basis is the real research requirements. The staff situation has to be made to fit that. Moreover, there must be an end to the existing discrimination in salaries. That is a problem that ought to concern us all.

I have some criticisms to make of the view taken by the Committee on Budgets. Miss Flesch has rightly said that the rights acquired by the staff must be maintained. I missed that point to some extent in the report. For temporary staff, admittedly, social security provisions have been considerably extended and an opportunity provided for building up pension rights. Both can be taken along by the people concerned when they move to another country or to their country of origin. For these reasons we feel that the argument of the Committee on Budgets that it would be unattractive for the persons concerned to work in these centres must be disputed. We consider that the highly-qualified staff required by these centres might well be available for a particular period or for two periods, but that these people would probably not at all be prepared to spend the whole of their working lives at the same research centre.

The Committee on Energy, Research and Technology and the Christian-Democratic Group appreciate the efforts made to clear up the existing situation. It is certain that no ideal proposal has been made, since difficulties continue to exist. It is, for instance, a remarkable situation that people taken on for an indefinite period who obtain promotion and do well in

Van der Gun

categories C and D can then be employed on a temporary basis. That is certainly not the best way to reward promotion. It is a strange business.

We also find it odd—this point has been poorly defended by the Commission—that while we keep hearing that discrimination in salaries must be abolished, a further proposal has been made whereby staff who are not officials earn 5% less in categories C and D than officials doing similar work.

Against this background, we can hardly regard the proposal as an ideal solution. In our opinion, it is a first step on the way towards a better and more effective functioning of our research centres, a first attempt to deal with a large number of questions in one go. However, it does not do away with the problem of discrimination.

We therefore feel that the Commission would be well advised to consult staff and trade-union representatives and try to reach a more lasting and more satisfactory solution. We too have had fairly extensive contacts with staff representatives and the trade unions. They do not particularly oppose the present proposal. In view of the experience they have accumulated, and in view of the criticisms made by the Council at the way things were going, they have in fact too little confidence in the prospects for developing this research work at European level. They are inclined to see the measures proposed more as a first step on the way towards further dismantlement than as an improvement in the situation. We wish to draw the attention of the Commission to this mistrust, which is very clearly there. That mistrust must be removed if we want to bring about a better social climate and thereby get the research centres to work more effectively.

It is clear from what I have said that we shall support the amendments to be submitted to the proposals of the Committee on Budgets. These amendments are aimed at bringing this proposal more into line with the Commission's original one.

(Applause)

President. — I call Mr Noè.

Mr Noè. — *(I)* Mr President, allow me to add just a few remarks to the very clear observations we have just heard from Miss Flesch, whom I thank, and from Mr Van der Gun.

It is clear that we are all in agreement on ending discrimination. Even if it is understandable that in the first years of operation of a new centre or a new institute some anomalies

of this kind may arise, there is no doubt that in the joint research centres this situation has lasted too long and that it is time for it to finish. The Commission has worked consistently towards this end while the Council of Ministers has frequently put the brake on this progress towards normality—which today, however, seems to be fairly well advanced.

As regards the length of contracts for researchers in categories A and B, we are in agreement on the adoption of the text proposed by the Commission. The main reason why we approve this text is that we believe above all in the need for young people in order to prevent the dangers of ossification to which the centres are exposed, for young researchers can give their best and express new ideas much more readily than their maturer colleagues. On the other hand, we also believe in mobility at a higher level, because this allows experience to be imported from one centre to another. This mobility must not be considered by itself, but in the general context in which it takes place. Mobility can be enhanced and transformed into a permanent process as soon as researchers are given the opportunity to leave a research centre after carrying out a particular piece of work in order to take their experience to another institute. We in the Committee on Energy, Research and Technology are anxious to do as much as possible to ensure this mobility everywhere in the future. Even now, some research institutes, such as the IASA or others operating under the OECD, practise this staff mobility, while the European Space Centre at Darmstadt has already introduced period contracts. We hope that this will become general practice so as to allow researchers to make their choices and to diffuse their knowledge and experience as widely as possible.

This is the background against which we see today's resolution, which we consider as an important one not so much in itself, but rather as a framework within which researchers can work.

These are our reasons for declaring our support for the text of the Commission, whom we thank for the full and absolutely necessary proposals they have submitted to us. We hope that the whole Parliament will follow our example.

(Applause)

President. — I call Mr Brunner.

Mr Brunner, Member of the Commission. — *(D)* Mr President, the Commission has made proposals to make possible two things. Firstly, we

Brunner

want to end discrimination at the Joint Research Centre. The point is to ensure that those people who are very largely poorly paid obtain at least the same or approximately the same salary level as their colleagues. Equal pay for equal work!

Secondly, in a special area we want to secure mobility in research, so that researchers do not remain at the same job-levels, so that it is possible to renew and adapt the programmes. It is nonsensical for us to have 92% of the research staff at the Joint Research Centre as officials, as hitherto. We have to get away from that, and we would ask you to help us make that possible. That is what our proposals are aimed at.

Now the Committee on Budgets has made proposals for amendments. The last thing I want is to start a fratricidal war—in this case I should perhaps say sororicidal war—with Miss Flesch. But the suggestions put forward nullify our objective. First of all because they have no prospect of being adopted by the Council. This would mean that our aim of ending discrimination once and for all would be endangered. To that extent the effect would be socially negative. One might, of course, say in this Parliament: What does it matter to us if the Council turns it down? We want to establish the principle. In this difficult question, where only the greatest efforts will allow us to induce the Council to take the decision to do away with discrimination, it is important in my view for Parliament to take the path of what is politically feasible.

Moreover, a marked tendency towards making these researchers officials would arise. Imagine the situation: a researcher is employed for 4 years. Now we come to the point of either renewing this contract for another 4 years and making the researcher an official or dismissing him. What will happen? Either the Commission will systematically dismiss researchers after the first 4 years, if it wants mobility—and that would be unfair—or the Commission will be subjected to pressure to end up making the researchers officials after all. That would be the end of mobility. At present we have 92% of researchers as officials—are we to have 98% in a few years? I don't think that is tenable.

The officials in the Community are also making a mistake here, and I say that quite openly. The officials are afraid that if a system of renewable contracts is introduced, there will then be people in the Community who are employed for long periods but do not have official status, and that it will then be said that there are a number of jobs which such employees can do

and which do not require officials. This is a short-sighted view of the situation.

The reality is that in the research sphere we have a very special situation. We have programmes that often last for long periods, sometimes for 5 years and then another 5 years. Such cases too would not be covered by this proposal from the Committee on Budgets. We should not then be able to adjust the work of researchers to the programme. But let us leave that point. The real point is that officials should bear in mind that the research sphere is a special one. In fact, a researcher by his very nature should not have the intention of becoming an official. A researcher must on the one hand secure from us prospects of work—and that is why we have made the proposal to renew the contracts for long periods; on the other hand, a researcher must be able to move about, move where the programmes go. He must be able to go where he feels that he is serving innovation, that he is doing something important for the future and is satisfied in his work. There is a lot of room for good researchers in Europe. We haven't too many of them.

If we combine these two aspects—mobility on the one hand and on the other the need to give researchers social security and long-term prospects—we come to the result we have proposed. It is a good result, since it does finally have a chance of being adopted by the Council, and since it ends discrimination at the Joint Research Centre. I must therefore urgently request in this case that you reject the amendments proposed by the Committee on Budgets.

(Applause)

President. — I call Mr Lange.

Mr Lange, Chairman of the Committee on Budgets. — (D) Mr President, Honourable Members, Mr Brunner, I do not wish at the moment to speak about the matter we are here discussing, but only about the way we are doing so. I think it is a bad thing for us practically to turn this plenary sitting into a committee. At the present stage of the discussion, we ought to refer the matter back to committee, so that both the committees can once more look into the pros and contras of the methods to be applied—there are no differences of opinions as to the goals—with the Commission. At any rate, I do not think it is a good idea to try to secure a decision here when positions are more or less hardened.

If the House is agreed, then it would be my proposal to ask the committees to discuss the matter again and then to take the decision at

Lange

the March part-session; four weeks' postponement would hardly do any harm, Mr Brunner.

President. — I call Miss Flesch.

Miss Flesch, rapporteur. — (F) I seem to understand from Mr Lange's speech that if the reference to committee is to be effective not only the Committee on Budgets but also the Committee on Energy, Research and Technology must be consulted, since there was a difference of views between the two committees. Both committees should therefore have the opportunity of discussing the question.

Lord Bessborough. — It should be a joint meeting of the two committees.

President. — I call Mr Springorum.

Mr Springorum. — (D) Mr President, I am extremely grateful to Mr Lange that the matter is to be discussed once more, since the difference is not so decisive that Parliament would not be able to come to a single opinion. I am absolutely convinced of the unconditional wisdom of the Committee on Budgets, but it should, of course, have first of all heard the specialized committee. We were too late with the results of our discussions. I would therefore like to support Mr Lange's proposal, if Mr Brunner feels there is time. I think the best thing would be, not for this Parliament to decide, as it were, between one committee and another, but for both competent committees to bring out a joint opinion.

President. — I call Mr Lange.

Mr Lange. — (D) Mr President, it was in fact my proposal to refer the report back to the two committees, to give them the chance to discuss the matter together.

All I can say in answer to your question, Mr Springorum, is that what is at issue here is, *prima facie*, staff questions, for which the Committee on Budgets is competent, and we did not have the idea—after all, we had Mr Brunner and Commission officials available—of consulting the Committee on Energy, Research and Technology for expert advice or for its opinion. But if we do that again with the procedure now proposed, then we can, I think, reach an agreed opinion on the machinery we need to attain our object.

President. — Requests for reference to committee are always granted if made by the committee responsible. Miss Flesch's report is refer-

red to the two committees concerned—namely, to the Committee on Budgets as the committee responsible and to the Committee on Energy, Research and Technology for its opinion.

6. Directive on tax exemptions for imported means of transport

President. — The next item on the agenda is a vote without debate on the report drawn up by Mr Notenboom, on behalf of the Committee on Budgets, on the proposal from the Commission of the European Communities to the Council for a directive on tax exemptions for certain means of transport temporarily imported into one Member State from another (Doc. 513/75).

Does anyone wish to speak?

I put the motion for a resolution to the vote.

The resolution is adopted¹.

7. Directive on tax exemptions for imported personal property

President. — The next item on the agenda is a vote without debate on the report drawn up by Mr Notenboom, on behalf of the Committee on Budgets, on the proposal from the Commission of the European Communities to the Council for a directive on tax exemptions applicable to personal property of individuals on permanent importation from another Member State (Doc. 514/75).

Does anyone wish to speak?

I put the motion for a resolution to the vote.

The resolution is adopted¹.

8. Economic relations between the European Community and Latin America

President. — The next item on the agenda is a debate on the report drawn up by Mr Boano, on behalf of the Committee on External Economic Relations, on the present state of economic relations between the European Community and Latin America (Doc. 469/75/rev.).

I call Mr Boano.

Mr Boano, rapporteur. — (I) Mr President, the motion for a resolution we are discussing this morning reflects the essential points of the guide-lines given at the second interparliamen-

¹ OJ C 53 of 8. 3. 1976.

Boano

tary meeting between Community and Latin American delegations, held in Luxembourg from 19 to 21 November 1975; these guide-lines have, of course, been made compatible with the tasks and machinery of the Community institutions. I should like here to thank those colleagues who helped on that occasion—Miss Flesch, Mr Sandri, Mr Glinne and Mr Corrie—both for the excellence of the work they did and the effort they put into it, and for the evidence they gave of the importance they attach to the subject we are discussing this morning.

All the suggestions contained in this report start from the finding that there has been a progressive deterioration in trade and economic relations between the Community and the Latin American countries to the detriment of the latter. To avoid this imbalance, we propose, firstly to widen the criteria for applying the already existing machinery, improving above all the generalized preferences scheme, on lines specified in the explanatory statement; secondly, to intensify and amplify the existing bilateral agreements between the Community and certain Latin American countries, notably by extending their scope from the purely commercial sector to cooperation, like the latest such agreement, between the Community and Mexico (it is particularly the two largest countries of Latin America, Argentina and Brazil, that are pressing for this); thirdly, to broaden Community measures to promote trade between the two areas.

I should like to recall here that the Community now has an ad hoc appropriation for these measures. I hope that it can be allocated in such a way—and I expect that Sir Christopher Soames can give some indications this morning—as to meet the needs and expectations of the countries of Latin America.

At a more general level, the motion for a resolution stresses the need to institute new relations of cooperation between the two areas, which should, as well as referring to the usual schemes for relations with developing countries, be based above all on the principle of complementarity of resources and on the mutual interests of the two areas.

In this connection we propose to promote technological cooperation between the two areas and the introduction of common research programmes, in particular for prospecting and utilization of raw materials. This naturally presupposes that Latin America is treated and itself reacts increasingly, as a unitary entity, so that the Community can introduce a policy of all-round collaboration with it. Let us not forget that the Community has a commitment, embodied in the Council resolution of 16 July 1974, to respond

favourably to requests for assistance from developing countries involved in establishing or consolidating regional integration or economic cooperation mechanisms.

Obviously, profitable dialogue is not practically possible between 150 parties (the approximate number of states in the world at the moment); but it can all be made much easier and brought to a fairer balance of situations and interests if the dialogue is simplified by being held between large homogeneous areas. An essential step towards this is the recent establishment by the Latin Americans of the LAES, aimed at integrating the sub-continent economically and handling in a unified way its interests with the rest of the world. The LAES is the first integrated Latin American institution to which all of the 25 countries making up the area, some of them with languages other than Spanish or Portuguese, have acceded: it may form a basic frame of reference for cooperation between the two areas, and its establishment, with decision-making powers improved by the recent setting up of a Council at ministerial level, will facilitate acceptance of the requests frequently repeated by the Latin Americans, again last December at the sixth ambassadorial meeting, for a meeting (I should be grateful to Sir Christopher Soames if he could give us precise details on the prospects for this) between the Community and the Latin American countries at ministerial level so as to formalize the initiation of a new type of relationship.

This might be the framework for discussing another proposal embodied in the resolution—namely, the creation of a centre for financial cooperation between the two areas, which an EIB study compiled for last November's meeting judged to be technically and institutionally feasible, given the political will to set it up. I have in mind here not so much a sort of compensation fund such as one might imagine in general with developing countries; I am thinking simply of a framework for financial cooperation. I would recall here the repeated offers by Venezuela to employ some petrodollars for Community projects.

Most of the Community Member States are already financing the IDB, the Inter-American Development Bank, on a national basis, and it would therefore not be impossible to have this contribution made through the Community.

There remains one specific problem that has involved particular difficulties: beef exports from certain Latin American countries, such as Argentina and Uruguay, to the Community. This is a problem which has hitherto prevented renewal on a different basis of the agreement

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with Argentina, which has been extended on the same terms until 31 December 1976. Argentina has several times brought up the adverse effects on its economy from the introduction of the safeguard clause, and has also stressed the prospects of considerable facilitation for European consumers if its exports could be resumed. I think in this respect that the almost unanimous vote here yesterday, in the debate on agricultural prices, affirming that it was not strictly necessary to retain the safeguard clause for beef and veal beyond situations where there were genuine anomalies, is the most balanced and positive basis for solving this thorny problem soon.

In conclusion, Mr President, I should like to make one more remark on the political references in the third last paragraph of this resolution, where it is reaffirmed that, at future interparliamentary meetings between the two areas, the questions of parliamentary democracy and the need for a respect for human rights in the various countries should be included in the agenda. The Committee on External Economic Relations discussed whether to retain this reference or whether the resolution ought to have remained non-committal on this point. The view that prevailed was to maintain this political reference, which I support as rapporteur, and even more so out of personal conviction, for three reasons. First of all, out of objective recognition of what took place at the first two interparliamentary conferences, at which political themes broadly dominated the debates. Secondly, because democracy of the institutions is an essential and statutory precondition for the very existence of the Community, which ought therefore to consider it its duty to give preference in relations and treatment to countries with a system of representative democracy. Thirdly, because I think that the question of democracy in institutions and of respect for the rights of man ought to be specifically brought up when dealing in particular with the countries of Latin America.

It is understandable for this question not to be brought up in relations with states that do not in fact possess the historical and cultural background for understanding it. It is equally understandable for it not to be brought up in respect of countries that do have the cultural background but shut the effects of this requirement out of their public life because of religious exclusivity.

I have in mind, for instance, the recent declaration to the Tripoli congress by President Gaddafi, where he stressed that for the Islamic people the Koran was everything, that it was

the standard for individual and collective life, in such a way that everything was regulated in it and the room allowed by other traditions and other religions to individual and collective initiative was something superfluous, not to say negative; or even most often negative.

However, I do not think that this question can be side-stepped, even at the ethical level, when dealing with peoples like those of Latin America that have a European culture, civilization and tradition and whose governments, whatever may be their inspiration, are very well aware from a cultural point of view what democracy means; and if they tread it underfoot, they do so deliberately.

It is obvious that this same problem would automatically arise tomorrow in the event of a strengthening of relations between the Community and the Eastern countries. Moreover, the Community went to Helsinki to affirm these principles, and I do not see how in future, if there are to be interparliamentary relations between the two Europes, this question can be avoided. Remaining silent here today would facilitate silence there too.

I would close, Mr President, by expressing the hope, not only that this motion will be approved, but that there will be greater awareness of, and greater attention devoted to, the problems of Latin America and of relations between Latin America and the Community.

Sir Christopher Soames's recent journey to Latin America and the prospects he has outlined (at least going by press reports) of an extension, even if not immediate, of the STABEX system to these countries, depending on the outcome of the North-South Conference, are positive factors in this direction. Let us not forget that Latin America is the largest area in the world where our own languages are spoken, where the traditions are the same as ours and where the way of life is the same as ours—perhaps not at the economic level, but certainly at the spiritual and human level.

In recent times many Member States have demonstrated at the highest level a growth in understanding and awareness of the problems of Latin America. I hope that the Community, in a consciousness of its historical mission, of its function and of its purposes, especially after the favourable statements made in this chamber two days ago regarding the North-South Conference, will not wish to do any less.

(Applause)

President. — I call Sir Christopher Soames.

Sir Christopher Soames, Vice-President of the European Communities. — I am sure that the House would like to join me in thanking Mr Boano for his most interesting report on the Community's relations with Latin America and for the way in which he expanded on it in his speech. As the report points out, this relationship between the Community and the countries of Latin America to some extent has been built around a paradox. In spite of historical links between our two continents, there is still a sense, and an important sense, in which we do not know each other well enough.

I suppose that there are two main reasons for this. Although the countries that now make up the European Community developed extensive economic interests throughout Latin America in the last century, the main historical links between South America and Europe pass through Portugal and Spain, two countries that are not members of the Community. Moreover, during the past half century—and this is the second main reason—the extent of the mutual involvement of Europe and Latin America has not kept pace with the growth in other spheres of the Latin American relationship with the United States.

But this historical background is in no way relevant to the present day relationship between the countries of Latin America and the Community. No one should underestimate the vitality of the peoples of Latin America, the great strides that they are making in their development, and the political weight that they now carry in the councils of the world.

This point is very well brought out in Mr Boano's report. I was much struck personally in these matters when I visited Latin America last year. As Mr Boano said, our task now is to move our relationship from the level of rhetoric to the level of real and specific measures of cooperation.

How can this best be done? I must confess that I am a little sceptical of the stress on bilateral agreements in paragraph 3 of the motion for a resolution, for I do not see much point in pursuing agreements just for the sake of having something written down, an agreement for its own sake. Rather we should aim to reach agreements when there are problems to be resolved that agreements can resolve or help to resolve, or when there is a real prospect of effective joint action.

importance of the regional approach that comes by way of direct cooperation between the Community and the various Latin American regional organizations. In many ways and in many cases this may well turn out to be a more effective

approach than that by way of a series of bilateral agreements.

That applies not only in our relations with the countries of Latin America. It is a topic that we have been discussing with the countries of South-East Asia and ASEAN, which also feel the need of a relationship as a group with the Community, preferring that approach to the direct bilateral approach.

In this connection I was very impressed when I visited Latin America last year. I remember visiting the headquarters of some of the Latin American regional organizations with which the Community has already undertaken a number of important joint ventures—the Andean Pact and the Central American Common Market. Mr Boano referred to LAES—the Latin American Economic System—SELA in the French initials. I agree that this development is of considerable interest.

When in Venezuela I discussed this system with the President of Venezuela, who was one of the co-founders. The Commission has been following the developments of SELA with great interest, notably the important part that it played in the Manila Conference.

Mr Boano asked me specifically what views we held on the likely development of this organization. I shall be able to tell him more shortly. An official from my directorate-general is going out to Venezuela specifically to talk about this organization, to see how it is developing and to report back. This development contains the seed of something important. It has the support of people who carry great weight on the continent of Latin America, and I think that it could have considerable importance in the future.

Paragraphs 5 to 7 and 9 to 12 of the motion stress the importance of the commercial relationship between the Community and Latin America. That the countries of Latin America should be in deficit in their trade with the Community is a matter of concern, but it would be a mistake to attribute that imbalance to the policies of the Community. Recent developments in the international economy, the recession and the sharp rise in the price of energy have played a large part and have had an adverse effect on the previously favourable opportunities for trade between the Community and Latin America. We all hope that these favourable trends will in due course reappear.

Meanwhile, the Community has been making its contribution to this problem by way of the generalized-preference scheme, to which the honourable Member referred, and its aid for trade promotion with certain countries, which

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should help to reduce the Latin American deficit. The motion pays tribute to the importance of the generalized-preference scheme. In the next few months we intend to set up an information centre for the scheme, and at the same time we are pressing on with trade promotion work, the importance of which is rightly acknowledged in paragraph 7 of the motion.

The generalized-preference scheme is an excellent idea, and in many ways, and with certain countries, it is undoubtedly being of the greatest possible help. Some other countries which have not had such a tradition of trade with the whole Community are finding difficulties with it, and that is why we have seminars. We are organizing seminars in a number of Latin American countries. This year we are going to Venezuela, Costa Rica, Panama, Mexico and Brazil. We are concentrating on Latin America. We can hold only a certain number of seminars, and we are concentrating this year on Latin America.

That is why we are setting up a GPS information office to which people can refer, because it is not just a question of expanding the generalized-preference scheme, of extending the number of commodities and products. What is important is that countries should make use of the opportunities which exist.

On the question of the GPS there is, however, something of a misunderstanding in the account given in the Development Committee's report about the bias in favour of the export of manufactured and semi-manufactured goods rather than of established export lines—largely of raw materials. Mr Boano referred to this.

Surely it is something of a paradox to complain that preferences are being denied to lines of exports which are already well established. The purpose of the GPS, on the contrary, is essentially to encourage the growth of new applications of the vast potentialities which undoubtedly exist in Latin America, and to do this we are trying to get easier, readier preferential access over the industrialized world to our large market.

I welcome what the motion for a resolution says in paragraphs 11 and 12 about the important questions of research, technology and financial cooperation. These are each important areas in which the Community and Latin America can work together. In the matter of research, we already have the precedent of Euratom agreements with Argentine and Brazil, and in the technological field the Commission is actively engaged both internally and at the international level—for example, through UNCTAD—in efforts to promote international technological

exchanges, including exchanges with Latin America.

In the financial sphere it is, of course, true that the financial problems of many Latin American countries must be seen not just in the light of Community-Latin American relations but in the wider framework of the relationship between the Community and the developing world as a whole. I think the House will recognize that we shall have to be a good deal further advanced than we are along the road of cooperation between Member States within the Community before we are ready to undertake the sort of financial efforts that will be so close to our hearts and to which the motion refers in paragraph 12.

I think the House would not wish me to end without referring to the terrible tragedy that took place recently in Guatemala.

(Applause)

I have had the pleasure of being in Guatemala, where I visited a number of the towns, notably Antigua, the oldest of all towns in Guatemala, which has withstood all earthquakes that have hit that country going back I know not how many centuries. It has been destroyed in this earthquake in spite of the fantastic way in which the buildings were set up in order to withstand earthquakes.

The disaster is horrific. No one yet knows the full casualty list in terms of numbers of deaths. It is many thousands, with many more thousands injured and homeless. We immediately sent a message of sympathy to the President. Also, we have asked urgently for a list of what the Community could provide in the way of aid and relief. We have been in close touch with them since the day after the earthquake. Quite a number of things have already been decided. As a first tranche, the Commission put 200 000 units of account into the Red Cross in order that what was specifically needed might be bought. I thought the House would like to know that. I know that the House would like to join the Commission in sending its sympathy to the people of Guatemala.

Mr Boano mentioned beef. I hope that we shall be able to get out of this trouble before long. We must accept that it is something of which the Community in its external relations cannot be proud. There have been pressures on everyone in all countries and in many sectors for protection of one sort or another. To our regret, it was inevitable and it had to be done. We accept that it had to be done. We raised protectionist measures against the importation of beef many months ago. It was necessary to do so at that time. However, I think we all feel that the

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sooner we can get out of this and back to normality, the better. This is our intention.

This has had a considerable impact on a number of South American countries, and especially a number of the poorer countries whose traditional export this is and who depend for their livelihood to a large extent on exporting beef to the Community. It is our hope that we shall get back to a normal situation as soon as possible. The development of a close and constructive relationship between the Community and Latin America is an important theme in the Community's external policy. In this the Commission has a part to play, especially in the fostering of that network of shared practical interests which is essential in a living and growing relationship. The Parliament, too, if I may say so, has its part to play. That is why I am so glad to hear of the success of the Second Interparliamentary Conference which this House held with Latin American parliamentarians in February last year. I know the part played by Mr Boano in that conference.

I say this because shared practical interests alone are not enough. Man does not live by bread alone. Without the spirit and the conviction which it is the task of all of us to foster, there can equally be no hope of life and growth in this important area of the Community's policies and the Community's external relations.

(Applause)

President. — Does anyone else wish to speak?

I put motion for a resolution to the vote.

The resolution is adopted ¹.

9. Regulations on the suspension of duties on foliage of asparagus plumosus

President. — The next item on the agenda is a vote without debate on the report drawn up by Mr Brøndlund Nielsen, on behalf of the Committee on Development and Cooperation, on the proposals from the Commission of the European Communities to the Council for

- I. a regulation on the temporary and partial suspension of the autonomous Common Customs Tariff duties for foliage of asparagus plumosus of sub-heading ex 06.04 BI.
- II. a regulation on the temporary and total suspension of the customs duty applicable in the Community as originally constituted on foliage of asparagus plumosus of sub-

heading ex 06.04 BI imported from the new Member States

(Doc. 508/75).

Does anyone wish to speak?

I put the motion for a resolution to the vote.

The resolution is adopted ¹.

10. Consolidated texts relating to the rice sector

President. — The next item on the agenda is a vote without debate on the report drawn up by Sir Derek Walker-Smith, on behalf of the Legal Affairs Committee, on the proposals from the Commission of the European Communities to the Council on consolidated texts relating to the rice sector (Doc. 505/75).

Does anyone wish to speak?

I put the motion for a resolution to the vote.

The resolution is adopted ¹.

11. Regulation on the tariff nomenclature of certain cereal and sugar products

President. — The next item on the agenda is a vote without debate on the report drawn up by Mr Kaspereit, on behalf of the Committee on External Economic Relations, on the proposal from the Commission of the European Communities to the Council for a regulation amending Regulations No 120/67/EEC (EEC) No 950/68 and (EEC) No 1052/68 on the tariff nomenclature of certain cereal and sugar products (Doc. 518/75).

Does anyone wish to speak?

I put the motion for a resolution to the vote.

The resolution is adopted ¹.

12. Dates for 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 debates.

The enlarged Bureau proposes that our next sittings be held at Strasbourg during the week from 8 to 12 March 1976.

Are there any objections?

That is agreed.

¹ OJ C 53 of 8. 3. 1976.

13. *Adjournment of the session*

President. — I declare the session of the European Parliament adjourned.

14. *Approval of the minutes*

President. — Rule 17 (2) of the Rules of Procedure requires me to lay before Parliament, for

its approval, the minutes of proceedings of this sitting, which were written during the debates.

Are there any comments?

The minutes of proceedings are approved.

The sitting is closed.

(The sitting was closed at 10.15 a.m.)

