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Report of Proceedings

from 13 to 17 February 1978

Europe House, Strasbourg

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IN THE CHAIR : MR COLOMBO

President

(The sitting 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 20 January 1978.

2. *Appointment of a Member*

President. — At its meeting of 2 February 1978, the Bureau verified the credentials of Mr Tolman, appointed Member of the European Parliament, to replace Mr Van der Mei, by the First and Second Chambers of the States-General of the Netherlands on 24 January 1978.

Pursuant to Rule 3 (1) of the Rules of Procedure, the Bureau has made sure that this appointment complies with the provisions of the Treaties. It therefore asks the House to ratify this appointment.

Are there any objections?

This appointment is ratified. I extend a cordial welcome to Mr Tolman.

3. *Membership of committees*

President. — I have received from the Christian-Democratic Group a request for the appointment of Mr Ryan to the Committee on Budgets, in place of Mr L'Estrange, and to the Committee on the Environment, Public Health and Consumer Protection.

Are there any objections?

This appointment is ratified.

4. *Statement by the President*

President. — Ladies and gentlemen, on behalf of the enlarged Bureau, I wish to make a statement to the House on the measures now being taken to assure the normal functioning of the Parliament to be elected by direct universal suffrage, at its present places of work.

First of all, I wish solemnly to confirm that the Bureau and the chairmen of the political groups, by taking in good time the measures necessary for the functioning of the elected Parliament, have never intended, and do not intend today, to throw open to question the Governments' Decision of 8 April 1965 and the practice that has been established, or to prejudice the final choice of a seat for the Institutions. The enlarged Bureau can, in its view, claim that this affirmation, repeated on several occasions by your President, both orally and in writing, cannot, and must not,

constitute the subject of erroneous or inopportune interpretations harmful to the Institutions' good relations both among themselves and with the Governments of the Member States and, in the final analysis, to the interests of the Community.

As I recently had occasion to repeat in a letter to the President of the Council and his colleagues :

The European Parliament is the only Community Institution which is obliged to carry out its work in three different Community countries because of the failure by the Governments of the Member States to take a decision on the definitive seat of the Institutions.

The letter continues :

The European Parliament, despite the serious inconvenience to its own Members and to the Secretariat and despite the considerable expenditure in terms of financial and staff resources which this situation entails, has always met the obligations arising from the April 1965 Decision of the Representatives of the Governments of the Member States and from established practice.

I wish emphatically to confirm that the sole concern of the Bureau and of the chairmen of the political groups has been, and remains, the need to ensure that the elected Parliament, composed of 410 Members, does not encounter difficulties of a material nature at the moment of its inauguration. This we regard as a clear responsibility devolving upon the present Parliament and its Bureau, which, while fully and unreservedly respecting the rights of the other Institutions and of the Governments and without changing the present situation or prejudicing the future, are making every effort to supply what is essential in the way of premises and services both in Strasbourg and in Luxembourg and also, as regards committee and political-group meetings so far as these take place in this city, in Brussels.

As regards Strasbourg, the appropriate contacts have already been established with the competent authorities of both the Council of Europe and the city — whom I wish to thank for their understanding and spirit of cooperation — with a view to extending the present Chamber, adapting, if necessary, conference-rooms and ensuring the availability of offices and other premises required by Members or by the Secretariat.

At the same time, and in the same spirit, we have been in touch with the Government of the Grand-Duchy of Luxembourg with a view to obtaining the use of a Chamber capable of accommodating all the Members of the elected Parliament for those part-sessions which, in accordance with established practice, take place in Luxembourg and also offices and other premises needed by the Secretariat, services and Members of the new Parliament. The Luxembourg Government, within the limits of its responsibilities and on its own initiative, has drawn up plans for a new building, which are at present being studied by the College of Quaestors and the competent technical

President

services of the Parliament to see whether and to what extent they correspond to the Parliament's needs.

As regards Brussels, where the Parliamentary committees and political groups have been accustomed to hold their meetings since 1959, possible solutions designed to ensure the availability of 7 conference-rooms and about 200 or 300 offices for the 410 Members and for those officials called upon to assist them during committee and group meetings are presently being studied. Apart from the researches and studies carried out by the Bureau and the Quaestors, steps recently taken by the Belgian Government justify us in the belief that, with the cooperation of that Government, we shall soon see our efforts crowned with success.

Finally, I wish to thank the members of the College of Quaestors for their past and present work, marked as it is by a high sense of responsibility and objectivity. I wish to confirm that a report of discussions in the enlarged Bureau will be transmitted at a suitable opportunity to the appropriate Parliamentary committees. I sincerely hope that this report will serve to clear up every aspect of this problem, the solution to which must be solely in the interests of the Parliament and of the Community as a whole and must respect the Decision of the Representatives of the Governments of the Member States and the established practice.

(Applause)

5. Documents received

President. — Since the last interruption of the session, I have received the following documents :

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

— the proposals from the Commission to the Council for :

- I. a directive on the approximation of the laws of the Member States relating to common provisions for machine-tools and similar machines for the working of metals, wood, paper and other materials, and
- II. a directive on the approximation of the laws of the Member States relating to hand-held, power-driven, portable grinding machines

(Doc. 505/77),

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

— the proposal from the Commission to the Council for a regulation laying down general rules for the financing of certain intervention by the EAGGF Guarantee Section (Doc. 506/77),

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

— the proposal from the Commission to the Council for an eighth directive on the harmonization of the laws of the Member States relating to turnover taxes — arrangements for the refund of value-added tax to

taxable persons not established in the territory of the country (Doc. 507/77),

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

— the proposal from the Commission to the Council for a seventh directive on the harmonization of the laws of the Member States relating to turnover taxes — Common system of value-added tax to be applied to works of art, collectors' items, antiques and used goods (Doc. 508/77),

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

— a proposal from the Commission to the Council for a directive amending Directive 73/173/EEC of 4 June 1973 on the approximation of Member States' laws, regulations and administrative provisions relating to the classification, packaging and labelling of dangerous preparations (solvents) (Doc. 511/77),

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

— a proposal from the Commission to the Council for a directive amending Directive 71/305/EEC of 26 July 1971 concerning the coordination of procedures for the award of public works contracts (Doc. 517/77),

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

— a proposal from the Commission to the Council for a decision on the financing of surveys to be carried out by the Member States on bovine livestock (Doc. 520/77),

which has been referred to the Committee on Budgets ;

— a proposal from the Commission to the Council for a regulation concerning accession to the United Nations Convention on a code of conduct for liner conferences (Doc. 540/77),

which has been referred to the Committee on Regional Policy, Regional Planning and Transport as the committee responsible and to the Committee on Economic and Monetary Affairs and the Legal Affairs Committee for their opinions ;

— a proposal from the Commission to the Council for a directive on the protection of ground water against pollution caused by certain dangerous substances (Doc. 545/77),

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

(b) from the committees, the following reports :

— report by Mr Patijn, on behalf of the Political Affairs Committee, on a single designation for the Community process and for the institutions (Doc. 512/77) ;

— report by Mr Pistillo, on behalf of the Committee on Social Affairs, Employment and Education, on the resolution of the Council and of the Ministers of

President

- Education meeting within the Council of 13 December 1976 concerning measures to be taken to improve the preparation of young people for work and to facilitate their transition from education to working life (Doc. 513/77);
- report by Mr Kofoed, on behalf of the Committee on Agriculture, on the proposals from the Commission to the Council for
 - I. a regulation amending Regulation (EEC) No 2727/75 on the common organization of the market in cereals,
 - II. a regulation amending Regulation (EEC) No 1418/76 on the common organization of the market in rice, and
 - III. a regulation amending Regulation (EEC) No 2742/75 on production refunds in the cereals and rice sectors (Doc. 515/77);
 - report by Mr Nyborg, on behalf of the Committee on Regional Policy, Regional Planning and Transport, on the proposals from the Commission to the Council for:
 - I a regulation amending Regulation (EEC) No 516/72 on the introduction of common rules for shuttle services by coach and bus between Member States, and
 - II. a regulation amending Regulation (EEC) No 517/72 on the introduction of common rules for regular and special regular services by coach and bus between Member States (Doc. 516/77);
 - report by Mr Notenboom, on behalf of the Committee on Economic and Monetary Affairs, on questions relating to small and medium-sized undertakings in the Community (Doc. 518/77);
 - report by Mr Noè, on behalf of the Committee on Energy and Research, on the communication from the Commission to the Council on the fast-breeder option in the Community context — justification, achievements, problems and action perspectives (Doc. 519/77);
 - report by Mr Nolan on behalf of the Committee on Development and Cooperation, on the proposal from the Commission to the Council for a regulation amending Regulation (EEC) No 706/76 on the arrangements applicable to agricultural products and certain goods resulting from the processing of agricultural products originating in the African, Caribbean and Pacific States or in the overseas countries and territories (Doc. 521/77);
 - report by Mr Guerlin, on behalf of the Committee on Agriculture, on the proposals from the Commission to the Council for:
 - I. a directive concerning certain products used in animal nutrition,
 - II. a third directive amending Directive 70/524/EEC concerning additives in feedingstuffs, and
 - III. a directive amending Directive 74/63/EEC on the fixing of maximum permitted levels for undesirable substances and products in feedingstuffs and amending Directive 70/373/EEC on the introduction of Community methods of sampling and analysis for the official control of feeding-stuffs (Doc. 522/77);
 - report by Mr Patijn, on behalf of the Political Affairs Committee, on the date of direct elections to the European Parliament (Doc. 537/77);
 - report by Mr Yeats, on behalf of the Committee on the Rules of Procedure and Petitions, on the amendment of the Rules of Procedure of the European Parliament (Doc. 538/77);
 - report by Mr Aigner, on behalf of the Committee on Development and Cooperation, on the Communications from the Commission to the Council on
 - the operation during 1975 of the system set up by the Lomé Convention for stabilizing export earnings, and
 - the operation during 1975 of the system set up by the decision on the association of the OCT with the EEC for stabilizing export earnings,
 - the reports from the Commission on the use of the funds transferred for 1975 under the export earnings stabilization system set up by the Lomé Convention,
 - and on the first results of the export earnings stabilization system for 1976 (Doc. 539/77);
 - report by Mr Corrie, on behalf of the Committee on Agriculture, on modified and amended proposals from the Commission to the Council as follows:
 - I. modified proposals relating to Community fishing policy,
 - II. an amended proposal for a regulation establishing a Community system for the conservation and management of fishery resources,
 - III. a modified proposal for a regulation defining for 1978 measures for the conservation and management of fishery resources by the establishment of quotas,
 - IV. an amended proposal for a regulation laying down technical measures for the conservation of fishery resources,
 - V. a modified proposal for a regulation laying down certain measures of control for fishing activities by Community vessels,
 - VI. an amendment to the proposal for a regulation laying down technical measures for the conservation of fishery resources,
 and on
 - a draft Council Resolution on the common structural policy,
 - a communication from the Commission to the Council concerning 1978 management of Greenland, Skagerrak, Kattegat and Baltic stocks, and
 - a communication from the Commission to the Council on measures applicable in 1978 regarding the management and exploitation of fishery resources, (Doc. 543/77);

President**(c) the following oral questions :**

- oral question, without debate, by Mr Van Aerssen to the Foreign Ministers of the nine Member States of the European Community meeting in political cooperation, on human rights (Doc. 523/77);
- oral question, without debate, by Mr Fuchs to the Commission, on a road haulage tax in Austria (Doc. 524/77);
- oral question, with debate, by Mr Dewulf, Mr Müller-Hermann, Mr Ripamonti, Mr Deschamps, Mr Martignelli and Mr Klepsch, on behalf of the Christian-Democratic Group, to the Commission, on the CIEC-North-South dialogue (Doc. 525/77);
- oral question, with debate, by Mrs Walz, on behalf of the Christian-Democratic Group, to the Commission, on the common energy policy of the European Communities (Doc. 526/77);
- oral question, with debate, by Mrs Walz, on behalf of the Christian-Democratic Group, to the Council, on the common energy policy of the European Communities (Doc. 527/77);
- oral question, with debate, by Mr Brosnan, Mr Brugha, Mr Herbert, Mr Nolan, Mr Power and Mr Yeats, on behalf of the Group of European Progressive Democrats, to the Commission, on the regional effects of the Community's steel policy (Doc. 528/77);
- oral question, with debate, by Mr Willi Müller, Mr Dondelinger, Mr Evans, Mr Mitchell and Lord Murray of Gravesend to the Commission, on direct sales of agricultural products (Doc. 529/77);
- oral question, with debate, by Mr Noè, Mr Fioret, Mr Früh, Mr McDonald and Mr Müller-Hermann to the Commission, on the common market in fertilizers (Doc. 530/77);
- oral question, with debate, by Mr Houdet, on behalf of the Committee on Agriculture, to the Commission, on the implications of failure to comply with the Charmasson judgment (Doc. 531/77);
- oral question, with debate, by Mr Van Aerssen, Mrs Walz, Mr Alber, Mr Jahn, and Mr Klepsch to the Commission, on data-processing in the EEC (Doc. 532/77);
- oral question, with debate, by Mr Evans, on behalf of the Committee on Regional Policy, Regional Planning and Transport, to the Commission, on the cancellation of the TEE Zurich-Brussels rail service (Doc. 533/77);
- oral question, with debate, by Mr Price, Mr Amadei, Mr Dondelinger, Mr Schmidt and Lord Brimelow to the Commission, on the negotiations with Cyprus (Doc. 534/77);
- oral question, with debate, by Mr De Clerq, on behalf of the Liberal and Democratic Group, to the Commission, on the allocation of funds under the Second EEC-Greece Financial Protocol (Doc. 535/77);
- oral question, with debate, by Mr Evans, Mr Ellis, Lord Bruce of Donington, Lord Murray of Gravesend, Mr Price and Mr Mitchell to the Commission, on employment subsidies (Doc. 536/77);

— oral questions by Lord Bethell, Mr Price, Mr Radoux, Mr Spicer, Mr Normanton, Mr Cifarelli, Mr Ryan, Mr Dalyell, Mr Pintat, Lord Bessborough, Sir Geoffrey de Freitas, Mr Osborn, Mr Blumenfeld, Mr Cousté, Mr Brown, Sir Derek Walker-Smith, Mr Nolan, Mr Hamilton, Lady Fisher of Rednal, Mr Corrie, Mr Schmidt, Mrs Ewing, Mr Howell, Mr Jensen, Mr Van Aerssen, Mr Edwards, Mr Zywiets, Sir Brandon Rhys Williams, Mr Lezzi, Mrs Walz, Mr Aigner, Mr Schyns, Mr McDonald, Mr Scott-Hopkins, Mr Johnston, Mr Evans, Mr Leonardi, Mr Klepsch, Mr Vandewiele, Mr Jahn, Mr Verhaegen, Mr L'Estrange, Mr Durieux, Sir Geoffrey de Freitas, Mr Edwards, Mr Dalyell, Mr Blumenfeld, Mr Seefeld, Mr Noè, Mr Normanton, Lord Bessborough, Mr Brown, Mrs Ewing, Mr Hamilton, Mr Corrie, Mr Howell, Mr Jahn, Mr Lemoine, Mr Meintz, Mr Vernaschi, Mr Dewulf, Mr Deschamps, Mr Warwzik, Mr Price, Mr Evans, Mr Osborn, Mr Schyns, Mr Leonardi, Mr Cousté, Mrs Walz, Sir Geoffrey de Freitas, Mr Edwards, Mrs Ewing, Mr Johnston, Mr Osborn, Mr Dewulf, for Question Time on 14, 15 and 16 February 1978 pursuant to Rule 47A of the Rules of Procedure (Doc. 542/77);

- (d) motion for a resolution by Mr Hamilton, Mr Brown and Mr Price pursuant to Rule 25 of the Rules of Procedure, on a single place of work for the European Parliament (Doc. 509/77), which has been referred to the Political Affairs Committee;
- (e) from the Commission, Eleventh General Report on the activities of the European Communities in 1977: Report on the agricultural situation in the Community (Doc. 510/77), which has been referred to the Committee on Agriculture;
- (f) from the Council, draft Supplementary and Amending Budget No 1 of the European Communities for the 1978 financial year, drawn up by the Council (Doc. 544/77), which has been referred to the Committee on Budgets.

6. Texts of treaties forwarded by the Council

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

- agreement in the form of an exchange of letters between the European Economic Community and the State of Israel concerning the import into the Community of preserved fruit salads originating in Israel;
- agreement in the form of an exchange of letters between the European Economic Community and the Kingdom of Morocco concerning the import into the Community of preserved fruit salads originating in Morocco;
- memorandum of understanding on the implementation of a European project on electronic traffic aids on major roads;
- agreement between the European Economic Community and the Socialist Republic of Romania on trade in textile products;

President

- agreement in the form of an exchange of letters between the European Economic Community and the Socialist Republic of Romania on trade in textile products;
- agreement extending the interim agreement between the European Economic Community and the Kingdom of Morocco;
- agreement extending the interim agreement between the European Economic Community and the People's Republic of Algeria;
- notice of the completion by the Community of the procedures necessary for the entry into force of the agreement between the European Economic Community, the Swiss Confederation and the Republic of Austria on the extension of the application of the rules on Community transit;
- act of notification of the approval by the Community of the agreement between the European Economic Community and the Republic of India on trade in coir products and of the agreement in the form of an exchange of letters between the European Economic Community and the Republic of India on trade in coir products;
- act of notification of the approval by the Community of the agreement between the European Economic Community and the Republic of India on trade and commercial cooperation in jute products and of the agreement in the form of an exchange of letters between the European Economic Community and the Republic of India on trade and commercial cooperation in jute products;
- agreement extending the interim agreement between the European Economic Community and the Republic of Tunisia.

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

7. Authorization of reports

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

- Committee on Social Affairs, Employment and Education:
 - a report on measures to improve the preparation of young people for work,
 - a report on education in the European Community (1976-77);
- Committee on Agriculture:
 - a report on the amended proposal for a regulation establishing a Community system for the conservation and management of fishery resources and on the amended proposals concerning the internal aspects of the Community fisheries policy, which the Commission forwarded to Parliament on 5 and 12 December 1977 and 18 January 1978,
 - a report on Community measures to help fish-breeding and on its importance for the Community;
- Committee on the Environment, Public Health and Consumer Protection:

- a report on carcinogenic substances present in the environment (the Commission has also been authorized to organize an enquiry into this matter),
- a report on the reports of the Commissions for Safety and Health in Mines and the Iron and Steel Industry.

8. Statement by the President

President. — The Political Affairs Committee has decided not to draw up a report on the motion for a resolution tabled by Mr Howell pursuant to Rule 25 of the Rules of Procedure, on the Tripartite Conference (Doc. 204/77), which had been referred to it.

9. Order of business

President. — The next item is the order of business. At its meeting of 2 February 1978, the enlarged Bureau prepared a draft agenda, and this has been distributed.

The oral question on direct sales of agricultural products (Doc. 529/77), tabled by Mr Willi Müller and others and listed in the agenda for Friday, has since, at the author's request, been transformed into a written question and is consequently withdrawn from the agenda.

I have received from Mr Patijn, on behalf of the Political Affairs Committee, a report on the date of direct elections to the European Parliament (Doc. 537/77). I propose that this be entered in the agenda for Wednesday, 15 February 1978, immediately after the joint debate on fisheries.

Are there any objections?

That is agreed.

The Committee on Budgets is in the process of drawing up a report on draft Amending Budget No 1 for 1978. On the assumption that this report will, as I hope, be approved today by the committee concerned, I propose that it be entered as the first item on the agenda for Wednesday, 15 February. It would then be voted on that same afternoon.

I ask the political group chairmen to remind all their members of the need for a good attendance for this vote, concerning, as it does, a draft amending budget.

Are there any objections?

That is agreed.

I call Mr Durieux.

Mr Durieux. — (*F*) Mr President, as regards today's agenda, I wrote to you about the oral question with debate by Mr De Clercq, chairman of the Joint Parliamentary Committee, on the allocation of funds under the Second EEC-Greece Financial Protocol. Would it be possible to include this question on Thursday's

Durieux

agenda, since a Greek delegation including Mr Pemasoglou will be here on that day?

President. — As you have pointed out, we inserted the debate on Mr De Clercq's oral question in the agenda for Monday at the request of the Liberal and Democratic Group. Now you propose that this debate be deferred until Thursday.

I call Mr Klepsch.

Mr Klepsch. — (*D*) Mr President, I would just ask you to remember that if we do this, we run the danger of adopting a practice that could have serious consequences. When the agenda is being drawn up we take all kinds of things into account, for example when the Council and the various members of the Commission can be here. All that is taken as a basis when we are drawing up the agenda. We do our best to put the agenda together in such a way that it can be adhered to. But if we now start placing items on the agenda of a day on which a delegation interested in such items visits us — and I am afraid that as the negotiations on accession continue over the next two years, we shall be receiving delegations very frequently — we shall have yet another factor to affect our agenda. And when the airline timetables change, we shall have yet more proposed changes. In principle, of course, I am not opposed to placing this item at the end of Thursday's agenda. But I do wonder whether it would not be better to discuss it today when we are all prepared for it. After all, we can show the Greek delegation — if it is interested — the report of this debate in the 'Rainbow' on Thursday. Mr Durieux, all the groups have agreed to meet this delegation between Wednesday and Friday. I do not like saying this, but there is a danger of creating a precedent. I would therefore ask the House as a whole to consider whether it is really necessary to discuss this question on Thursday. As I have said, if that is what the House wants, I will not oppose it, but the item should then be put at the end of Thursday's agenda.

President. — I call Mr Durieux.

Mr Durieux. — Mr President, I don't want a lengthy debate on this matter and in any event I too dislike changes to the agenda. The matter was perhaps of political interest but, since the House seems to be opposed to my proposal, I shall withdraw it.

President. — Since Mr Durieux withdraws his request, Mr De Clercq's question will be debated, as arranged, during today's sitting.

I call Mr Evans.

Mr Evans. — This is the first time I have raised a point on the order of business of plenary sittings in two-and-a-half years, but could I draw your attention to item No 373, to be taken on Friday morning, the oral question in my name on employment subsidies?

Unemployment is one of the most serious problems facing the Community today, and many Members are seriously concerned about the whole question of unemployment and employment subsidies. But Friday mornings are notorious for very poor attendance, and obviously this question will not be debated in the way that it should be. I am not asking the House at this moment to take a decision, but could I ask you, Mr President, to refer this to the enlarged Bureau with a view to having this item brought forward to Wednesday or Thursday, to allow as many Members as possible to take part in this very important debate on subsidies to maintain employment within the Community?

President. — Mr Evans, your proposal will be submitted to the Bureau. I must nevertheless point out to all Members of this Assembly that Friday is regarded as differing in no way from the other days.

I call Lord Bruce.

Lord Bruce of Donington. — In connection with the discussion that has taken place on the oral question tabled by Mr De Clercq, on behalf of the Liberal and Democratic Group, may I respectfully draw your attention, Mr President, and the attention of the House, to the fact that the substantive part of the question is now completely invalid, since the second part of the question is based entirely on the supposition that the Community is, or will be this year, financed from its own resources. In fact, Sir, as is well known, this will not now be the case, and therefore the basis of the question must fall. In these circumstances may I, through you, ask the Liberal and Democratic Group whether they would be prepared to withdraw this question, which is no longer based on fact?

President. — Your considerations concern the substance of the matter and can be raised when the question is debated.

I call Mr Corrie.

Mr Corrie. — Mr President, I have a point of information for the Members of the House. My report on fishing (Doc. 543/77), item No 358 on the agenda for Wednesday's sitting, has not yet been printed owing to the very heavy work that is going on in the print shop, but it will be printed by tomorrow morning. Members will have it by lunchtime tomorrow at the very latest. This means that there is no problem as far as that debate is concerned.

President. — Thank you.

I call Mr Brosnan.

Mr Brosnan. — I refer to item No 334 on Wednesday's order-paper: a report from Mr Klinker on fishing. My group have considered this report, which raises a number of controversial and sensitive matters

Brosnan

concerning defence, Nato and sovereignty. We have come to the conclusion that it would be preferable if this report were referred to the Committee on Agriculture to enable it to get an opinion from the Political Affairs Committee. I ask, Mr President, that that be done.

(Murmurs of dissent)

President. — I call Mr Klepsch.

Mr Klepsch. — *(D)* Mr President, I am somewhat embarrassed to find that on this request, too, I have to make a remark. We have already referred this report to the committee for further consideration. We did so at the last part session. The Council will be making a statement on the political aspects before we discuss the report on Wednesday. There will in any case be a debate on the Council's statement. I am quite sure that all the political aspects will be discussed: who is to prevent one of the groups from raising the various political aspects following the Council's statement? My view on the honourable Member's request would be different if he were referring to specific parts of the motion for a resolution that had been adopted by only a very small majority, with the result that it would serve some purpose to consider them once again. But the general aspects will in any case be discussed in connection with the Council's statement. I would therefore advise against our referring this to the committee once more. We should leave it on the agenda.

President. — I call Mr Hughes.

Mr Hughes. — Mr President, I am speaking as chairman of the Fisheries Subcommittee. This problem has gone from the Fisheries Subcommittee to the Committee on Agriculture, to the plenary, been sent back by the plenary to the Fisheries Subcommittee, from the Fisheries Subcommittee to the Committee on Agriculture, and is now back before the plenary. I see no sense at all in according with this proposal that it should go back on that circuit again.

(Applause from certain quarters)

President. — Mr Brosnan, do you maintain your proposal?

Mr Brosnan. — I do, Mr President. My group have considered this report in detail: it involves complicated issues of international law, and we want the assistance of an opinion from the Political Affairs Committee or the Legal Affairs Committee to enable them to ...

President. — All this we were aware of, Mr Brosnan. All I wanted was a yes or a no, but you are trying to tell me a great deal more.

(Laughter)

I put to the vote the request that the report on fisheries be referred to committee.

The request is rejected. This item therefore remains on the agenda for Wednesday, 15 February.

The order of business would therefore be as follows:

This afternoon:

- Procedure without report
- Statement by the Commission on the action taken on the opinions of Parliament
- Oral question, with debate, to the Commission on the Community's steel policy
- Oral question, with debate, to the Commission on the Second EEC-Greece Financial Protocol
- Oral question, with debate, to the Commission on the cancellation of the TEE Zurich-Brussels rail service
- Nyborg report on coach and bus services between Member States (without debate)
- Oral question, without debate, to the Commission on a road haulage tax in Austria
- Yeats report on the amendment of the Rules of Procedure of Parliament

Tuesday, 14 February 1978

10.00 a.m. and in the afternoon:

- Introduction of the Commission's Eleventh General Report and of its programme of work (followed by a debate)
- Oral question, with debate, to the Commission on equal pay for men and women
- Pistillo report on the preparation of young people for work

3.00 p.m.:

- Question Time (questions to the Commission)

3.45 p.m.:

- Vote on motions for resolutions on which the debate has closed
- Continuation of debate on the introduction of the Commission's Eleventh General Report and its programme of work

Wednesday 15 February 1978:

10.00 a.m. and in the afternoon:

- Possibly, report on draft Amending Budget No 1 for 1978
- Joint debate on the statement by the President-in-Office of the Council, the Klinker report and the Corrie report on fisheries
- Patijn report on direct elections to the European Parliament
- Oral question, with debate, to the Council and Commission on the North-South dialogue
- Oral question, with debate, to the Foreign Ministers meeting in political cooperation on human rights
- Joint debate on two questions, one to the Council and one to the Commission, on the common energy policy

President

- Patijn report on a single designation for the Community

3.00 p.m.:

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

4.30 p.m.:

- Vote on motions for resolutions on which the debate has closed and, possibly, on draft Amending Budget No 1 for 1978

Thursday, 16 February 1978

10.00 a.m. and in the afternoon:

- Joint debate on the Notenboom report and an oral question to the Commission on small and medium-sized undertakings and craft industries
- Noè report on the fast breeder option
- Kofoed report on the cereals and rice sector
- Fisher report on the marking of foodstuff prices
- Oral question, with debate, to the Council on the Charmasson judgment

3.00 p.m.:

- Question Time (questions to the Commission)

3.45 p.m.:

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

Friday, 17 February 1978

9.00 a.m.:

- Procedure without report
- Aigner report on the export earnings stabilization system
- possibly, continuation of Thursday's agenda
- Nolan report on agricultural products from the ACP or the OCT
- oral question, with debate, to the Commission on direct sales of agricultural products
- oral question, with debate, to the Commission on the common market in fertilizers
- oral question, with debate, to the Commission on data-processing in the EEC
- oral question, with debate, to the Commission on negotiations with Cyprus
- oral question, with debate, to the Commission on employment subsidies
- Guerlin report on feedingstuffs

at the end of the sitting:

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

Are there any objections?

The order of business is agreed.

10. Urgent procedure

I have received the following motions for resolutions with a request for urgent debate pursuant to Rule 14 of the Rules of Procedure:

- motion for a resolution tabled by Mr Corrie and others on the seat of the Institutions of the Community (Doc. 514/77); and

- motion for a resolution tabled by Mr Houdet on behalf of the Committee on Agriculture, on the right of the European Parliament to be consulted (Doc. 541/77).

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

11. Limitation of speaking-time

President. — I propose that the House limit as follows speaking-time on all reports and motions for resolutions figuring in the agenda, with the exception of the debate on the Eleventh General Report on the Activities of the European Communities in 1977 and the Commission's annual programme of work for 1978:

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

Are there any objections?

That is agreed.

At its meeting of 2 February 1978, the enlarged Bureau, pursuant to Rule 28 of the Rules of Procedure, decided to allocate speaking-time for the debate on the Eleventh General Report on the Activities of the European Communities in 1977 and the Commission's annual programme of work for 1978 as follows:

Socialist Group :	60 minutes
Christian-Democratic Group :	50 minutes
Liberal and Democratic Group :	30 minutes
Group of European Progressive Democrats :	25 minutes
European Conservative Group :	25 minutes
Communist and Allies Group :	25 minutes
Non-attached Members :	10 minutes

12. Procedure without report

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

- a proposal from the Commission to the Council for a regulation amending Regulation (EEC) No 2727/75 and (EEC) No 1418/76 as regards the export refunds for cereals and rice exported in the form of goods not covered by Annex II to the Treaty (Doc. 481/77),

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

- a proposal from the Commission to the Council for a regulation opening, allocating and providing for the administration of Community tariff quotas for certain wines having a registered designation of origin, falling within subheading ex 22.05 C of the Common Customs Tariff, originating in Morocco (1978-79) (Doc. 498/77),

President

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

— a proposal from the Commission to the Council for :

- I. a regulation amending Regulation (EEC) No 483/77 opening, allocating and providing for the administration of Community tariff quotas for certain wines having a registered designation of origin, falling within subheading ex 22.05 C of the Common Customs Tariff, originating in Morocco (1977-78)
- II. a regulation amending Regulation (EEC) No 1391/77 opening, allocating and providing for the administration of Community tariff quotas for certain wines having a registered designation of origin, falling within subheading ex 22.05 C of the Common Customs Tariff, originating in Algeria (1977/1978)

(Doc. 499/77),

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

Unless any Member asks, in writing, leave to speak on these proposals or amendments are tabled to them before the opening of the sitting on Friday, 17 February 1978, I shall at that sitting declare these proposals to be approved pursuant to Rule 27A(6) of the Rules of Procedure.

13. *Time-limit for tabling amendments*

President. — I propose that the time-limit for tabling amendments to the Notenboom report on small and medium-sized undertakings in the Community (Doc. 518/77) be set at 10 a.m. on Thursday, 16 February 1978.

Are there any objections ?

That is agreed.

In addition, I set the time-limit tabling draft amendments, proposed modifications or proposals for outright rejection of draft amending budget No 1 for 1978 at 6 p.m. on Tuesday, 14 February 1978.

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

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

I call Mr Burke.

Mr Burke, Member of the Commission. — Mr President, during its January part-session, the European Parliament gave its opinion on twelve Commission

proposals and eight of these opinions were favourable. I make the following comments on the other four.

First, in the course of your last part-session, Mr Davignon indicated to you the reasons why the Commission was maintaining its proposal concerning exchange-rates to be applied under the policy on agricultural structures. Therefore it is not in a position to accept Mr Hoffmann's report.

Second, the Commission will transmit immediately to the Council a proposal for a directive modified to take account of the amendments put forward in Mr Schwörer's report concerning direct insurance and the measures intended to facilitate the freedom of supply of services.

Third, the Commission has sent to the Council a modified proposal concerning a pluri-annual programme of research on the recycling of paper and cardboard following the report of Mr Fuchs.

Fourth, the Commission is in the course of approving a modified proposal for a regulation concerning producer-groups and their unions with a view to giving effect to the important amendments contained in the report of Mr Vitale. The Commission will send to you for information all of the modified proposals which it has sent, or will, to the Council.

15. *Regional effects of the Community's steel policy*

President. — The next item is the oral question, with debate, by Mr Brosnan, Mr Brugha, Mr Herbert, Mr Nolan, Mr Power and Mr Yeats, on behalf of the Group of European Progressive Democrats, to the Commission on the regional effects of the Community's steel policy (Doc. 528/77) :

1. What effects is the steel crisis having on the less-developed regions of the Community ?
2. In formulating its policy on steel, what steps has the Commission taken to ensure that its regional policy is not adversely affected ?
3. In the present situation of over-capacity in steel production in the Community, does the Commission consider that the necessary European less-developed steel-producing regions where alternative employment prospects are negligible and steel production forms the basis of future industrial development ?
4. In particular, does the Commission accept that where a steel industry has important regional implications but at the same time represents a minimal proportion of total Community production, a reasonable measure of development could be encouraged ?

I call Mr Brosnan.

Mr Brosnan. — Mr President, my group tabled this oral question because we are firmly convinced of the necessity to focus maximum attention on the future of the steel industry, and especially its future under the Community's regional policy. While we recognize that there are serious difficulties facing this industry

Brosnan

in the Community, and in the world at large, we feel that in its approach to resolving these difficulties the Commission is failing to show any real concern for the survival and development of the industry in the economically disadvantaged regions of the Community.

This is clearly demonstrated by the Commission's attitude towards the development plans of the Irish steel industry in the constituency which I represent in Cork. At a time when Ireland is trying to build up her economy and is committed to an employment creation programme, the need to have an efficient and modern steel industry cannot be emphasized enough. Any plans that can further this aim should not, and must not, be lightly dismissed. Yet, the Commission's response to the Cork development plan is far from encouraging. A steel industry is essential for the survival and development of a regional economic entity like Ireland. Apart from giving direct employment, it provides a guaranteed supply of steel utilizing local raw materials and also caters for the demands of the home market. In terms of Community production, the Irish steel output is relatively negligible. The figure for the year 1974 represents 0.07 % of the Community output. For 1975 the figure is 0.1 %. For 1976 the figure is 0.04 % and for 1977 0.04 %. How, then, can it be contended that any increase in our production, no matter how substantial, could affect the Community over-capacity problem? Even if our production were doubled to around 300 000 tonnes annually, it would still be substantially less than the British weekly average production of 400 000 tonnes. Why, then, must the Commission single out our Irish steel industry — the one and only plant of its kind in the country — for elimination, when capacity in other States could be scaled without the same dire consequences?

It is impossible to reconcile the Commission's attitude with the Community's regional policy of favouring the less-developed regions. According to the December 1977 figures, Ireland, with its 9.7 %, has the highest rate of unemployment in the EEC. The Commission's stated aim is that policy should not have any harmful regional effects; but in this case, instead of safeguarding employment, the Commission's attitude has the opposite effect. It threatens existing employment where it is most needed. The Commission's policy of attempting to redress the balance between supply and demand and to restore reasonable prices for steel products is highly desirable. However, there can be no justification for disqualifying Ireland from the benefits that a successful steel policy could have in the future by refusing support now for a viable steel industry in my country.

Doubts have been widely expressed about the Commission's sincerity in regard to the proper implementation of its regional policy. We all now have a

golden opportunity to dispel these doubts by giving sympathetic consideration to the application of Irish steel and providing the necessary financial aids for its full development.

President. — I call Mr Burke.

Mr Burke, Member of the Commission — Mr President, I speak as one who is aware of the motives which led the honourable Members to put this matter on the agenda, who knows the regions in question and also the importance to those regions of the industry we are discussing. Honourable Members and other observers will realize I am here representing the Commission in a collegiate capacity, and I speak on behalf principally of my colleagues who manage industrial affairs and regional policies. I say that by way of general preface.

Mr President, everyone understands that the crisis in the steel sector is a very serious one indeed. It is estimated that between 1974 and 1978 the number of jobs in the sector throughout the Community has declined by about 60 000 to a current level of some 725 000. But these figures, disturbing though they are, do not indicate the full gravity of the crisis. For it is a fact that the efforts made until now by the Member States in close cooperation with the social partners have tended to mask the real effect of the steel crisis upon employment. As for the regions, it is probable that in most of the countries' regions, and particularly in the less-favoured ones, the crisis has manifested itself first as a deterioration in the financial position of steel firms, rather than as an increase in the number of redundancies.

Besides, it is clear that the repercussions of the crisis have had an adverse effect — and in the future may have a more adverse effect still — on the development potential of the least-favoured regions. It would, however, be premature to evaluate these employment effects until the policy for restructuring the steel sector has been defined at Community level. Until now, the measures adopted under the Community's anti-crisis plan have had general effect both on the internal side, where they have promoted the better functioning of the system of minimum and indicated prices, and on the external side also, where the measures have sought to defend Community steel products against dumping policies, premiums and aids by third countries.

The plan also covers an increased financial effort by the Community in favour of necessary restructuring of the steel industry. In this field, the Commission has until now emphasized an increase in ECSC financial resources — Articles 54 and 56 — to encourage both the internal restructuring of firms and also reconversion by means of interest-rate rebates. Furthermore, in the matter of coordinating the Community's financial instruments, the Commission is already monitoring

Burke

the efficient use of these instruments in favour of the steel industry, so as to ensure the best possible coherence between restructuring and reconversion actions. Mr Davignon was able to tell the Council on 7 February that a certain improvement in the situation had taken place, thanks to the series of general measures covered by the anti-crisis plan. It goes without saying that this improvement has benefited the whole of the sector and thus all the regions concerned.

As intended by the Council and the Commission, the measures adopted until now have helped to create a favourable climate for the preparation at Community level of a restructuring policy for the steel industry. The essential aim of this policy is to make the Community steel industry competitive in the longer-term. This aim implies the adaptation of capacities to long-term developments in demand, improvements in competitiveness by reducing production costs, and also action for regional reconversion and retraining of workers, so as to ensure that any loss of jobs in steel would be effectively balanced by the creation of new jobs in the affected regions. For this purpose, as a first step, the Commission will establish a new set of general objectives in the sense of Article 46 of the ECSC Treaty. In the light of these objectives, the Commission will have to answer among other things the question how to achieve the best structure for each region on the basis of technical economic and social criteria. The Commission, together with the firms and Member States, will analyse the problems created by the restructuring policy, particularly its effect on the equilibrium between regions. The execution of this policy will demand the mobilization of financial resources for internal restructuring of the sector. It is also proposed to draw on the Regional Development Fund for the creation of alternative jobs. It is particularly with a view to the reduction of regional effects, especially on employment, of the application of Community sectoral policy, that the Commission, in its new guidelines for Community regional policy, has proposed a non-quota section for the European Regional Development Fund.

As far as the development of global production capacities of crude steel is concerned, the Commission has decided at this stage not to encourage projects involving capacity increase without a parallel reduction of obsolete capacity. At the finished-product phase, a capacity increase could presently be encouraged if there is no excess global capacity at the sectoral level, if the project is competitive, and if it also does not entail an increase in production capacity of crude steel. Under a restructuring policy covering the reduction of global capacities, any projects meeting the criteria which have been defined could involve, under special circumstances, a certain increase in production capacity.

On a more general note, I am happy to state that the Regional Policy Committee decided to put on the agenda of its next meeting the question of inter-relationships between sectoral policies of the Community and the regional policy of the Community.

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

Mr Hoffmann. — (*D*) Mr President, I feel that this question cannot lead to a wide-ranging discussion on the steel industry. This subject is undoubtedly too serious for us to deal with simply on the basis of an oral question. We would like to see the discussion of this question followed by a more balanced and thorough debate on the steel industry at another time. We would also point out that since we as a Community have greater powers in this area than in others, we must show in such a debate on the steel industry that we are aware of our responsibilities. Nor can today's debate in any way be regarded as a thorough discussion on the future of the regional policy.

I have made these two preliminary remarks to make it clear that what we say today in connection with this question cannot affect these basic matters. But the answer Mr Burke has just given does show that the authors of the question have raised an important point. I listened rather closely to what Mr Burke said, and I feel that he glossed over the effects of the steel crisis on the regions, which are only now emerging. If you look at certain regions you will see that it is only after a certain time-lag that the employment situation is affected. At one time it was possible to counteract these effects with short-time working, but now there have already been mass dismissals in a number of weak regions. I will explain this briefly with the aid of two examples in a moment.

We cannot, then, have a general debate today on, for example, the optimum size and optimum location of steel-mills. It would simply be irresponsible of us to try and do this now in one fell swoop.

But this oral question does draw attention to the following problem: if we take the average quarterly indices of crude steel consumption in the European Community, we find that the average in 1974 for each quarter was 35 million tonnes; in 1975, the figure fell to 31.5 million; in 1976, to 30 million; in 1977; to 29 million; and the forecast for 1978 is 28 million.

These indices do not initially tell us a great deal. For example, they do not show where the effects are felt most. But if we look at the consequences, we see that the steel crisis is at present producing a very strong movement towards concentration in the iron-and-steel industry. A good example of this is the Arbed group, which is now represented in Luxembourg, France, Germany and Belgium. Within a matter of six months, the Arbed group concern has moved from 30th to 10th place among, the world's steel producers.

Hoffmann

And this process of concentration really does result in what the authors of the question were thinking of — a disproportionate effect on the weaker regions having a steel industry. We must therefore ask what the Community is doing to put a check on, for example, subsidized competition, particularly in the border regions.

A number of multinational groups have various national holdings in the steel industry. They can simply carry on this competition, for example, in obtaining subsidies, liquidity aids, guarantees and grants for their welfare programmes, and they can even try to play off the different welfare and labour-market requirements of the various countries one against the other.

We are of the opinion that widely spread subsidies, such as the coal subsidy, would intensify this process of concentration. But we are fully aware that this process also results in concentration on certain areas, and this particularly affects the weak regions. Weak regions are at a particular disadvantage in that their transport infrastructures are in need of modernization, they are often too far removed from the large industrial consumers and in some cases use out-dated production methods resulting in below-average labour productivity.

As you know, additional jobs have very often been created in these weak regions even though they may not have been absolutely essential. When depressions occur, many of these additional jobs are then eliminated, and the questioner's intention of throwing light on these weak regions is therefore to be welcomed.

I should like to illustrate this by taking Ireland as an example, Ireland's State steel industry has submitted a development plan. The reactions to this development programme were evidently extremely cautious. But we feel we must point out that there is every justification in asking to what extent the Commission is prepared to help and how we see the connection between the steel crisis and regional structural policy.

As regards Ireland, we feel that the development plan that has been submitted is very important, particularly for the Cork area, firstly, as a basis for regional development in this area; secondly, as a means of safeguarding a source of steel for the building industry; thirdly, as a means of maintaining employment to some extent; and fourthly, because a multiplier effect is likely to occur here. We feel that it was quite right to look into this problem, and we call on the Commission to give somewhat clearer answers to this question than it has done so far.

The second example I should like to give is the Saarland, Luxembourg, Lorraine and south Belgium region. Here, too, precisely what I was saying just now

is happening, increased concentration, which is resulting in unemployment ratios very similar to those in Ireland, in fact almost exactly the same in percentage terms.

To conclude, I should therefore like to ask the Commission what action has been taken on the resolution adopted by this Parliament on the crisis in the iron and steel industry, and in particular paragraphs 9, 12 and 13, in which an appeal was again made for this very framework planning. We have not yet received an adequate answer to this.

I would therefore ask you, Mr Burke, to enlarge on the answer you gave just now and to take greater account of the weaker regions.

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

Mr Bertrand. — *(NL)* Mr President, our colleague's question brings home the fact that it is always the structurally weak regions which are most seriously affected when a crisis develops in one industrial sector or another. Today it is the steel sector, yesterday it was the textiles sector, tomorrow it will be shoes, after that the glass sector and so it will carry on as new developments in transferred from are applied and production units are transferred from the Community to developing countries.

I therefore believe that it is high time that, in view of the problems facing various sectors of which we are all well aware, the Commission should make a serious start on drawing up a coordinated industrial and regional policy for the medium term. I do not believe that a serious policy can cope with these problems when time and again individual sectoral questions are tackled without being integrated into a general industrial policy linked to a parallel regional policy. When conversion is undertaken in a particular industry and when certain governments make available x millions e.g. for the steel industry for restructuring and conversion, this can only achieve results if the Commission has traced out the direction of a general industrial policy.

I am surprised that, during every part-session of this Parliament, there is always a discussion on some crisis in one industrial sector or another.

It must be clear that only an integrated industrial policy linked to regional policy can offer a durable solution to the problems affecting the Community's weakest regions.

We Christian Democrats therefore intend to urge the Commission to submit an integrated programme to Parliament as soon as possible, to have it discussed in a broad debate and then to submit the necessary proposals to the Council.

IN THE CHAIR : MR MEINTZ

Vice-President

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

Mr Durieux. — (*F*) First of all I should like to remind the House — and I am sure no one will contradict me — that, together with the agricultural policy, the iron and steel industry is one of the vital aspects of a united Europe. It is therefore highly desirable that, as called for by a previous speaker — the European Parliament should regularly examine the development of this crisis sector, and that we should periodically assess the way in which the Commission uses its powers to restore a viable and competitive iron and steel industry in Europe.

Today, the Group of European Progressive Democrats is giving us the opportunity to consider the internal aspect of the Commission's anti-crisis plan. Since our last debate on this matter, the principles adopted by the Nine at the end of last year have been put into action through a series of decisions and recommendations. The main aim of these measures is to improve price levels by increasing guide prices and implementing an anti-dumping system to restrict low-price imports from third countries.

Unlike the reference prices adopted by the American administration, the European system is to be applied only on a temporary basis. The Commission is continuing its negotiations with third countries aimed at concluding bilateral agreements on the prices of iron and steel products and the quantities to be supplied. It is true that these measures have brought about a temporary improvement but not a radical transformation! We must beware of rash optimism, since the Community cannot be content with the initial results; they are the outcome of exceptional measures, which are justified on a temporary basis but cannot be continued indefinitely without involving a deliberate choice in favour of protectionism. The Community is and must remain a loyal partner on the world market. The choice which has been made must be upheld: there must be no recourse to protectionism but at the same time we must introduce firm measures to combat dumping, measures which are the necessary corollary of free trade.

This brings me to a further vital point, Mr President; in addition to the temporary economic problems, the crisis has clearly acquired a structural dimension. If we are to concern ourselves with the long term, we must produce real structural improvements in our production equipment. The Community must assist the process of conversion and of retraining as part of its overall policy, a policy for which it has the necessary means.

I should like to emphasize that this industry must remain a vital economic activity in the regions concerned. Of course we cannot aspire to increase our production capacity but we must ensure that it is maintained in each region. We therefore share the concern of the authors of the question about these aspects.

But we must be realistic. It is essential to modernize our iron and steel industry: we must replace out-of-date and unsuitable production equipment — our iron and steel industry is unprofitable and uncompetitive. Reconversion, involving both new investment and the withdrawal of investment, is therefore vital and such reconversion has recently begun. The resulting loss of jobs will be acceptable only if it enables the jobs which are maintained to be guaranteed and if a major part of the available resources is allocated to the creation of alternative employment in the regions affected by rationalization, as you have just pointed out Commissioner. Special social loans must also be devoted to relocating workers. I want to draw your attention, Commissioner, to an example in my region — the Usinor group in the Valenciennes area. There workers are being made redundant without the creation of alternative jobs. I can only agree to the restructuring of our iron and steel industry if at the same time all the necessary provisions are adopted and implemented to create alternative equivalent employment. Such restructuring at European level, which requires thorough consultation with the workers, is the only way in which jobs can be maintained in the industries which are most affected. If each individual agrees to make the necessary effort, in the long term our iron and steel industry can look forward to a more encouraging future.

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

Mr Mascagni. — (*I*) Mr President, the question tabled by the Group of European Progressive Democrats clearly seems to be designed to relate the Community's steel policy directly to regional policy. The fourth part of the Oral Question, though put in the form of a rhetorical question, amounts indirectly to a proposal that the development of the steel industry be maintained even in cases where this industry, while accounting for only a small share of total production, nevertheless plays an important part at regional level. It is understandable, and indeed within certain limits justifiable, that at a time of such serious difficulties for the economies of our countries, this tendency should arise to adopt measures designed to alleviate distress and to grasp all possible advantages, even though they may be only transitory and temporary; but it should also be pointed out that efforts of this kind, that are excessively limited in scope and of their very nature

Mascagni

essentially biased, run the risk of defeating their own purpose and bringing no real benefits. In this connection I shall confine myself to making two points.

The international crisis in the steel sector, seen as a whole, forces the Community to acknowledge the problems that are involved and to distinguish between short-term and long-term problems. The countries and economies affected by the crisis and the Community with its broad political commitment must be capable of appraising shrewdly and honestly all these interrelated problems and the solutions that can and must be worked out for them. This means above all that we must realize the flimsiness of any measures or approaches that are merely defensive or protective, as those suggested in the Oral Question seem to be. The basic precondition for an effective restructuring of the steel industry and of European industry in general — and the advantages this would bring would themselves help to break down regional imbalances — is a democratic planning of productive development, based on the real needs of the peoples of Europe and on a reasonable pattern of consumption less influenced by the selfish thinking that pervades the whole advertising industry, which has been raised to such a fine art for the sole purpose of making more profit.

The second point I would like to make is as follows: Community regional policy must strive to meet more broadly-based needs, which must be evaluated in an overall manner and bearing in mind the way in which they are interrelated, and priority must be given to projects likely to have a genuine snowball effect. It is pointless to invoke this policy to justify interventions of a sectoral nature, unless such interventions directly exercise a genuinely helpful and beneficial influence on a broader scale. I should like to remind the House that Commissioner Giolitti recently pointed out that the Regional Fund is too fragile an instrument to be continually called upon for aid whenever any need arises. Last December the Economic and Social Committee stressed that regional policy must not be wrongly used to level out economic differences or to replace provisions designed to bring about industrial restructuring, which falls within the ambit of sectoral policy.

In conclusion, Mr President, one can certainly understand the concern that inspired the authors of the question. One can even welcome the implied proposal contained in the question and hope to see it translated into actual aid measures, but without thereby laying down a general rule that would only have the effect of watering down and undermining not only the organic measures needed to contain and overcome the steel crisis, but also the essential meaning and the basic objectives of regional policy itself.

President. — I call Mr Ellis.

Mr Ellis. — Mr President, my friend Mr Hoffmann was quite right when he said that we cannot really deal with an issue like this one on the basis of a question to the Commission. The two main issues involved — the problems of the steel industry and the crisis of the steel industry, on the one hand, and regional policy on the other — are far too complex and too involved to be dealt with in this particular way. From what has been said, and I feel that the House would probably agree with me, I cannot help but feel that the question tends to confuse, to some extent, the question of the steel industry and regional policy.

I must say, although I am sorry to have to do so, that I found that the Commissioner's answer was not all that helpful, because it was couched almost entirely in what we call in English 'officialese'. I found some difficulty understanding the platitudes of a kind of jargon which is peculiar to most civil services, so I am speaking at rather a disadvantage, having not quite understood what the Commissioner said. I must say, too, that Mr Brosnan made a few statements which I found very surprising. I agree with him when he says that he was talking about the steel industry in a regional context, but that applies pretty well right across the Community. It so happens that, as the industrial revolution got under way, divine providence had put the iron ore and the coal and the slate and so forth in various regions. These were the regions that developed and which reversed a process which had gone on for centuries previously; that is, they tended to develop away from the political centres. But that process has stopped, and is one of the problems, amongst a lot of other problems, which are affecting us, because, nowadays, a steel industry can technically be located anywhere. There is a steelworks in my constituency which is in serious trouble, and if it were surrounded with mountains of the best-grade iron ore and the best coking-coal it would still be in difficulties, because the technical processes are outdated. This is one of the problems facing the steel industry.

One of the statements that Mr Brosnan made, and which I found extremely surprising, was that the Irish economy demands a steel industry. Now, I question that. I can see some economies demanding a steel industry. I can see the Japanese economy, at the position it has reached, demanding a steel industry, but even the Japanese are beginning to feel the cold winds of competition in that particular sector. If any economy was to be dependent on any one industry, the last industry I would suggest is the steel industry, because the problems of the steel industry, as we know only too well, are overwhelming. And when Mr Brosnan talks about steel as the basis for the survival and the development of a region like Ireland, I must say I think he is not only overstating the case, but is possibly on entirely the wrong track, and I say this

Ellis

not as a person who has no direct involvement with steel. I have steelworkers in my constituency, and some six years ago when the proposals were set out to restructure the steel industry in my country, I advocated that that particular steelworks in my constituency should accept the decision to abandon steel-making and try to use the political influence resulting from that to develop and to diversify. I would have thought that the issue in this case, as Mr Brosnan himself said, was marginal. It is certainly marginal to the Community and, although not to Cork, it is probably marginal to Ireland.

I think the thing to do would be to go ahead and deal seriously with the regional problems, not tie them down to the whole question of steel. Therefore, if any good at all comes out of this debate it will be that here we have an example, on a small scale within the Community, of a particular steelworks which is in trouble, and which could be tackled effectively on a Community basis. It is small enough for the Community at least to establish some really meaningful alternative economic policies for that particular region, and I would advise Mr Brosnan that his best bet for the future, certainly for the long-term future, would be to accept the abandoning of the steelworks, and to insist in return on massive support in other, much more diversified sectors than now exist, not only in Cork, but indeed in the whole of Ireland. I think he is doing himself an injustice by pursuing this line, by pushing an industry which is in serious difficulties right across the Community and even in countries like Japan who are now facing competition from third-world countries. There is no real prospect at all, and it is as much as we can do in the Community to salvage anything of our steel industry.

To finish with, I will just give an example of how we have gone wrong over the past 20 years. In 1950 my country produced 28 million tons of steel, Japan produced two million. Now Japan, which has no iron ore, and no coking-coal, is producing 90 million tons and we are producing 20 or 21 million. The errors that we made were made 10, 15 and 20 years ago and I think it would be very wrong for Mr Brosnan now to commit the errors in his country that we have made in ours in the past.

President. — I call Mr Aigner.

Mr Aigner. — (*D*) Mr President, ladies and gentlemen, I had in fact prepared a similar question and therefore very much welcome the one before us today. I can now consider my own as dealt with.

I am, of course, somewhat surprised at the debate, which I admit has been remarkably profound. Every speaker has said that we cannot now talk about steel or about coal, and then went on to spend most of his time talking about steel. The matter we are in fact

concerned with is purely and simply the following — and the debate should concentrate on this: we now know what measures the Commission intends to take to overcome the steel crisis. I do not want to go into the fight against dumping prices or the target price, but simply discuss the other measures. The crux of the question is, how are we getting along with the concept of restructuring, reorganization, adaptation of production, competitiveness and so on? How will the Commission, if it develops these instruments on economic lines alone, ensure that the regional policy is not shortchanged as a result? This is an old question we have been discussing here for years.

I am not really so dissatisfied with the Commission's answer, because it made it clear that the Commission here intends to take account of the regional policy aspects. I could not name an instrument to which it did not refer. But, Mr Burke, the decisive question is, of course, not what you say here, but what you can in fact achieve. And on that I have just two questions.

I know the problems from the request made by the Bavarian State Government. You will undoubtedly be aware of the problems facing Bavaria. I was rather surprised to hear Mr Hoffmann referring only to the problem of the Saarland. We have a similar problem in the north-east of Bavaria, which, with the thousand workers dismissed from the Max plant, is among the regions of the Community hardest hit by unemployment. In other words, there are many such areas.

And now to my two questions to the Commission. Firstly, are you prepared — and I am now interested in the facts, not in what we say here, which is all very logical and convincing and I am in complete agreement with it — not only to negotiate with the Council, but to consult the hardest-hit regions themselves? If you do not do this, if only the Commission and Member States negotiate, then the Member States will quarrel amongst themselves and regional interests will not be able to find a champion, either in you or in the Member States, because the conflict will be carried out at quite a different level. Are you prepared to contact the Bavarian State Government, for example, so that the plan that has been submitted can be put in the European Community's hands? In other words, will there be consultation with regional authorities which know exactly what is going on? For they have a far greater knowledge of the facts and know how they can help and what could be done to remedy this situation.

My second question, Mr Burke, is this: for years, during every budget debate, we have talked about integrated regional programmes. We say that we must combine the Agricultural Fund, the Regional Fund, funds from the ECSC, funds from the European Investment Bank and the Social Fund into large programmes, because regional policy simply cannot be constructed with only one sector as the point of

Aigner

departure. Regional policy must mean including all sectors in one programme. So we have been talking about this for years, but what has been the outcome? Very little. My second question is therefore directed at the Commission. Is it able and is it prepared to make available more than just finance outside the allocation quotas? Is it prepared to draw up an integrated programme for the various regions? That is the problem. But if it is to be solved, one step must first be taken. You must first create an instrument in your own administrative structure so that this coordination can take place. At the moment such coordination is not possible. When I look at the present decision-making structure of your administration, I realize that you are quite unable to implement an integrated programme of this kind. You must do one thing: you must set up a team, a working-party composed of people from all these areas which looks into the problems and advises, and this working-party must draw up an integrated programme in conjunction with the regional authorities and the Member States. My second question is, therefore, will you undertake the staffing arrangements necessary to make this possible?

Mr President, I should like very briefly to put a third question. Mr Burke, if you see the steel crisis only from the economic angle, only as an economic calculation, the following will be the result. You will, of course, be able to produce more cheaply in the densely populated areas. It will take less to make the steel industry more competitive there than in areas far from the coalfields, in the peripheral areas and so on. Then you will be ruining existing productive capacities for overall economic reasons, and when they have been ruined, you will use three or four times the funds in an attempt to restore these regional capacities. That policy is wrong.

My request has only one aim. I have said this so often, and I have been saying it for years. Is the Commission not able after all this time to take account not only of job-related costs incurred by the undertaking but also of the consequential costs, which are not the same as job-related costs? If you create a job today in a densely populated area like Paris, it costs so and so much, undoubtedly no more than in an area far away from the nearest coalfield. But the burden that the Community of Paris has to bear for development, transport and so on is found charged to another account. If you really calculate the overall economic costs and consider all the consequential measures, you will arrive at a different balance and regional-policy considerations will take on greater weight. I therefore ask you to try and solve all these problems and above all to include the last question in your overall calculations.

President. — I call Mr Ryan.

Mr Ryan. — Mr President, I should like to thank the Commissioner for his presentation of the overall problem, which we in Ireland fully recognize. I would like to disabuse some people of some of the misconceptions which they may have about the Irish problem — and this question is stimulated by an Irish problem.

Ireland has only one steel plant, which is located in the constituency of Mr Brosnan. As you know, Ireland is an island on the periphery of Europe without any indigenous iron or steel; but it is also an island which produces its own scrap, and it obviously makes sense from a commercial point of view and it is also essential from the security point of view that any island should have its own steel plant.

I have had the privilege and the agony of being Minister for Finance in Ireland. When the question arose whether Ireland should modernize its only steel plant or abandon it, I had no difficulty in coming to the decision, in the light of security and of the commercial experience and industrial proficiency of the plant in question, that the right thing to do was to modernize it. And I pose this question to my colleagues in Europe: should the institutions of Europe — the Commission, the Council and the Parliament — say that it is wrong to be efficient; that it is wrong to modernize; that it is wrong to be aware that your plant is becoming inefficient? I do not believe any member of my audience, or any sensible person in Europe, believes that that is a correct approach to economic problems. The sensible thing to do is to look ahead, to see the need to modernize, to replace a plant which is becoming outdated, to anticipate future difficulties; and that is what Ireland has done with regard to the one steel plant on the island.

Remember, that island is a divided island, with a lot of its heavy industry in Northern Ireland, which is at present in the United Kingdom, but Northern Ireland does not have a steel plant the like of which we have in the Republic in Cork. I think that, as Mr Brosnan pointed out, the effects of the Irish steel problem on the problems of steel in Europe and the world are insignificant; even if Ireland were to proceed with the modernization and expansion of its one steel plant without any aid from Europe, it would not have any significant impact on the steel problems of the world, but it would have an immense impact not merely upon the steel industry in Ireland but upon the whole economic, social and political environment in Ireland. Ireland is trying to race through the last 100 years of European experience. Most of Europe experienced over the last century an industrial expansion which has given it a standard of living which is not available in Ireland. The only way in which Ireland can reach that standard of living without becoming — and I want to emphasize this — a burden on the rest of Europe is by having its own industrial expansion.

Ryan

If it offends me, Mr President, to hear so many people represent Irish Members of the European Parliament as forever standing up with a begging-bowl. We are not on this occasion begging for anything. We are simply asking for the same opportunity as is given to the rest to be efficient, to be modern and to have within a small island on the periphery of Europe a capacity to serve heavy industry. We cannot provide in Ireland — or, indeed, in any part of Europe — the jobs which are necessary to overcome the terrible cancer of unemployment unless we offer industry the services which they need. Industry in Ireland needs the service of a local steel industry absorbing the steel scrap of the island. If we do not have that, we have to collect the scrap on the island, export it from the island and then carry it back again when it has been processed elsewhere — and also ask those who process it to send us charity out of the profits they have made from absorbing our steel scrap.

Clearly it is nonsensical to leave any isolated section of the European Community without its own steel industry. That is why I think the question that is posed today to the Commission is a question which is well posed, it is a question which is well posed to the Parliament, and I am greatly encouraged by the clear understanding which has come from all sections of the Chamber today for the regional problems of the neglected peripheral areas. Clearly the problem is understood by the elected representatives of Europe, and today's debate is worth while if, as a consequence, the Commission will see that Europe is united in allowing to the poorest regions a capacity to produce their own steel and to use such resources as are available to them.

The Commissioner suggested that the Regional Fund was there to provide aid for alternatives. With the greatest of respect, the Regional Fund has been a great disappointment in the peripheral areas. We have no basis to believe that we can get sufficient alternative industry from the Regional Fund if we allow the steel industry in Ireland to close down altogether. We are not talking, Mr President, of an inefficient industry . . .

(The President urged the speaker to conclude)

. . . because the industry has proved that it is efficient. Ireland absorbs 83 % of the industry's output, and exports, without subsidization, the remaining 17 %. There is a clear case that we are asking for support for an efficient industry in a very, very critical area.

President. — I call Mr Jensen.

Mr Jensen. — *(DK)* Mr President, we well understand what our Irish colleagues have said, for it is extremely important precisely for countries with little industry to protect the few industrial undertakings that they have. It is a well-known fact that the Irish are hard-pressed by the British as a result of the distortion of competition arising from the State aid provided by the UK to various sectors of industry.

Speaking as a Dane, I would like to emphasize that, although my country is engaged only to a minor extent in direct steel production, the planned European restructuring of the industry means that there are vital national interests at stake for Denmark.

Allow me, therefore, to speak for a few minutes on the consequences of this plan for another small member country, in this case Denmark, whose industrial production and exports are nevertheless to a large extent based on steel and steel imports. The proposal as at present worded condemns Danish firms — and what is more, on a retrospective basis — to pay far more than the world market price for steel supplies.

Firstly, the new steel policy and the endorsement of the steel plan are in flagrant breach of the Community rules, which had top priority at the time of Denmark's entry and which implied above all that Danish industrial undertakings — and hence, of course, those of other countries, too — should benefit from the advantages of an economy based on free competition.

Secondly, it is contrary to common sense and to Danish business interests as well as patently at variance with the philosophy behind the Common Market to impose these kinds of burdens on one member country in order to eke out the operating life of a number of obsolete undertakings in West Germany, France, Belgium and Luxembourg, which ought to be closed down.

Steel is a key commodity for the whole of the Danish metal industry, and the increase in cost to Danish firms can clearly be felt when competing with Sweden, Norway, the USA and Canada as well as the twenty or so other competitor countries that are not members of the Community. I would almost go so far — even though this House is not technically speaking the right forum — as to recommend that the Danish minister responsible use his veto to ensure that this plan is not extended or made permanent.

President. — I call Mr Corrie.

Mr Corrie. — Mr President, may I also thank those who brought this oral question forward for the chance to skim the surface of this very major problem.

Somebody asked: were the steel industry and regional policy connected? I am sure this is absolutely so. The whole structure of our industry in Scotland during the last 100 years has been built around the steel industry, heavy engineering and shipbuilding. And now, suddenly, all these old mills are winding up, and thousands of people are going out of work. But we have tried to get the right answers. We have invested millions of pounds of EEC money in the steel industry in Scotland; in 1974, on the west coast of Scotland, at a place called Hunterston, on a green

Corrie

field site, we built one of the most modern, ore-handling terminals not only in Europe, but probably in the world. The project in 1974 was expected to produce something like 4 000—6 000 jobs by 1984. Now we are told, because of the problems in the steel industry throughout the world, these jobs are more likely to come forward in the year 2010 or 2020. The unemployment rate in the nearest town is 14 %, the unemployment rate in the islands round that new port is something like 28 %. Yet that new handling terminal can take ships up to 500 000 tons as well as two smaller ones alongside for trans-shipping. It now looks as though, rather than getting a new modern industry in Scotland, we are simply going to be a trans-shipping terminal for other ports throughout Europe.

I would ask the Commission: is there a policy of concentrating the steel industry on the mainland of Europe? Or are they seriously going to look at disadvantaged areas such as Scotland, where the steel industry is running down and thousands of jobs are disappearing, and make sure that a real chance will be given to the steel industry in those areas to build up, and that those who are going out of work in one factory can move into another? Undoubtedly this problem is going to grow and grow. It has become one of the real reasons in Scotland for the rundown, not just in the steel industry, but in other industries as well which have come in to make use of the end products.

I sincerely hope, Mr President, that major consideration will be given to disadvantaged areas such as this, in any Community steel programme, and development will be encouraged in these peripheral areas.

President. — I call Mr Stetter.

Mr Stetter. — (DK) Mr President, I have received a number of representations from firms in Denmark claiming that they are unable to obtain details of the price of the steel they are at present purchasing from their suppliers. This naturally places the firms in question in an extremely difficult position, as their inability to get details of the final price means that they cannot calculate their own prices.

I would ask Mr Burke whether this is true, and if so, I would like to know the reason why buyers of steel in Denmark are apparently unable at present to be quoted a final price.

Mr Brosnan. — Mr President, may I first of all thank Mr Burke for his intervention, and the other speakers for the support, and in fact the sympathy, which they seem to have for our particular case? I should also congratulate Mr Burke on the studious way in which he avoided saying anything. He told us nothing at all, so may I now pose him a few specific questions and be very brief, Mr President?

First, I would ask him whether he and his colleagues in the Commission would not agree that we have a

special case in Ireland, for the reasons outlined by me and more eloquently by my colleague Mr Ryan and for many other reasons as well, reasons of which the Commissioner himself is aware. I do not care what anybody says here; this particular case is a regional matter and it should be viewed and approached from the regional point of view. That is my first question.

My second question. The Commissioner made reference to the 'anti-crisis plan'. Now, if this plan is a success, and these anti-dumping and other measures produce the desired result, that could mean that the steel industry would be back again in health. Now, may I ask — and this question I am posing as well for the benefit of my colleague, Mr Ellis — if in the interim our one and only steel mill closes down, what must we then do to get supplies of steel? Must we go, cap in hand, to Mr Ellis and to British steel for our supplies? No! That apparently is what he would wish. He has suggested that I said that the survival of our whole economy depends upon the steel industry. I said no such thing. I said that the survival of our one and only steel plant was a factor, and a very important factor, in the survival and the development of our economy. That is what I said. Now, if a secret document of the Commission, suggesting that British steel should close down, or, as it was euphemistically put, should 'orientate itself towards closure', were leaked to the press, what would be the result? What an outcry we should have in Britain, and in this Parliament! Now, may I suggest, Mr President, that our case is a reasonable and a fair one, and if the Commission wants to close down steel mills, why pick on us? Why not pick mills out of the golden triangle and keep away from the perished periphery of the Community, where we live?

I hope Mr Burke will be able to throw some light on these questions that I pose.

President. — I call Mr Burke.

Mr Burke, Member of the Commission. — Mr President, I would start by picking up the point made by Mr Hoffmann and Mr Ellis, who said that the oral question procedure was not sufficiently important a manner of dealing with this problem. Yet, as Mr Aigner pointed out very clearly, the matter has been dealt with in some depth, and I think we all gathered that in spite of the reservations of the two speakers in question.

Now, may I make some general comments. First, Mr President, let us refer to what the speakers have said. I know that this is a very difficult problem for Members and for the people they represent. But we must be clear about the dilemma. The Commission cannot encourage further production in a sector where there is over-production already. I cannot over-emphasize that point. No one could quarrel with the principle

Burke

enunciated by some speakers that Irish steel production should meet the needs of the Irish domestic market. But the proposition that the Commission has to deal with here is that new production should be undertaken strictly for the export market. The Community market as a whole is already overcrowded; that has been made clear by very many speakers. The essence of the crisis we face in the steel sector is this over-production and the consequent necessity to reorganize the industry, to which I referred in my remarks.

By the way, may I say in reply to Mr Ellis and to another speaker that, when I made my comments, I spoke in a manner which was calculated to carry precisely the message that I wanted to convey. If it sounded a bit official, Mr Ellis may be led, on reading it in the cold light of day, to see nuances and insights in it which perhaps did not strike him as I spoke. I make no apology to the Members of the House for speaking in a formal and, indeed, a precise manner.

Might I also say in passing that, given the circumstances, it would hardly be wise for any-one now to seek to carve out new selling niches in this depressed market. I believe that if a person did so, he would find himself obliged to lower his prices well below the level of profitability. This is a point which I am sure is borne in mind by the Irish producers. In any case, the Commission cannot, on the one hand, implement a policy aimed at reducing the steel-producing capacity of the Community, modernizing production techniques and redeploying large numbers of steel workers, and on the other hand support a programme to increase production at one plant in a way directly calculated to swell the existing surplus.

But, be that as it may, the Commission has to acknowledge that there is here an especially difficult problem. It arises because the policy necessarily applied in the case of steel may have, as I said in my opening remarks, unfortunate effects in a region which is recognized to be one of the most economically disadvantaged in the Community. The region in question is indeed classified as a black-spot region, so we have here, as Mr Brosnan said, a case where a sectoral policy could well come into conflict with the needs of the Community's regional policy unless steps were taken to compensate for the impact of a sectoral approach. That is why the Commission has undertaken not only to mobilize financial resources for the restructuring of the sector in question, but also to involve the Regional Fund for the creation of alternative jobs.

In addition to that, the Commission has proposed, as I have already said, a non-quota section for the Regional Fund specifically with a view to reducing the effects on employment of a Community sectoral policy. And what would this mean? It would mean that the Community would find the resources for the re-employment in alternative work of any employees who are made redundant as a result of the steel policy.

It could also mean, over and above this, that a substantial number of jobs would be developed in addition to those which might be lost under the impact of the sectoral policy in question. Clearly the Community has an obligation particularly in respect of its most deprived regions, to see that its policies are balanced, that when something is taken away in the field of employment a means of compensation is also made available. And I hope and believe that the Community will honour this obligation.

Now if I might turn to some of the comments made by some of the speakers. In answer to Mr Hoffmann, I would point out that the Commission, as I already said, has undertaken the establishment of new general objectives, and this will be followed by the effort to establish a Community-wide restructuring programme. The first steps are being taken at this moment by my colleague, Mr Davignon, in consultation with governments, industries and unions. The Commission has pledged itself to establish a framework for national aids and subsidies. The discussion has started with experts, and the Council will be asked to discuss the problem within a few months. At the same time, we have undertaken to redirect research programmes on applied research.

In reply to the first question posed to me by Mr Aigner as to whether the Commission is prepared to deal directly with the regions most concerned when considering a particular regional issue, I would say that the Commission already has contacts with regional representatives who came to visit us and discuss their problems. These contacts are extremely valuable, but it is clear that negotiations as such can only be carried on with national governments. I am not sure if Mr Aigner was suggesting that we in the Commission should now begin to bypass national governments; I would not understand that from him, but I want to make it clear that if he was proposing that the Commission should bypass national governments in order to deal with regional administrations, then I have to say that this would not be possible in the present circumstances, or indeed in any foreseeable future ones.

In his second point he asked if we were prepared to put up an integrated programme for individual regions. I would say to him that some steps have already been taken towards the preparation of integrated programmes. From this year forward, Member States may present requests for finance under the Regional Fund only if these applications are clearly related to regional development programmes. These programmes are presented by each Member State to the Commission for consideration in liaison with the Regional Policy Committee. This represents a large step towards the creation of integrated programmes suggested by Mr Aigner.

I would also like to pick up one or two points made by some of the other speakers. I refer to Mr Bertrand's

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request for a plan. I have already indicated in my opening remarks that, in fact, the Commission is working towards that plan, and I would ask him to accept my assurance. To Mr Durieux, whose main point was that we should avoid protectionism, I can say that I agree that that is so, and indeed on the occasion of my visit to the United States a fortnight ago, where I had the opportunity of talking with the authorities and with members of the Senate and House of Representatives, I stressed this very danger of protectionism and found an echo on that side, albeit with difficulties — which were apparent — coming from the particular interests concerned on that side of the Atlantic.

May I also say that Mr Ryan, I think, posed a very important question, which not only we in the Commission, but we in the Community generally will have to answer — by that I mean members of this Parliament, members of the Council and members of the Commission. He has posed a very important question. If an industry such as the one he describes has emphasized the need to modernize, should the European Parliament, or should anybody say that it is wrong to do so? He also posed the question as to whether this country, Ireland, should export its scrap, have it processed and have it brought back again. I consider that this is a very well-posed question. I do not pretend to have the answer, or to give the answer, but I think it is very well put.

I will deal with Mr Brosnan's final questions to me in a moment, but I should like to add something to what I have already said about the coordination of funds. It is that we have also moved towards coordination of actions under different funds. My colleague, Mr Giolitti, is looking into that matter, and I would draw attention to the concerted action of the various funds organized to meet the Friuli catastrophe, for example. This extraordinary action will, I hope, have its parallel in future in more normal — and indeed, more benign — circumstances. May I also point out that this is the first Commission which has taken, in the allocation of responsibilities, the decision, to give to one Commissioner particular responsibility for the coordination of these funds.

Finally, Mr Brosnan asked me: would the Commission agree that Ireland has a special case? My answer to that is: for regional help — yes. In answer to his general problem. I would say that the prospects in the steel industry are not good — not in Europe, not in Ireland, not in the Community generally. As to whether there is any solution to this crisis. I would point out finally that in respect of the particular plant which was the subject of this debate — and I emphasize this — what has been put forward to the Commission is a plan which emphasizes export. Could I suggest to all those who are interested that the people concerned might be invited to take another line, and that is to put forward a plan which did not contain this almost one-hundred-per-cent emphasis on exports.

Finally, I want to thank the Members for the attention they gave to this very important matter, and to say that it will be a pleasure for us to come back for further discussion of this at a future date.

President. — The debate is closed.

16. *Allocation of funds under the Second EEC-Greece Financial Protocol*

President. — The next item is the oral question, with debate, by Mr De Clercq, on behalf of the Liberal and Democratic Group, to the Commission, on the allocation of funds under the Second EEC-Greece Financial Protocol (Doc. 535/77):

Will the Commission state:

- (a) if, with a view to speeding up the procedure, the competent Community bodies have contacted the Parliaments of the Member States of the Community which have not yet ratified the Second EEC-Greece Financial Protocol one year after it was signed;
- (b) in view of the fact that the Community budget is now financed from the Community's own resources, what action has been taken until now on the European Parliament's requests that the funds under the Second EEC-Greece Financial Protocol be allocated without waiting for ratification by the national Parliaments;
- (c) if it could not envisage interim arrangements to enable the Financial Protocol to be applied without further delay?

I call Mr Damseaux, who is deputizing for Mr De Clercq.

Mr Damseaux. — (*F*) Mr President, Ladies and Gentlemen, on 28 February 1977 the Second EEC-Greece Financial Protocol was signed in Brussels. As you know, it is a technical instrument of vital importance aimed at restructuring the Greek production system, above all in the agricultural sector. The Financial Protocol provided for under the Association is also of great importance now that Greece will soon belong to the Community. The Financial Protocol is therefore vital for the sound functioning of the Association and it must enable the process leading to Greek membership of the EEC to be speeded up. A year after the signing, the funds provided for in the Financial Protocol have still not been allocated to Greece, since the ratification process has not yet been completed by the Parliaments of the Community Member States. A financial vacuum has been created in the aid which the Community undertook to give to Greece as part of the Association Agreement. This vacuum began at the end of 1975, when the funds available under the first Financial Protocol were completely exhausted. Since then, the Community has made no further contribution to the process of restructuring begun by the Greek Government with a view to transforming the production system in Greece and to making it compatible with the Community's production structures.

Damseaux

Aware of the seriousness of the situation, the European Parliament has frequently asked the Commission to find ways of allocating to Greece the funds provided for in the Second Financial Protocol without waiting for the ratification process to be completed. We are sure that the Commission has duly assessed the seriousness and urgency of the present state of relations between the EEC and Greece and we would ask the Commission to give details on what has so far been done to meet the European Parliament requests in this field and to provide clear and precise information on the possibility of setting up an interim mechanism to enable these funds to be allocated without waiting for ratification by all the Member States. We feel we should point out that the effectiveness of the Second Financial Protocol in helping to restructure the Greek economy depends on coordination between the Community and the Greek Government. This is now non-existent, since Community financial aid has not been available since 1975, when the funds under the first financial programme were completely exhausted.

President. — I call Mr Burke.

Mr Burke, Member of the Commission. — Mr President, the Commission is very conscious of the delay which has occurred in the ratification procedures for the Second EEC-Greece Financial Protocol and very much regrets it. The Commission has not, however, contacted the national parliaments of the Community's Member States directly in order to accelerate these procedures, since it is the responsibility of the national parliaments to complete these procedures according to the particular rules in force in their respective countries. The Commission therefore raised this problem in the Council in January and invited Member States who had not already done so to complete ratification procedures before the end of March. If this was not done, the Commission reserved its right to request the entry into force of the Financial Protocol by autonomous means. In this context, the Commission's staff are at present examining the exact nature of such a solution. I would, however, underline the fact that the Council's decision to include financial aid in the Community's Budget and the possible acceleration of the entry into force of the Protocol do not in any way modify the long-term need for ratification procedures in the national parliaments to be completed, since the Member States are contracting parties in their own right to the Financial Protocol.

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

Mr Amadei. — (*I*) Mr President, first of all I must side with Mr De Clercq and say that I too feel that it is essential that the sum provided for in the Second

Financial Protocol concluded one year ago by the Community with the Greek Government should be paid over as a matter of urgency.

I should like to point out that on several previous occasions I have come out in favour of a prompt payment of the sums set out in the Second Financial Protocol. I tried to call attention to the matter at the meeting of the EEC-Greece Joint Parliamentary Committee in Mitylene, in the Political Affairs Committee and in the Committee on External Economic Relations. I also raised this problem on several other occasions, including the debate in the plenary Assembly during the June 1977 part-session, when Mr De Clercq's report on the Second Financial Protocol itself was being considered.

We cannot pretend, Mr Burke, that we are satisfied with what you have told us. It is very likely that neither you yourself nor the Commission is in a position to do anything more, but having discussed the matter at so many different levels and in so many different committees, having spoken of own resources, having seen this Parliament request urgently that something should be done to meet the pressing needs of that country, I feel that it is not enough to reply simply that it is impossible and useless to press the Member States in this matter, since it is their own responsibility.

As has already been pointed out, one whole year has now passed since the Second Financial Protocol was signed, and in practice nothing has been done so far by the Community to honour the obligation contracted with regard to Greece, even though the Community ought to have provided this country with adequate financial aid. The sum of money envisaged in the Second Financial Protocol — 280 m.u.a. — is limited, and this sum is certainly not adequate to attain the objectives for which financial aid is required from the Community. I should like to draw the attention of my colleagues and of the Commission's representative to the fact that the Community's financial aid is not only meagre from the quantitative point of view but does not meet Greece's current needs, a situation all the more deplorable when one considers that Greece is about to become a Member State of the Community in the near future. In the light of this it is essential that Greece be given financial aid of such a kind as to permit it to restructure its production system, particularly in the agricultural sector, so that it may be able to take its place in the Community as soon as possible.

We are faced here today with a situation which, in my opinion, must be remedied as a matter of the greatest possible urgency. The last speaker said that a financial void has been created, and this is true. Since December 1975, when the First Financial Protocol expired, we have not been honouring our obligations. Even if the blame for this cannot be laid at the

Amadei

Commission's door, I should like to ask the Commissioner to undertake a thorough examination and assessment of the situation with regard to relations between the EEC and Greece and to take some action on the request made by the European Parliament that the procedures for paying over the sums envisaged in the Second Financial Protocol be speeded up.

In the meantime I would ask that everything possible be done to have these sums paid over without waiting for ratification by all the parliaments of the Member States.

We should try to do something to see that the new Greek delegation, which was appointed after the last elections in Greece and the members of which are actually in Strasbourg at present, can return to Greece bearing not just the usual bland assurances, but something much more practical.

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

Mr Vandewiele. — *(NL)* Mr President, the Christian Democratic Group is in full agreement with the position which Mr de Clercq and Mr Damsaux have defended.

However, unlike some speakers, I shall not try to play Santa Claus on this very practical question. I prefer to address the Commission directly, not in a cynical way but in a down-to-earth way.

We expect the Commission to take up further contacts with the Member States with a view to the rapid ratification of the second financial protocol with Greece. Some months ago, we had precisely the same debate on the financial protocol with Turkey. We are all members of a national Parliament and most of us presumably do not even know whether this point is on the agenda in our own national Parliament.

Should the Commission therefore not advise members of national parliaments, who sit here, on the state of affairs in their parliaments? I have no objection, if there is a hold-up in my country, against that being said publicly. Members of Parliament have the right to speak. Mr Burke has said that he has approached the Council and that the Council replied that they were dependent on our parliaments.

I therefore turn to the Commission with a very precise question, since consciously or unconsciously Mr Burke has touched a very tender nerve as far as I am concerned. What is at stake here is ratification. I support the position taken by Mr Ripamonti and other colleagues that when a financial protocol is concluded, when the Council has given its agreement and when the funds required have been entered in the budget, there is no longer any need to ratify. That is my position. I hope the matter can be threshed out before the court. I do not accept the Commission's interpretation. Probably the Commission has just as

good arguments as those of myself and other colleagues to defend its own position. But what I ask the Commission is for it to help us to adopt a new policy. The Commission must not just be a tape recorder merely reproducing the literal text of the Treaties. In this case it is a question of good judgment. It could work with us towards a more flexible interpretation of the rules of ratification.

It is clear that, since this is a very important matter affecting national interests, none of us would contemplate encroaching on national sovereignty and the power of national parliaments.

But I repeat, Mr Burke, the Council has reached agreement and a financial protocol has been concluded. Parliament has approved it. The funds required are available. The budget has been adopted. Is ratification by all Member States still necessary? When we become twelve, will we have to wait for twelve ratifications? Such a delay will make us ridiculous.

I therefore request the Commission to study this question once again and to try to persuade the Council to back our interpretation of the forms of ratification.

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

Mr Bouquerel. — *(F)* Mr President, ladies and gentlemen, I too, must deplore the fact that nothing has been done since the end of 1975 as regards the financial aid which the EEC has undertaken to grant to Greece as part of the Association Agreement. The signing of the Second Financial Protocol raised the hope that this situation, which was extremely harmful for the Greek economy, would soon be rectified. However, a year later the 280 m.u.a. can still not be used. The negotiations for Greek accession are now entering an active stage; given the solemn statement by the Council of its determination to conclude these negotiations before the end of the year, it is therefore of the greatest importance that this Financial Protocol enter into force immediately, since in our opinion there has already been too much delay. There is no political or economic explanation and no legal justification for this delay.

In political terms, it could lead to doubts about our willingness to conclude the negotiations. It could suggest that we are stalling in an attempt to slow down the accession process. In economic terms, it is essential that the Second Protocol be applied since the financing provided under the first Protocol has not been as effective as was hoped. The lack of funds has made it impossible to transform the Greek economy and to bring it sufficiently close to the level of the economies of the Community Member States. If this financial vacuum continues, the few results achieved by the first Protocol are likely to be seriously undermined. It is a matter of urgency to allocate the 280 m.u.a., if we want Greece to join the Community

Bouquerel

on the best possible terms. The Protocol is necessary because, as the President-in-Office of the Council pointed out in June 1977, it will speed up the development of the Greek economy to facilitate its integration into the Community economy, and at the same time ensure the compatibility of Greek agriculture with that of the Community.

In legal terms, are we still obliged to wait for the five Member States which have not already done so, to complete the ratification process? Parliament has on several occasions considered whether cooperation agreements concluded by the Community require ratification by the national parliaments. During the December 1977 part-session, Mr Simonet reminded us that most of the Financial Protocols concluded with third countries, particularly those in the Mediterranean region, had been negotiated at a time when the Council had not yet decided to introduce the necessary mechanism for the budgetization of the financial commitments given to the countries in question. It was therefore necessary to obtain the signature of the representatives of the Governments of the Member States, which automatically led to approval by the Member States in accordance with the recognized internal procedure, that is, ratification by the national parliaments.

However, since 1 January 1978 the European unit of account has been used in drawing up the budget, which is financed entirely from own resources. Any aid to be granted is entered in the budget; in other words it is authorized by the Community budget and not by the national budgets. Since the implementation of financial commitments contained in agreements depends exclusively on decisions taken by the Community authorities, surely this new situation renders pointless the ratification by the Member States of the financial aspects of Community agreements? Surely we should bury this now irrelevant legal quarrel and take positive action by progressing from the investigation of projects to their implementation? Will we have to wait another six months or a year until the Member States have ratified? Can't the Commission overrule the Member States on this matter? These are the questions we should like answered, Commissioner.

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

Mr Corrie. — Mr President, I will be very brief, but I just rise to agree with all that has been said so far today. Everything has to be done to improve the economy and the structure of Greece, to make it easier for her to join the Community. We all look forward to that day. It is therefore very sad that this protocol has not been ratified. We hear great speeches in support of Greece's entry, and then, when countries are given a positive way to help, nothing happens. It is sad that we have to have this debate at all.

Greece is struggling to rebuild her economy, and her rediscovered democracy. There is still an enormous gap in GNP between Greece and the countries of the Community, I urge that all help be given to ease her accession into Europe when that time comes. She has to restructure her agricultural policy, and she has to undergo industrial revolution. I wonder, just for the record, if the Commission would once again name the countries who have not yet ratified, and say if any of these countries have given any indication as to why they have not ratified.

President. — I call Mr Pisoni.

Mr Pisoni. — (I) Mr President, I should like to say just a few brief words to emphasize that the European Parliament attaches great importance to this matter and regards the failure to implement the Financial Protocol as a serious lapse. Agreements concluded by the European Institutions with an associate State, which has applied for and is preparing itself for accession, have been ignored. The Commission barricades itself behind a legal technicality, but the Commission is also the guardian of the Treaties and of the observance of obligations undertaken. And even if in this case the obligation was undertaken primarily by the Council of Ministers, we feel that the Commission has both the right and the duty to urge that this obligation be honoured and to call upon the Council of Ministers and, through it, the Member States that have not yet ratified this Protocol to honour the obligations they have assumed as soon as possible. I would point out that the fact that these funds are not being used delays even further the harmonization of various policies, particularly of agricultural policies, which are those that cause the greatest difficulties. In fact, it is this very agricultural policy that most frequently gives rise to concern, when Greece's accession to the Community is being discussed. We should like to see these funds therefore put to work immediately.

I join with many of my colleagues in inviting the Commission to brush aside what may be called a mere legal quibble and try to urge by every means in its power that this Financial Protocol be ratified. In fact, the Commission, particularly since 1 January 1978, has refused to release the funds without ratification, advancing legal arguments that are not entirely clear.

We feel that what has been said here today should help in some measure to enable the Commission to overstep the narrow boundaries of the constraints to which it is subject.

President. — I call Mr Burke.

Mr Burke, Member of the Commission. — Mr President, in answer to the question whether the resources represented by this Financial Protocol are sufficient, as posed earlier in the debate, I would say that from

Bruke

our experience of the negotiations, which were opened in December 1976, the sums available were well below Greek requests, and the Commission proposals. As has been recalled in the debate, the First Protocol was frozen in 1967, and the residue of 55 million dollars was spent in 1975-76. In this regard, I would like to point out to Parliament that, on the Greek side, there has always been pressure to have access to the funds as early as possible in view of accession, particularly as the funds are intended, as far as their limited size allows, to help prepare the Greek economy for accession. If you take into account the duration of the Protocol, a moment's reflection will indicate that something less than four years remain in which they can avail themselves of the resources in question.

Now, in answer to the question put to me on which Member States have already ratified, I would point out that formal notifications of the completion of ratification procedures have been received by the Council secretariat from Denmark and the Netherlands. I understand that procedures have also been completed in France and Italy, and are on their way in other Member States. Ratification procedures by Greece were completed only very recently. Members can draw their own conclusions from what I have just said.

In reply to some very important points made by a number of speakers as to why Member States need to ratify the Protocol since the financial aid is now included in the Community's budget, I would answer that my colleague Mr Cheysson gave a very full reply to this question during the December part-session. As he said then, the Greek Financial Protocol was one of a number which were conceived in a global approach. Many of these were negotiated before the budgetization decision, at a time when it was uncertain whether the financing would be from national or Community budgets. In this situation, it was necessary for Member States to be contracting parties in their own right. Under the terms of Article 13, the Protocol can only enter into force when all contracting parties have completed ratification procedures. Subsequent to the signature of the Protocol, as honourable Members are aware, the guarantees for EIB loans were included in the Community's budget. It is thus open to the Community to put the Protocol into force before ratification by a procedure analogous to that which has in the past been used for the trade provisions of the Community's agreement.

Mr President, I think that a useful purpose has been served by drawing the attention of the House to the problems connected with this Financial Protocol. I will end by just drawing attention, as Mr Vandewiele did, to the fact that it rests with the Members in their own parliaments to draw attention to the subject of this discussion here this evening.

President. — The debate is closed.

17. Cancellation of the TEE Zurich-Brussels rail service

President. — The next item is the oral question, with debate, by Mr Evans, on behalf of the Committee on Regional Policy, Regional Planning and Transport, to the Commission on the cancellation of the TEE Zurich-Brussels rail service (Doc. 533/77);

1. Has the Commission been informed that the national railway companies concerned intend to cease operating the only two TEE trains that provide a rapid link between the three places of work of the European Institutions — namely, the Zurich-Brussels 'Iris' and 'Edelweiss'?
2. Does it not feel that this decision runs counter both to the European Parliament's repeated calls¹ for better communications between its places of work and to projects now being considered by some Member States?
3. What action does it intend to take to maintain and strengthen these links between places of work of Community and international institutions, so as to take account both of the inevitable growth of traffic that will result from the direct election of the European Parliament by universal suffrage and of the needs of professional and business circles?

I call Mr Evans.

Mr Evans. — Mr President, I rise to put this question, which the Committee on Regional Policy, Regional Planning and Transport agreed unanimously ought to be raised in the European Parliament at the earliest possible opportunity, and I would like to thank the enlarged Bureau for in fact putting this on the agenda less than three weeks after my committee discussed it in Berlin.

It has been rumoured, and indeed the chairman and director-general of the Luxembourg Railways have written to the President of the European Parliament about this, that it is intended to withdraw the two Trans-European Express trains, the 'Edelweiss' and the 'Iris', which run daily between Zurich and Brussels and return. If my committee has been correctly informed, it was in September 1976 that the Belgian and French railway companies first sought at the European Timetable Conference at Budva to suppress the TEE service. Formal objection was taken to this by the Luxembourg and Swiss railway companies, but despite this, a decision in principle was taken to suppress this line with effect from 1979. At the Timetable Conference held in Paris in September 1977, a counterproposal was put forward by the Swiss railway company — namely, to cancel the decision taken at Budva in 1976

¹ OJ No C 82 of 16 August 1970, p. 4, OJ No C 19 of 28 February 1972, p. 26, OJ No C 3 of 7 March, 1974, p. 47 and OJ No C 29 of 18 March 1974, p. 9.

Evans

and to maintain a daily TEE service between Brussels and Basle with two trains instead of four. We are told that this counter-proposal was accepted to the extent that the Budva decision was suspended and there was a re-examination of the entire express system on the Brussels-Basle route. Following this decision, the Belgian Railways accepted the idea of keeping a TEE service on this line, while the French Railways, we are told, still hold to their initial position — namely, the complete closure of a TEE service on this route. Again, to the best of my knowledge, a final decision concerning the fate of this particular service is likely to be taken in Edinburgh at the next Timetable Conference, which will be held in September of this year.

Why I think it is important that we should raise this matter is not simply that this particular route link three of the most important centres of the Community, Brussels, Luxembourg and Strasbourg, nor that it is of great use to the officials of the Community who have almost every day to travel between these three cities; what is more important to my mind is the practical and symbolic role of such high speed links. Within Europe — and not just the Europe of the Nine — this particular service currently links four European countries, three of which are in the Community, and only two years ago it linked five countries; travel by this train is comfortable and swift, and customs formalities are reduced to an absolute minimum.

We live, I believe, in an age when the advantages of trains, in terms not only of conservation of energy but also of the environment, are becoming increasingly apparent. It is, I think, in the interests of us all to get as much traffic as possible off the roads, out of the air and on to rail; but obviously this will only be done by offering fast and good services of the sort provided by the TEEs. The Committee on Regional Policy, Regional Planning and Transport is at this moment in the middle of an investigation of modern means of inter-city communication, and we are trying to see what means are most efficient and effective, particularly in the light of energy, environmental and cost-efficiency considerations. To my mind the withdrawal of this service would represent a step backwards, not merely from the narrow point of view of suppressing an efficient link between the three major centres of the Community but also from the point of view of the people of the Community as a whole.

If this line is losing money because it is too expensive, I would wonder whether the authorities concerned could not be persuaded to introduce an alternative service which, while maintaining the same speed and comparable comfort, would allow a wider range of passengers to make use of it. It seems to me to make no sense, either from an economic point of view or indeed a democratic one, to provide a service which is

only within the financial reach of a comparatively limited number of people, when surely what we want to do is to provide better rail services for the people of Europe as a whole. If this means introducing second- as well as first-class seats for this journey, surely the railway undertakings should be prepared to do this.

One final point. I have already said that to withdraw this service would represent a step backwards, and I would like to emphasize this by referring to the Europol project, which seeks to provide a high-speed link between Brussels, Luxembourg, Strasbourg and Geneva by train, and also to such projects as the advanced passenger train and the Inter-city fast trains. All these are designed to improve rail communications within Europe, and to convince people of the advantages of rail over road transport. Is this, then, the moment to axe a useful service? Surely it is time to consider means of making it more popular and accessible to the public!

Finally, Mr President, may I say that I am fully aware that the Commission has no direct and formal responsibility for the TEE service, which must remain a matter for the railway companies concerned, but at the same time the Commission does, or ought to, have a responsibility for improving transport within the Community, and I shall therefore very much welcome what Mr Burke has to say concerning this question, even though I can anticipate his disclaimer of responsibility. We know, what is more, that the Council accepted last year the Commissioner's proposed decision for a new consultation procedure concerning transport infrastructures of Community interest. Surely the Commission is as much concerned with decisions in this field which represent a step backwards as with those which are more positive. I look forward to Mr Burke's reply.

President. — I call Mr Burke.

Mr Burke, Member of the Commission. — The Commission is fully aware of the discussions which have taken place between the railway companies concerned on the future of the Zurich-Brussels TEE service: we understand that these discussions are continuing, and that no final decision has been reached.

There is a very real possibility of a reduction of this service from two trains per day to one, or even of total withdrawal of the TEE services is being examined. The Commission naturally hopes that the best possible transport links will be preserved between the provisional seats of the Community institutions. The TEE has certainly made a useful contribution to these links in conditions of reliability and comfort. On the other hand, it is existing Community policy to encourage the autonomy and the responsibility for their own commercial decisions of railway undertak-

Burke

ings. This is in the interest of everyone involved in the processes of the Community. But the Commission has been very active in this matter, by way of contacts with other Community institutions. Moreover, Vice-President Ortoli has informed the chairman of the SNCF of the interest which Parliament has expressed. The reply he received was encouraging and gave most satisfactory assurances that the user's interests would be taken into account in the final decision. In that respect it would naturally be helpful to the railways if those Community institutions which have traffic to offer would let the railways have their data and forecasts. Looking at this question as a whole, the Commission hopes that the interested railways might find possible solutions likely to improve the economies of these services and thereby render them profitable, but it respects the economic autonomy of the railways in accordance with Community policy.

Now, as I have indicated, there is a real relationship between the question of the places of work of this Parliament and the transport services to link them. As all other users, Parliament and the other institutions can put forward their demands for a reasonable service, but this should be seen in an appropriate relationship to the capacity provided. If we, as Community institutions, asked for exceptional treatment compared with other users, we should run counter to our own transport policies, policies to which this Parliament has given wholehearted consent.

Reference was made to the fact that this service was a pioneering effort, linking four countries. Now, while paying tribute to this early initiative taken by the railways, it would seem wrong to stop them from taking the initiatives required today, if reducing uneconomic services were to be what was required by the situation.

Now, the four TEE trains per day now running provide some 650 seats. Their use by the Commission's departments amounts to no more than one day's full use per month. We must leave the railways, therefore, to plan their services, but it might be of interest to know that normal trains with first- and second-class services running today take an hour longer than the 4.5 hours of the TEE between this city and Brussels; and I would also point out in the interests of completeness that there are also two daily flights each way between the two cities, and further services with Luxembourg.

May I thank Mr Evans for having raised this question, and just point out to him that his reference to the decision by the Council in regard to infrastructure is interesting but has no connection with this matter, since we are here dealing with services, not infrastructure.

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

Mr Schyns. — (*F*) Mr President, we are discussing a service which links the Community's three political and administrative capitals: Brussels, Luxembourg and Strasbourg. The problem raised by Mr Evans concerns more than the withdrawal of the TEE trains, the Iris and the Edelweiss. Communications between these three capitals are at present inadequate and we urgently request the Commission to take effective action during the meeting of Transport Ministers to be held in September in Edinburgh to ensure that an inter-city type service is introduced between these cities such as already exists between other European capitals: these trains are equally as fast as the Edelweiss and the Iris and are quite comfortable. As Mr Evans and you yourself, Commissioner, requested, we would also like them to be more democratic i.e. available to passengers travelling first and second class, which would make them more profitable. Why not follow the example of the Paris-Brussels-Amsterdam line or the service between Brussels and Germany, on which there is an inter-city train every two hours operating to everyone's satisfaction?

Commissioner, I would ask you to take the initiative and to ask the Transport Ministers to ensure that inter-city trains, available to passengers travelling first and second class, run between Brussels, Luxembourg and Strasbourg and even as far as Basle, Zurich and Italy. There is no question but that these services would be profitable.

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

Mr Pintat. — (*F*) Mr President, ladies and gentlemen, I feel that the service linking the three European capitals — Brussels, Luxembourg and Strasbourg, — must be retained in order for European parliamentarians to carry out their work under the best possible conditions. Rapid links between our three principle places of work are indispensable.

In carrying out my national mandate, I have taken an interest in this problem as it affects the Société nationale des chemins de fer français. Concern about profitability has clearly led the SNCF to take a number of decisions affecting this service but, according to my information, there is at present no question of withdrawing it altogether. The SNCF wants to make it more profitable and with this in mind has proposed that the existing TEE be replaced by Corail trains, which are express trains running at the same times as the TEEs but including first and second-class carriages. In this way, I think the democratic nature of these services will be ensured, as requested by Mr Evans and Mr Schyns.

I therefore feel that we are moving towards a solution which is to the satisfaction of our committee.

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

Mr Yeats. — I am glad that Mr Evans and his committee have brought up this matter, which is clearly one of considerable importance. It is important because, as has already been said, it is quite clear that the communications between the three centres in which our Parliament meets are of great importance to us. And, as we know only too well, the TEE trains, which normally run to time, are about the only ones on the line between Brussels, Luxembourg and Strasbourg which do run to time. One assumes as a matter of course, if one goes on any of the other trains, that it is likely to be late.

Now, Mr Burke has told us, and of course he is right, that as a general principle railway companies must be able to run their own business and if they are losing money — I suppose all railway companies lose money on all trains, but what he means is that if they are losing more money than usual on a particular service — they should be able to close it down. But it is not really as simple as that. Not through any desire on our part in this Parliament, we do meet in three different places. We are not particularly keen on the idea, but so long as there is no agreement between the nine member countries to the contrary we are bound to meet in three different places. Therefore it is of vital importance to us that there should be adequate communications. And the communications at present quite clearly are not adequate.

Now, Mr Burke referred to various air services from Strasbourg, and I think one must say straight away that as far as Strasbourg is concerned there has been an effort to improve communications. No one would really, I think describe them as entirely satisfactory, but nonetheless they are much better than they were and there has been a genuine effort made, I think, by the authorities of this city to improve matters.

But, alas, one cannot say the same about Luxembourg. The authorities of Luxembourg have spent a great deal of energy and money and have achieved great things with regard to buildings and other facilities of this kind; but really, from the point of view of those of us who have to travel to and from Luxembourg, and in particular from the point of view of members of the secretariat of this Parliament who have to travel constantly to and from Luxembourg, the communications there are extremely unsatisfactory, which makes the position of the train service of even greater importance than usual. As we know the airport of Luxembourg — and this is obviously not a matter that the Luxembourg authorities can do much about — is extremely subject to fog, but even when it is clear of fog the various air services running out of Luxem-

bourg seem unable to run their business in any kind of reliable way. Many people, including myself, consistently endeavour to travel to and from Luxembourg by train rather than by air, simply because of the likelihood that you may have to spend all day waiting for them to be able to start the plane. Therefore the train service is of great importance, and I do not think it is good enough for the Commissioner to say that after all railway companies must look after their own business and all the rest of it. I feel that somebody ought to be in a position — whether it is the nine member governments until such time as they can agree to give us a single site I do not know — to subsidize the various transport concerns — not merely the railways but also air services — in order that there shall be reasonable adequate communications between our three sites, which there are not at the moment. In a situation where communications, particularly to and from Luxembourg, are extremely unsatisfactory, one can only look upon the disappearance of the only reliable train as a serious matter that cannot just be fobbed off in this kind of way, that after all it is a matter for the railway companies concerned. I think something more than that needs to be done, and I think that, however much it may offend Mr Burke or the Commission's principles of free enterprise — they cannot intervene in a matter of this kind just because the Communities are involved, etc. — this is a case where somebody ought to intervene, because, particularly with a directly-elected Parliament, when far more people will be involved, it will simply be impossible to travel up and down from Brussels, to Luxembourg and Strasbourg and back again unless there is some kind of an adequate service, and in this case it means particularly the train service.

President. — I call Mr Burke.

Mr Burke, Member of the Commission. — I do not intend to speak at any great length, only to refer to some of the points made by the speakers who spoke after me in the debate.

To Mr Schyns I would say: yes, in principle I would use my good offices if I thought they would in fact bring about a good result, but I have already indicated that on behalf of the Commission one of my colleagues has in fact used his good offices and with some encouragement to us all that there will be a good result. I am glad also to hear from Mr Pintat that that is also his view of affairs.

To Mr Schyns' view that Paris-Amsterdam and Paris-Brussels-Germany are models for the service which would run between Zurich and Brussels, I would say that the answer here lies in the different type of population structure and pattern: of we had the population patterns of the two former cases then we should not even be discussing this here this evening.

Burke

To Mr Yeats I would say, on his point of subsidization, that this the Commission is trying to phase out as a matter of policy. In regard to this general statements about my principles on freedom of the market and so on, Mr Yeats must appreciate that I as Commissioner could not face this question and then have a Minister or somebody else say to me, 'But Mr Commissioner, read your own policy: your own policy states that you will allow autonomy to the railway undertakings. What are you coming to me for now?' I have already answered the question whether Members of this institution or any other institution should claim any better treatment than that of the ordinary citizen. So it is not a question of any reliance on particular principles of market organization, it is a matter of being true to the policy enunciated by the Commission and — may I point out to Mr Yeats — supported by this very Parliament itself.

President. — The debate is closed.

18. *Regulations on coach and bus services between Member States*

President. — The next item is the report, without debate, by Mr Nyborg, on behalf of the Committee on Regional Policy, Regional Planning and Transport (Doc. 516/77), on the proposals from the Commission to the Council for

I a regulation amending Regulation (EEC) No 516/72 on the introduction of common rules for shuttle services by coach and bus between Member States, and

II a regulation amending Regulation (EEC) No 517/72 on the introduction of common rules for regular and special regular services by coach and bus between Member States

(Doc. 516/77).

No one has asked to speak. The motion for a resolution, as it stands, will be put to the vote tomorrow at voting-time.

19. *Road haulage tax in Austria*

President. — The next item is the oral question, without debate, to the Commission, on a road haulage tax in Austria (Doc. 524/77):

Reports that the Government of the Federal Republic of Austria intends to bring in a heavy road-haulage tax from 1 July 1978 have caused considerable disquiet within the Community's road-haulage industry. This is because it is to be feared that, as a form of transit tax, it will still further seriously impair the competitiveness and the economic situation of transport undertakings in the European Community, especially those in the Federal Republic of Germany.

1. Does the Commission have any further details of the intentions of the Federal Government of Austria?

2. What effects may the planned transit tax be expected to have on the road-haulage industry of the EEC, especially that of the Federal Republic of Germany?
3. Should the need arise, what measures does the Commission intend to take to prevent harmful effects on economic relations between the EEC and Austria and to uphold the competitiveness of the transport undertakings of the EEC, restricted as it already is by the heavy burden of taxation, for example in the Federal Republic of Germany?
4. In particular, will the Commission open negotiations with the Federal Government of Austria with a view to arriving at a satisfactory settlement of this matter?

I call Mr Fuchs.

Mr Fuchs. — (D) Mr President, ladies and gentlemen, when I drafted this question at the beginning of December 1977, all that was known was that the Austrian Government intended to impose a special tax on road haulage. But it was also known that this special tax would make road haulage far more expensive and also result in an enormous distortion of competition to the disadvantage of undertakings in the Community in particular. Mention was also made of a transit tax. Unfortunately our fears have now been confirmed, a bill to this effect having been tabled in Parliament by the Austrian Government.

The object of this bill is to levy a road tax on foreign haulage contractors from 1 July 1978 on. In addition, this tax will be extremely high: one shilling per tonne and kilometre and 0.6 shillings for vehicles travelling empty. This will mean an increase in freight-rates by up to 90 % for a 20-tonne lorry, for example, by DM 82, or about 24. u.a. This will particularly affect, for instance, milk transport operations between two Member States, the Federal Republic of Germany and Italy. The cost of a single transport operation would rise by about DM 500. This would, of course, affect the consumer and also the producer, because haulage contractors simply cannot absorb so massive an increase.

What is decisive for the Community is the following. Whereas the bill tabled by the Austrian Government provides for the tax to be imposed on foreign transport operations on the basis of tonnage and kilometres — and tonnage here means admissible payload, not the actual load carried, which may well increase the cost even further — Austrian transport undertakings will be able to pay a monthly lump sum. This means that in individual cases the burden on Austrian undertakings will be only a fraction of that borne by foreign undertakings. This will undoubtedly lead to a very serious deterioration in the competitive position of foreign road haulage contractors. For Community undertakings in particular it means definite discrimination. The whole road network of the Federal Republic of Germany, for example, can be used by Austrian undertakings completely free of charge.

In my view the Austrian Government's bill also infringes agreements with the European Community, more specifically the agreement to remove customs barriers which has been in operation since 1 July 1977, since this will again increase the costs. The Commission should therefore make its views known to the Austrian Government as a matter of extreme urgency. It must make it really clear that this project cannot be approved. This was the background to my questions. The first two have meanwhile been partly answered, but questions 3 and 4 are now all the more important.

President. — I call Mr Burke.

Mr Burke, Member of the Commission. — Mr President, at its own request the Commission was advised by the Austrian authorities last month of the text of a draft law proposing the introduction as from 1 July 1978 of a tax on road traffic by commercial vehicles. This draft is currently in the consultation stage within Austria. It has been estimated that the levying of the tax rates currently proposed would have the effect of at least doubling the total transport costs on Austrian territory for international transport, whether for transit or import-export. The Commission is unable to put into precise figures the global effects for the road hauliers in the Community in general or the German Federal Republic in particular. The tax rates proposed make no distinction as to the nationality of the haulier.

At the end of last week the Commission informed the Austrian Government of its serious concern with regard to the draft law and indicated the main points on which it had reservations. These bear mainly on the excessive level of the tax rates, the *de facto* discrimination between national and international traffic which would result from the application of the proposed system, frontier hindrances and the possible influences on the attitudes of other countries. The Commission trusts that the Austrian Government will favourably respond to our proposal for mutual discussions of the admittedly complex problems involved, so that alternatives can be examined and mutually satisfactory solutions developed. I can assure the House that we will certainly follow up this question very closely. I would point out to the speaker, though, that the measures do not conflict with the provisions of the Trade Agreement with Austria, but could be said to conflict with the spirit of that agreement.

President. — I call Mr Fuchs.

Mr Fuchs. — Mr President, I should first like to thank Mr Burke very warmly for the positive answer he has given. But I should also like to ask him whether he is aware that the matter is extremely urgent, since, as I understand it, the bill is to be discussed in the Austrian Parliament as early as 15

March, and we therefore have only about 4 weeks left. I should also like to ask you, Mr Burke, whether you would be prepared to point out to the Austrian Government during the negotiations that, for example, the Community or Member States of the Community might be compelled to take steps to restore competitive equality if it should be disturbed by the Austrian measure.

President. — I call Mr Burke.

Mr Burke, Member of the Commission. — The Commission is fully aware of the urgency which has just been mentioned. Our reply has in fact been transmitted to the Austrian Government; we are trying to deal with this question in a manner which will result in a good outcome for our Community. I would ask the honourable Member to understand that we are in touch with them, we are working on it and we recognize the urgency. I would ask him, though, not to press me any further than that, given the delicacy of the situation.

President. — The debate is closed.

20. Amendment of the Rules of Procedure of Parliament (debate)

President. — The next item is the report by Mr Yeats, on behalf of the Committee on the Rules of Procedure and Petitions, on the amendment of the Rules of Procedure of the European Parliament (Doc. 538/77).

I call Mr Yeats.

Mr Yeats, rapporteur. — Mr President, this report proposes amendments to a number of different Rules of Procedure. Some of these amendments are fairly substantial, others are relatively minor, and in some cases it is mainly a matter of eliminating ambiguities or of clearing up doubts that have arisen. I should say straight away that there are certain other matters that have been omitted from this report — matters on which the committee is considering making amendments — so that to some extent it should be looked upon as an interim report.

There are, for example, important amendments to the rules which were proposed, in completely different directions — on the one hand by the Socialist Group, on the other by Mr Dewulf — relating to the relationship between the enlarged Bureau and the Bureau proper. These will be considered by the committee at a meeting later this month. Then there are other matters relating to the motion of censure, to the vote on resolutions without debate, to procedural motions under Rule 32, to matters relating to committees, and to petitions. These will be considered by the committee at a later date. I am not necessarily saying that in all cases amendments will be decided upon,

Yeats

but the question as to whether amendments are needed will be discussed.

Now, I myself have put in two amendments relating to the budgetary process, and perhaps I might deal with these before coming to the rest of the report. These amendments aimed at incorporating a new Rule 23 and eliminating the existing Rule 23 A were proposed by myself to the committee, but because the Committee on Budgets — which is directly involved in this — had not yet had time to consider this matter, at the last meeting of the Committee on the Rules of Procedure and Petitions it was agreed to withdraw these amendments of mine. The following day, the Committee on Budgets agreed to these amendments and asked me to include them, which I have done.

The new Rule 23 is a short simple rule providing that the implementing procedures for the examination of the general budget of the European Communities and supplementary budgets, in accordance with the budgetary provisions of the Treaties setting up the European Communities and the new Treaty of 22 July 1975, shall be adopted by resolution of Parliament and that they shall be annexed to our Rules.

This procedure has two main advantages. First of all, putting the procedures in this way into an appendix to the Rules makes them easily available to everyone and they are all then contained in one single document. This makes things simpler without, at the same time, cluttering up the main text of the Rules with a mass of financial matter. The second advantage is that, at present, it is necessary to vote new procedures each year, even though there may be no change. Now they will be permanent, but, of course, subject to amendment at any time by Parliament if it so wishes; and because they will not be contained in the Rules but in the form of an appendix to the Rules, only a simple majority in the plenary sitting will be required. So these are the two amendments which I have put down at the request of the Committee on Budgets.

Now, I will summarize the various changes in the Rules that are proposed by the committee. I cannot mention all the changes of detail, particularly in cases where ambiguities are being cleared up, doubts remedied and so on, but, if anyone has any questions on any of these, I shall of course be glad to answer them and to explain the reason for these particular amendments. The first group of what one might describe as substantial amendments relates to the annual constituent meeting. Here three matters are dealt with: the elections of the President, Vice-Presidents and members of committees. At present, as we know, one single Member can nominate a candidate for President, and the committee felt that in a matter of this importance the nomination of a political group, or at least 10 Members, should be required. Therefore, an amendment to this effect is provided to Rule 7(1).

The second matter dealt with is the question of the election of Vice-Presidents. Until last year there was, in fact, never any election held for Vice-Presidents; they were always agreed to unanimously on a nomination of the groups. Here also, the present Rule provides that any vice-presidential candidate can be proposed by one single Member, and the committee felt that the nomination of Vice-Presidents also, as with the President, should be by political group or by at least 10 Members. Since these nominations are, as a result of negotiations between all the groups — with problems of nationality arising, as well as problems of the number of Vice-Presidents allotted to each group — leading to a unanimously agreed list of Vice-Presidents, it seems only reasonable that any additional nominations should be proposed by a certain minimum number of Members.

In addition, there has been in our Rules a clear defect, which only became evident as a result of the holding of an election for Vice-President last year and which has had to be cleared up. This is in Rule 7(4) and we have amended this to make it clear beyond doubt, which was not the case in the past, that only 12 Vice-Presidents can be elected. It is laid down in Rule 5(1) that there must be 12 but, unfortunately, the wording of the following Rule 7 does not repeat this, and an unfortunate situation might arise where considerably more than the necessary 12 Vice-Presidents could get more than half the votes and therefore be eligible for election under that rule. So this problem has been eliminated.

The third point dealt with in regard to the constituent meeting relates to the members of committees. At present, under Rule 37 the Bureau places before Parliament proposals for membership of the committees which are, of course, designed to ensure fair representation of Member States and of political views. In practice, these proposals emerge as the result of a long process of negotiation between all the groups. Rule 37(3) states: 'Should any dispute arise, Parliament shall decide thereon by secret ballot'. This ballot at present can be demanded by one single individual, and I need hardly mention the extraordinary problem that could arise if just one individual were to demand the ballot on all the committees. We could spend practically the whole week of the part-session in March voting on these committees with 35 members to be elected in each case. So here also it seemed reasonable to the committee that such a secret ballot should be demanded by at least ten Members, and Rule 37(3) is therefore being amended to this end.

The next substantial amendment is to Rule 12, which deals with the fixing of the agenda at the beginning of each part-session on the Monday afternoon. As we know only too well, the fixing of the agenda of a part-session is a time-consuming exercise. Frequently considerable Parliamentary debate is devoted to the

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adoption of the agenda on the first day of the part-session, but in spite of this it is frequently modified on virtually each sitting day thereafter. I do not need to stress the inconvenience thereby caused to Members, to other institutions and indeed also to the press and the public. The enlarged Bureau referred a proposal to the committee last June to the effect that the agenda of part-sessions should in future be fixed by the Bureau on a proposal from the President after consulting the political groups and on the work of the parliamentary committees. In other words, the Bureau should fix the agenda and it would no longer be a matter for the vote of Members in plenary. The agenda having been adopted in this way, amendments would have to be referred to the Bureau; each amendment proposed would have to involve therefore a meeting of the Bureau during the part-session, and for the Bureau to consider such amendments they would have to be, under the Bureau's proposals, agreed unanimously by the chairmen of the six political groups. This proposal was sent to the committee by the Bureau with a request for its views. It seemed to the committee that this proposal was somewhat radical, that it might not be acceptable to Members to have the right of fixing the agenda taken away from them, and that, further, the extremely rigid arrangements for obtaining amendments to the agenda would mean that there would be considerable difficulty in obtaining even necessary and important amendments. The committee approved, I think pretty well unanimously, the Bureau's view that the time spent on debating the agenda on the first day of a part-session should be considerably cut down and that thereafter changes in the agenda should be made somewhat more difficult. But the committee felt at the same time that these ends could be achieved by means of somewhat less radical innovations in the Rules than those sent to them by the Bureau.

We have the relevant amendments to Rule 12 in this report. The committee proposes that the draft agenda be adopted by the Parliament on the Monday of each part-session without alterations other than those proposed by the President, a political group or at least ten Members. Only the mover of such a proposal, one speaker in favour and one against may be heard. These proposals must be received by the President at least one hour before the opening of the part-session — normally at 4 p.m. This would give him a necessary opportunity to consider the situation before the part-session while also preventing the moving of further alterations from the floor of the House.

Now, to this proposal, there has come in an amendment, just a very short time ago, tabled by Mr Hamilton, Mr Lemp and Mr Willi Müller. This amendment proposes that instead of the proposed amendments being submitted to the President one hour before the part-session, they should be submitted not later than 2.00 p.m. on the last working day before the

first day of the part-session — in other words, before 2.00 p.m. on the preceding Friday. This is similar to an amendment that was moved in the course of our discussions in committee. It is an amendment to which I personally would extend a good deal of sympathy. If it were to be universally acceptable, I personally would be very happy to go along with it. But it became clear in committee that while there were those who were in favour of it, there were others who were against, the reasons for the opposition being this: if you say that the amendments must be in as early as this — by 2.00 p.m. on the Friday — it means that the groups meeting on the Monday afternoon would not be able to consider further amendments. This might not necessarily be a disadvantage, but I do not think that this would be generally acceptable. I would be happy with it, but I doubt very much if it will receive the majority needed for amendments to the Rules of Procedure, and certainly as far as the committee were concerned, there were considerably divided opinions. As we know, for any amendment to the Rules of Procedure to go through, there must be practically unanimity, and I think some of the groups at least would wish to maintain the possibility of putting amendments forward at their meeting on the Monday.

The remaining amendments to which I refer are not so important, so I will go through them fairly rapidly. On the question of urgent resolutions under Rule 14, we provide that in future written reasons must be given for the request for urgency. The length of speeches on the question of the urgency is reduced from five to three minutes. When urgent procedure has been decided on, the place of the item on the agenda is to be decided by the President rather than Parliament — this is really what happens at the moment; there is no great change — and the time for voting on urgent resolutions is to be fixed, as is in fact the practice, at the ordinary voting period.

With roll-call votes there is an important change. At present the position with roll-call votes is that whereas no particular quorum is needed for an ordinary vote by a show of hands, a roll-call vote requires the participation of at least one-third of the current Members of Parliament. There seems no particular reason why there should be a difference in quorum requirements between a roll-call vote and an ordinary vote, and we are proposing to eliminate this so that it will be possible to have a roll-call vote without the worry that there may not be a valid vote.

For oral questions with debate under Rule 47, we provide that the time for brief comment allowed to the questioner after the Commission has replied shall be five minutes. Resolutions, instead of being voted upon immediately, will be voted upon at the next voting period, which is more in accordance with the existing practice in Parliament. Under another amend-

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ment, the resolutions can be directed to the Council and Conference of Foreign Ministers.

The last point concerns Question Time. At the moment, the Rules say you can only have it on two days a week. We have been ignoring this, and this needs to be dealt with. So, instead of setting out exact times for holding Question Time and finding ourselves in the position of having to change the Rules yet again, we are simply stating that it will be held at such times as the Bureau and Parliament shall decide.

If anyone wishes to question me about other amendments, I shall be happy to answer. This report has been considered at considerable length in the committee, it was adopted unanimously, and I recommend it to the House.

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

Mr Dewulf. — *(NL)* Mr President, Ladies and Gentlemen, I should like first of all to thank the rapporteur for his painstaking work. It had been a long and painstaking job in a committee which is so overburdened with petitions that it cannot find time for its essential task, namely to make a thorough review of Parliament's Rules of Procedure and where necessary to improve them.

My speech will contain an element of self-criticism since, as the agenda shows, Parliament discusses its own rules at this late hour as an appendage of its activities rather than taking this point at the beginning of a full meeting. It is one of the most important matters for this Parliament that we should all be agreed, in a spirit of political sportsmanship and fair play, on the rules of the game here. It is a pity that these Rules of Procedure should be discussed on Monday evening at half past eight by a dozen Members of Parliament and that we cannot talk over this point in a somewhat calmer way.

I think I can say that although we, the Members of the Committee on the Rules of Procedure and Petitions, and I include myself here, are not perfect, we have in fact limited ourselves to the essential matters at hand, a number of urgent technical adjustments which have seemed necessary in practice and which will enable us, as from the part-session in March, to smooth some of the rough edges.

I should like to ask the rapporteur a question, following his very kind invitation. I was listening just now to his comments on the new wording of Rule 47A and we had the impression — and I say this in the plural since others had the same idea — that perhaps we are making things more difficult with the new text than with the less good old text. Question Time is particularly important to Parliament. Thanks to the Commission and the Council, we have been able to build it up in recent years. We attach parti-

cular importance to it. That is evident, but the rules for Question Time concern not only Members of Parliament but also the Ladies and Gentlemen of the Council and the Commission. By changing over from the present tolerably vague text to the new proposed text, the Council and Commission might be forced to be present here from the beginning to the end of our sittings, i.e. from 5 p.m. on Monday to noon or perhaps 2 p.m. on Friday, that is less definite. I wonder whether it may not be better, as the rapporteur has recognized that the Committee on the Rules of Procedure and Petitions would like to talk further on a number of points in the Rules, whether it would not be desirable for us to keep the present text provisionally and refer back the amendments you are now proposing, to the committee together with the rules you have mentioned to which substantial amendments have been submitted, by Mr Callewaert to Rule 5 and by myself to Rules 5, 12 and others.

This brings me, Mr President, to the second part of my speech. Let me say once again that I regard this as a piece of self-criticism. Parliament ought to review its Rules of Procedure in a calmer and more thorough manner. It would take too long to touch on yet more Rules which appear incomplete or impractical. I do not want to do this at this moment, there are more important things. Next year, we hope, we shall not only have a directly elected Parliament, an event of great political significance, but also a Parliament of 410 Members. I should just like to talk about the technical repercussions of having twice as much parliamentary oratory which will be the automatic result of this. The 200 new Members will not sit here just listening. We shall not be able to make do with one week of open sittings, no matter where it happens to be. This will have to double immediately — we shall need two weeks of open sittings. This is a technical development which follows from what a Member of Parliament must be i.e. an orator. And oratory requires time and paper. Therefore we must now ask ourselves, gentlemen of the Commission, ladies and gentlemen of the Council: how are we going to manage it? A Parliament which is now accustomed to meet once a month in open plenary session in a sort of wave pattern and then disappear for three weeks into the calm of the committees.

This is not living politics and it will continue, I am sure that the officialdom, the very dedicated officialdom of this Parliament has for a long while been asking itself this question but unfortunately it cannot take any decisions because we, Parliament, are perhaps not sufficiently aware of this crude fact of the doubling of the Members of Parliament.

I am not talking about the number of seats or of the room needed but only about the time, the distribution of time, the open meetings. If two weeks of my time is taken up with a plenary sitting, what about the committees?

Dewulf

I am just raising a couple of questions. A completely objective invitation to the Committee on the Rules of Procedure and Petitions — and this is why I say it is self-criticism — to reflect, at least in a working party, on a number of technical questions resulting from the doubling of the number of Members and the consequences this will have on Parliament's procedures, its open meetings, its committee meetings and all the other activities of a Parliamentary institution.

This has nothing to do with powers. This is — I repeat — a purely technical matter. Some colleagues have said to me: the Rules of Procedure for the new Parliament are a matter for the new Parliament to decide. This is not so? The new Parliament will not be an essentially different Parliament. It will be the continuation of the present European Parliament with its existing powers, and the future Parliament with a greater number of Members will have to start with some Rules of Procedure. Obviously it will, here and there, and probably very quickly, make its own proposals for its Rules of Procedure but it must begin with feasible, practicable Rules of Procedure and it is this Parliament which, during the parliamentary year beginning in March must discuss in detail the adjustments which are necessary with a view to this physical and numerical change in shape. I would support a committee working party, ideally a joint working party with officials taking part to consider a number of alternatives and then perhaps submit them in the form of amendments to the Rules of Procedure to the whole House.

A final word, Mr President. In various groups — and this is shown by the amendments which Mr Callewaert tabled and by my amendments — there is a concern to find a good balance in this parliamentary institution. On the one hand the institution as such with all that it signifies in the framework of the fullest possible parliamentary democracy which we hope for in the Europe of tomorrow, thus the standing, the continuity, the permanence of the institution, and on the other hand the political direction which is essential in such a highly political body.

We are confronted with this problem in all parliaments, how to find a good balance between the institution as such and the political direction which, coming from outside, finds expression in Parliament through the groups, the chairmen of the groups who have increasing influence in this Parliament but who also, and this is the other side of the coin, threaten to put the institution and its bodies under pressure.

What is the ultimate power of the president? What is the ultimate authority of the Bureau *stricto sensu*? Has this Bureau ever met in its original composition? Is it not always the enlarged Bureau? Is this a good approach to the balance between the institution and political direction through the groups?

Mr President, this is one of the problems which we must calmly and objectively and thoroughly discuss.

Having said this — let me repeat — we have submitted these amendments unanimously. I would just ask that perhaps Rule 47A should be referred back to the committee without thereby affecting the whole of Mr Yeats' report. Above all I request the Bureau *stricto sensu* to give the Committee on the Rules of Procedure and Petitions authorization to give further thorough thought to the new Parliament which will presumably have need of different Rules of Procedure.

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

Mr Hamilton. — I should like to express my gratitude to the rapporteur, Mr Yeats, for his great patience and understanding in what was necessarily a controversial report. The rules of procedure of any parliament are important, very rarely exciting, but very important if we are to underpin our democratic principles. But there will never be unanimity. Despite what Mr Dewulf says, we could talk for ever and a day and we should never, or very rarely, get unanimity on these matters.

In my relatively short experience of the Rules of Procedure in this Parliament, I have felt there is a colossal waste of time in the committee and in this Parliament debating these Rules, and at the end of the day we can never be quite sure that we have got the thing right in the end. We might be convinced that we have got it right at a particular time, but then, after a month or two, we feel that it could be a little bit better. It is continually evolving, and that is why the Committee on the Rules of Procedure and Petitions was set up, as a continuing effort to perfect our Rules of Procedure by trial and error. In that respect, I would say to Mr Dewulf that a fundamental examination of the Rules did take place last year under my chairmanship before Mr Leonardi took over, and my criticism — if there be criticism of Mr Yeats — is that we are changing again before some of those alterations have been allowed a fair try.

I refer specifically to Rule 47A. Now, I am inclined to agree that the original wording of the Rule should stay, if only because it is convenient for dual-mandated Members, and also for the Commission and the Council, to know precisely when questions are going to be asked and answered. I think it is of great convenience to Members and to Commission and Council that that should be so. On the other hand, I think there is something in the argument for a degree of flexibility and I think we should try both systems and see which is acceptable. This is the only way we can proceed in this or any Parliament — by trial and error.

Having said that, I want quickly to come to the amendments on behalf of some members of my

Hamilton

group, and briefly indicate the attitude of the group to the more important amendments, while accepting and admitting that nobody in these matters has a monopoly of wisdom. We have just got to agree to differ on these things and see how they turn out. Let me turn to Rules 5 and 7. The amendments proposed by Mr Calewaert, who apologizes for not being here, and Mr Dewulf, whom I think I can speak for on Rule 5 have been postponed precisely because we could not agree on them, and also because we think they are rather important. We, the Socialists, wanted a full integration of the respective groups' chairmen into the Bureau of the Parliament, and we feel that the chairmen of the groups should be entitled to participate with full voting rights in the Bureau's meetings. This is a very important and new principle which needs careful consideration; perhaps this is one of the areas where we shall have to agree to differ and perhaps vote on it at a plenary sitting. I am sorry I was not here when Mr Yeats began his statement, so he may have referred to the amendments to Rules 21, 23, 23A, 32 and 38 — these have been postponed. Mr Santer's amendments concerning Rules 35 and 44, I think, have not yet been debated and therefore, I presume, will not be put to the vote.

Rule 48, concerning petitions, has been a bone of contention and a matter of concern to me, and I think to other Members of the House, precisely because of the number of petitions that have been presented over the years. It is a commendation to this Parliament that more and more citizens in Europe feel it worthwhile to send petitions to us on various problems — some of them trifling, some of them involving matters of important principle — and we would be a very foolish Parliament, and a very irresponsible one, if we just threw them aside without considering them. But they are extremely time-consuming, and we must change our present handling of them. At the moment, we appoint a rapporteur separately for each petition, which I think is unnecessary, but I have alternative proposals to put and no doubt other members of my group will put these other propositions in due course.

The Socialist amendment on Rule 12 was voted down in the committee. What we proposed was that there should be a deadline fixed for draft amendments on the Parliament's agenda. In other words, you would not be able to suggest an alteration to the agenda unless it was put in by 6 o'clock at night on the Friday prior to the first day of the part-session. Although there was a vote against that, I think there was a measure of understanding of our position, and we propose to table the amendment again to give the full Parliament a chance to vote on it.

I would be inclined to disagree somewhat with what Mr Dewulf said at the end of his speech — namely, that there are certain things we cannot leave to the directly-elected Parliament: there are some things

that we must leave to them. I feel very strongly about the voting methods of this Parliament. I have put forward propositions on altering them which have been rejected, precisely because it is not very likely that we shall get the consensus of opinion to agree on a change in this matter. It might be desirable in the circumstances to leave that particular problem to the directly-elected Parliament, when and if we get a permanent seat for the Parliament. This is important. It is not much good putting in electrical equipment in Luxembourg and Strasbourg if then we decide, as I certainly hope we shall, to have a permanent seat in Brussels. It would be a great waste and duplication of expensive equipment if we did that. But I leave that point.

I think the Committee on the Rules of Procedure and Petitions is doing a reasonably good job in very difficult circumstances. It is a job that has to be done by someone. I just regret, with Mr Dewulf, that this debate has had to take place at the end of the day when we are all anxious to end our proceedings and when there is such a singular lack of interest in these very important matters.

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

Mr Cifarelli. — (*I*) Mr President, our thanks are due to the rapporteur for his excellent work but I feel that we cannot, in these circumstances, consider all the problems concerning amendments to the Rules of Procedure.

I agree with Mr Dewulf when he pointed out that when we are discussing fundamental matters concerning the very constitution of this Parliament, it is clear that we must take the subject much more seriously, and not deal with it at the end of a tiring sitting, even if on the first day of the part-session.

I would stress that I used the term 'constitution' deliberately. As far as my country is concerned the Rules of Procedure of the Chamber and the Senate have the same legal status as the Constitution of the Republic, that is to say they can be amended by a special majority, and therefore take precedence over other rules. I believe that the same should be the case for our Rules of Procedure. Besides, we will only be able to adopt these amendments by a specified majority.

It is in this light that we judge the value of this debate. To my knowledge, the Bureau of Parliament has been asked to improve the rules governing the running of part-sessions and the College of Quaestors has been asked to make proposals. It seems strange to me that we must first consider and adopt some proposals and then consider later proposals which will be made.

I do not mean by this that we should minimize the great deal of work that has been done, but simply that

Cifarelli

we must bear in mind that other proposals are being drawn up and for this reason we should, in the circumstances, concentrate on two fundamental points: firstly, the need to solve procedural problems involving the constituent part-session to be held next month. We all remember the problems and events surrounding the last constituent part-session and I think therefore that it would be wise to accept the need for a ruling on these matters. And since, secondly, there are complaints about the time wasted in fixing the agenda, if a more acceptable, effective method can be found, my group will not fail to support it.

I must say, however, that some of the provisions proposed by the committee or presented in amendments cause me some perplexity. I would like therefore, on behalf of my group, to support the proposal made by Mr Dewulf, to refer back to committee the amended proposal on Rule 47A (1). It is clear that we as a Parliament cannot complicate the interinstitutional cooperation which is a basic precondition for the effectiveness of our debates. To decide that Question Time should have a special place in our agenda means putting both the Council and the Commission in a difficult position. I do not think we should push things too far. I have had the honour of being a member of this Parliament since March 1969; I have noted the progress that has been made, I have noted the good will shown not only by the Commission but also by the Council. We must, however, realize that just as we have a double mandate, the Commission too has many commitments and the Council is composed of those who have also national governmental responsibilities and it would be wrong if, by trying to make improvements we overstep the bounds and end up by creating inconveniences. Having said this, I would like — with respect to Mr Hamilton — to anticipate our rejection of Amendment No 3, which Mr Yeats as rapporteur has showed some tendency to support. It is clear, Mr President, that if a proposal, pursuant to rule 12 (2) has to be presented not later than 2 p.m. on the last working day before the first day of the part-session, this, too, is unrealistic.

The groups hold meetings and do so with great difficulty because each member has its own commitments as a politician and a member of parliament. We are bound by the double mandate, and from that there is no escape. Those who find this valuable, and those who like myself find it dangerous and contrary to the European spirit, must both recognize that it is a fact of life which means that Members of Parliament have to choose between heart disease or insanity.

I arrived here this evening after leaving my own country at an ungodly hour, I arrived here on the first available plane. In this Chamber I am having to deliver an improvised speech in this debate. I have been a Member a Parliament for a long time and take

these things in my stride to some extent but these are the facts of life and we must have the courage to say so.

But to ask the groups to draw up their proposals for the Friday of the week before the part-session, I am sorry, is to have our heads in the clouds. We have to bring Parliament down to earth. I would like to add that this series of proposals appears to be making 'cosmetic' changes to the Rules of Procedure. To say, for example, that it is up to the President to determine whether or not a majority exists: to say that some proposals have to be couched in one form or another, these are 'cosmetic' changes.

On the other hand, Mr President, I have strong reservations about the fact that referral back to committee must of necessity be requested by the chairman of the committee in person. This again is an obstacle we are putting in our own paths. It should be clear that when someone stands up to ask for referral back to committee he is authorized to do so by his committee through the mandate it confers upon him. Why do Members of Parliament of various nations, coming together here for a parliamentary part-session have to spend time quibbling over matters like this, creating difficulties for the operation of our Assembly?

Mr President, I do not wish to waste Parliament's time. As I said, we are in favour of the proposals to simplify the fixing of the agenda and also of the new approach to putting forward candidates, either for the Presidency or the Vice-Presidency, requiring nomination by either the political group or at least ten members of the Assembly.

Although my group supports some of these proposals, further efforts are needed to improve others and indeed to reconsider some of them carefully in the light of new proposals being drawn up.

I will conclude, Mr President, by recalling Mr Dewulf's remarks earlier on; the Parliament of 198 is drawing to a close and we are awaiting the Parliament of 410 members. I hope that in the Rules of Procedure which are drawn up for the directly elected Parliament the excellent practice of working in part-sessions will be preserved. I hope that this desire to make our work increasingly effective and rapid will remain and it is in this spirit that we are prepared to support these proposals, with the reservations which I have explained.

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

Mr Masullo. — (I) Mr President, ladies and gentlemen, mere tinkering with the institutions cannot make a decisive contribution to transforming such a complex affair as the political reality behind the structures and institutions. However, to be realistic, we must accept the fact that major political changes can be brought about through institutional

Masullo

machinery and we must therefore accept the importance of changes to this machinery in the process of the political transformation of the whole structure.

I feel we must express our appreciation of and our support for the recent work of the Committee on the Rules of Procedure and Petitions, particularly in this Parliament's present circumstances.

This evening, I have heard some colleagues stressing, with authority, the need to look to this Parliament's future: a Parliament elected by universal suffrage with a much larger number of members than at present. I am well aware of the strength of this argument: we all know the theory that quantitative change is often a necessary and sufficient condition for qualitative change. However, although I agree with those who have stressed this aspect, that some tinkering with the machinery of the institutions and the Rules of Procedure of our Parliament is important, I would like to stress another aspect which I feel has not been stressed and which is a little less optimistic than the remarks of some members.

Although it is very important, with the prospect of a new Parliament elected by universal suffrage, to carry out some amendments right away which will be useful to the new Parliament, there is another aspect: at this moment direct elections to Parliament are a long way off; we profoundly regret this and hope that the delay will be kept as short as possible. However, this delay cannot fail to have repercussions on the tension of political life in this Parliament, and on the tension of the debates. In view of this danger of the falling-off of enthusiasm, my group believes that it is not only extremely necessary but urgent to carry out some changes to the Rules of Procedure to give this Parliament, in its transitional phase — which we hope will be as brief as possible — the ability to come to grips with reality, in spite of the lack of dynamism which will inevitably follow the delays to the great ideal of direct elections. Basically, this Parliament must be permitted to operate better and produce better work. I would like to stress that the committee — through the excellent report by Mr Yeats — has put forward some amendments for our consideration; however, these are proposals which will be subject to further amendments, which the committee itself is studying and reserves the right to study because it is clear that the basic objective is among other things, to make the work of the committees more productive, more efficient and more rigorous — for it is through the committees that work of Parliament is carried out in detail and in the most fruitful and productive manner.

For this reason my group, believes that we must give the fullest possible support to the proposals of the Committee on the Rules of Procedure and Petitions to give impetus to this process of adapting the Rules of Procedure not only to the possible new situations but

to the immediate situation of marking time, for which we must compensate with procedural changes. Basically, we must make up for this lowering of tension by revitalizing the work of Parliament. The committee's proposal therefore meets our full support. However, we would like to point out that the report by Mr Yeats stresses, at the end, that all the amendments tabled by Mr Calewaert and Mr Dewulf — Rules 5, 21, 27, 32, 38, 44 and 48, are due to be considered at a later stage. Our debate this evening and our vote tomorrow is therefore confined to the proposals which the committee is presenting in this report. I must mention the perplexity caused to some of my colleagues by Rule 47A (1) on the problem of the place of Question Time. We would be quite prepared to accept the proposal to refer this amendment to the Rules of Procedure back to committee. However, we have a procedural problem which we would refer to the wisdom of the chair: if the referral back to committee of this proposed amendment to Rule 47A (1) does not prevent voting on the rest of the committee's proposal we would agree. However, we would clearly not agree if this referral back to committee meant that we could not vote on the whole package of proposals from the committee for the very reason which I pointed out earlier that this package of proposals is extremely urgent: our Parliament cannot risk missing the train which was mentioned earlier which is not the train from Zurich to Brussels but a much more important train. It is the train travelling throughout Europe bearing not only the hopes, proposals and plans of our Community but, in a sense, its very destiny.

For this reason, Mr President, I feel, on behalf of my group, that we should vote in favour of the whole package of proposals, subject to the reservation I have mentioned.

President. — We are aware of this problem, and the Chair will make its attitude on this question clear before the vote takes place.

I call Mr Yeats.

Mr Yeats, rapporteur. — Mr President, perhaps I might say something on this question of referring to committee before I go on to anything else. As I understand the position, it had been assumed for a number of years that if you referred an amendment to committee, you could not take a vote on the motion for a resolution. In fact, however, we created a precedent last summer with these so-called Klinker amendments, which we are going to discuss again in the form of a report this week. The Klinker amendments were referred to the committee, the House proceeded to vote on the motion; I therefore think we can take it that the procedure has been established that you can, at the moment, refer amendments to committee and vote on the motion for a resolution.

Yeats

Now I shall say straight away that in my view, and in the view of the Committee on the Rules of Procedure and Petitions this is a bad principle, and one of the tidying up amendments we propose is to prevent this happening in future. We could in fact, I think, refer this amendment to committee now, and still vote on the motion; but it would probably be the last time that could happen, because the new rule would make it impossible. Whether we ought to refer it to committee is of course another matter, and I would like to deal first of all with this Rule 47 which pretty well everyone has referred to, and which I think is exercising the Commission somewhat also. The problem is this: if you put down in the ordinary rules the precise times at which you are going to hold Question Time, every time you make a change you will have to go through all this elaborate procedure of sending everyone telegrams saying: please come along, at least a hundred of you, to agree to this change in Question Time. Of course, this procedure is so difficult that in fact we do not do this, and we have been running Question Time three times a week for a considerable time past, although Rule 47 A (1) provides for the holding of Question Time only twice a week, and no matter how you amend this rule, it seems to me that you are going to have this problem. If you put down definitely the times at which you are going to have Question Time in the ordinary rules, it means that if you change it again — and it is likely we shall make further changes, because we have changed the time of Question Time several times in the past few years — either you will be ignoring the Rule which is bad practice, or else you will have to go through this whole procedure of trying to amend the Rules simply in order to make a slight change in the procedure at Question Time.

Now I do not know whether this is acceptable to Members, or acceptable to the Commission, but what I would suggest is that we leave the proposed paragraph 1 of 47 A as it is, but accept that in future the times for Question Time be put into guidelines. I would refer Members to the 'Guidelines for the Conduct of Question Time', which appear at the end of their copy of the Rules of Procedure. The present guidelines were adopted by a Bureau decision of 28 April 1976. They lay out details about the admissibility of questions, the problems of putting them during Question Time if this subject is already being discussed, the President deciding whether a question is admissible, supplementary questions, answers to questions, time-limits for the putting of questions and all these matters. It seems to me that this is the ideal place to put in also the days of the week and possibly even the times of the day at which Question Time is going to take place. Since this is decided upon by a decision of the Bureau it could be changed by decision of the Bureau, although you could not change it every week, because if you are going to change the guidelines, a new edition of the Rules of Procedure has to be printed, and so on, so that clearly you will

be fixing Question Time for a considerable period ahead. But at the same time it would be a more flexible procedure; it would be possible, if the Bureau wished to change the times of Question Time, and it would be possible to do so more easily than by changing the Rules. The Commission are of course, always represented at meetings of the Bureau, and therefore they would be in a position to express their views.

I would be inclined to suggest this as a possibility. If this is not acceptable, it would be possible to refer Rule 47 A to the committee. The rule would appear to allow for this, interpreted as the Klinker amendments. I think we have a good precedent and can do it again, though I would suggest we leave it at that for the moment and include this in the guidelines. Perhaps the groups and the Members and the Commission could think about this. Then if it is clear that that is not acceptable before the vote is taken tomorrow, I will propose that this amendment be referred to committee. I think that possibly is the simplest way.

Now apart from Question Time, which everyone spoke about, Mr Dewulf, I think quite rightly, raised the whole question of the directly-elected Parliament. Now of course this particular exercise we are holding has nothing to do with this. I think Mr Masullo was quite right in saying that what we are doing is to improve the working conditions and methods of Parliament in advance of direct elections. We are not in any way attempting to deal with the particular problems that would arise with the directly-elected Parliament, and indeed some matters were left over in committee simply because there were suggestions that in certain cases they would affect the whole problem of the working of the new Parliament.

I agree completely with Mr De Wulf that we must deal in some detail with the problems that will arise with the new directly-elected Parliament. I think he is right in saying that some people have been suggesting that the new Parliament should adopt its own rules. He disagrees, and says that we must provide them with rules. I think really both sides are right. My line on this would be that where matters of principle are involved — that is, changes in working methods, changes in the principles — we must leave it to the new Parliament. Where, on the other hand, technical matters are involved, we must provide them with a set of rules they can work with. For example, a simple matter like the number of votes needed to form a quorum in certain cases will have to be dealt with. Certain numerical and similar changes have to be dealt with in order that the new Parliament can come together and have a book of rules that is workable in their hand on the first day they meet. But on more fundamental matters, where they might feel like altering their working methods, I think we must leave

Yeats

it to them. We might, I suppose, have suggestions, but we could not enact rules for them. We must go through the Rules of Procedure and consider these things, and I think I would be right in saying that the administration at the moment are preparing a paper on this subject. I think Mr Dewulf can be assured of that. His suggestion of a working-party might well be a satisfactory one. It is a thing we shall have to deal with fairly rapidly, because time is getting relatively short.

Mr Hamilton referred to Rule 47 A, which I have dealt with and to the other amendments that are going to be dealt with later. Mr Cifarelli is not here now, but in his absence I can only assure him yet again that the two-thirds majority which I originally proposed for urgent-procedure motions is not in this report. He objected to the proposal, moved by Mr Santer and accepted by the committee as an amendment from him, that under Rule 26 reference as of right to committee by the chairman of the committee or the rapporteur should be personal. At the moment, as at least implied in the Rule, they can appoint somebody to do it for them. Mr Cifarelli objects to this and says that, with a dual mandate and so on, it is unfair to require the rapporteur or the chairman of the committee to be there themselves. I do not personally think it is unfair. This is a very stringent procedure under which a rapporteur or a chairman, no matter whether everyone else may wish to continue with the discussion, can stand up and say: I want to refer this to the committee, and nobody can do anything about it. It is an extremely stringent procedure, and I think it should be limited. It is not as if it were always impossible, in the absence of a rapporteur or the chairman of a committee, to refer a matter to committee; the Members can always vote. Under Rule 32 you can move reference to committee, and if a majority of the Members wish to do this, then it is done. It seems to me that if a majority of the Members do not wish to refer to committee, and neither the rapporteur nor the chairman of the committee is there, this is in any way unfair. If they are not there, and most of the Members want to go on with the discussion, I do not see why they should not. Mr Cifarelli also said that he agreed to some amendments and did not like others, but he did not really tell us which ones he objected to, so we are not much further advanced. It may perhaps be mainly the question of the personal reference to committee involving Mr Santer's amendment.

I think these are the main things that speakers have raised. There seems to have been on the whole general agreement with the provisions of this report, and I will simply say again with regard to the one which is quite clearly the most controversial item, Rule 47 A, that we should think about the possibility of putting the times of Question Time in the guidelines, where they would be visible to everyone and rela-

tively inflexible. But if that is not acceptable, I am willing to move tomorrow before the vote that the amendment concerned be referred to committee.

President. — I call Mr Burke.

Mr Burke, Member of the Commission. — Mr President, my responsibilities include the responsibility for relations with Parliament, and I confine my remarks to the suggested changes in Question Time procedure. I would make three points and a request;

1. The Commission needs to know a long time in advance when Question Time takes place and on which day or days of the part-session. It is, in fact, the highlight of the part-session and the Commission makes every possible effort to have as many of its Members present as can be achieved.
2. The Commission is properly entitled to know how long each Question Time will last and how many such Question Times are going to take place.
3. I would suggest that the Commission would prefer references to be contained in the Rules of Procedure and written down there, and not in the guidelines; we would prefer to have the situation determined by the Rules of the House. I would therefore speak in favour of a reference of this Rule 47A to the committee, and I can assure the House of the good wishes of the institution I represent.

I would offer one further reason to Members of the House why this might be so. If Members of the House will refer to Rule 47A as it exists, they will notice that paragraph 1 states as follows:

Question Time shall be held normally on the second and third sitting day of each part-session of Parliament, and shall in each case not exceed one-and-a-half hours.

Paragraph 5 of that rule states:

Questions put to the Council and the Foreign Ministers meeting in political cooperation shall be taken first on the second day of Question Time.

If the House makes the change suggested:

Question Time shall be held at each part-session at such times as may be decided by Parliament on a proposal from the enlarged Bureau

then I suggest that paragraph 5 loses something of its meaning and would also perhaps require a change. May be the committee overlooked that in referring only to paragraph 1. I put that to the House for their consideration in advocating on behalf of the Commission that this be referred to committee.

President. — I call Mr Yeats.

Mr Yeats, rapporteur. — Mr President, let me deal with a small matter first, the question of what Mr Burke calls the discrepancy. It is not one. I would refer him to the exact wording of my amendment to paragraph 1: '... shall be held ... at such times...' in the plural: in other words, that is at least two days,

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and therefore there is a second day involved automatically. I do not think there is a clash. However, in view of the attitude of the Commission I move, Mr President, that this amendment be referred to the committee, and I would say to Mr Burke that in the committee I will urge them to put it in the guidelines.

President. — Does anyone else wish to speak?

The debate is closed.

The motion for a resolution as it stands, will be put to the vote tomorrow at voting-time.

I remind the House that, to be adopted, a motion for a resolution modifying the Rules of Procedure must receive the votes of a majority of the current Members of Parliament.

21. *Agenda for the next sitting*

President. — The next sitting will be held tomorrow, Tuesday, 14 February 1978, with the following agenda :

10.00 and in the afternoon :

- Decision on the urgency of two motions for resolutions
- Introduction of the Commission's Eleventh General Report and of its programme of work (followed by a debate)
- Oral question, with debate, to the Commission on equal pay for men and women
- Pistillo report on the preparation of young people for work

3.00 p.m. :

- Question Time (question to the Commission)

3.45 p.m. :

- Vote on motions for resolutions on which the debate has closed
- Continuation of debate on the introduction of the Commission's Eleventh General Report and its programme of work.

The sitting is closed.

(The sitting was closed at 9.35 p.m.)

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IN THE CHAIR : MR COLOMBO

President

(The sitting was opened at 10.05 a.m.)

President. — The sitting is open.

1. *Approval of minutes*

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

Since there are no objections, the minutes are approved.

2. *Documents submitted*

President. — I have received the following documents :

- (a) a report by Mr Shaw, on behalf of the Committee on Budgets, on draft amending budget No 1 of the European Communities for the 1978 financial year drawn up by the Council (Doc. 544/77);
- (b) The Commission's Eleventh General Report on the Activities of the European Communities in 1977 (Doc. 548/77).

3. *Petitions*

President. — I have received the following petitions :

— Petition by Mr Bolaffio and others on the development of economic relations between the Community and Yugoslavia and

— Petition by nine members of the SGPOE-EP secretariat and the chairman of the Staff Committee on a residence allowance.

These petitions have been entered under numbers 20/77 and 21/77 respectively in the register provided for, and referred for consideration to the Committee on the Rules of Procedure and Petitions, pursuant to paragraph 3 of Rule 48 (2) of the Rules of Procedure.

4. *Decision on urgency*

President. — I consult Parliament on two requests for urgency. The first concerns the motion for a resolution tabled by Mr Corrie and others on the seat of the Institutions of the Community (Doc. 514/77).

I call Mr Corrie.

President. — The first concerns the motion for a resolution by Mr Corrie and others on the Seat of the Institutions of the Community (Doc. 514/77) I call Mr Corrie.

Mr Corrie. — Mr President, might I thank you on behalf of the whole House for your statement yesterday? We are deeply indebted to you for it, and I wonder whether that statement could not be circulated. It has cleared the air, and this was the reason for

Corrie

myself and the other signatories putting down this resolution.

Might I emphatically point out we have nothing against Luxembourg or its people; in fact, just the opposite is the case. We have a deep affection for that country but as you, sir, said yesterday, the decision on the final resting-place for our directly-elected Parliament does lie in the hands of the Member States under Article 216 of the Treaty, and also, I hope, with the opinion of a directly-elected Parliament. We also hope that all Community countries could tender plans for construction when that time comes.

The plans for the new Luxembourg Parliament, look to me more like an erotic drawing from Greek mythology than a practical building for hard-working Members of Parliament. The only point that worried me in your statement yesterday was that the Quaestors were studying the Luxembourg plans. If they pass them, I hope this in no way means that there is a moral commitment on our part. I am glad that this question has been raised. I think silence on our part may have led the Luxembourgers to believe that perhaps we approved of their plans.

I thank you again for your statement and I assure you that we have studied it very carefully. I therefore request to withdraw this motion.

President. — Mr Corrie, I accept the withdrawal of your motion for a resolution.

You will find replies to your other questions on this matter in the text of the speech I made in public. I now consult Parliament on the urgency of the motion for a resolution tabled by Mr Houdet on behalf of the Committee on Agriculture on the right of the European Parliament to be consulted (Doc. 541/77).

Since there are no objections, the adoption of urgent procedure is agreed.

I propose that Parliament place this motion for a resolution on the agenda for the sitting of 15 February 1978 after the debate on the report by Mr Patijn.

I call Mr Klepsch.

Mr Klepsch. — Mr President, I would beg your pardon if I have misunderstood you but I should have thought it proper to include the Houdet motion in the debate as it covers the same ground, in other words to take it as a fourth element, as it were, in conjunction with the Council of Ministers' report, the Klinker report and the Corrie report. Otherwise we should have what would amount to two debates on fishing and I feel we could content ourselves with one.

President. — Mr Klepsch proposes therefore to place this motion for a resolution on the agenda for tomorrow, as part of the joint debate on fisheries. Since there are no objections, that is agreed.

5. Introduction of the Eleventh General Report on the Activities of the Communities 1977 and the Annual work programme of the Commission for 1978 (followed by a debate)

President. — The next item is the presentation by Mr Jenkins, President of the Commission of the European Communities of the Eleventh General Report on the Activities of the Communities in 1977 and of the Commission's Annual work programme of work for 1978, followed by a debate.

I call Mr Jenkins.

Mr Jenkins, President of the Commission. — A year ago, Mr President, I presented the Commission's annual work programme to Parliament for the first time. Many of the issues I then marked out will be with us for many years to come. They touch on the nature of our Community and its prospects for the future.

During the year which has since passed, the broad lines of our strategy have, I think, become clear. We have put forward a number of ideas and proposals; we have registered some successes; we have known some disappointments. This is not, however, the occasion for too much retrospect. The Commissions' general report has been submitted to you, and I shall be glad to reply to any detailed questions arising from it later in the debate. For the moment I want to concentrate on the future and how we would like to shape it.

Policy should begin at home. Our priority is the economic and political development of the Community itself. Not only are we guardians of a Treaty in which nine sovereign States undertook obligations with regard to each other, defined certain common purposes, and created common means to bring them about. We also share responsibility for the welfare and protection of the 260 million people who constitute the citizens of Europe. The Europe of the Community is no island. Three other European States, each with its ancient and proud traditions, want to join us. Beyond Europe, the Community forms an essential part of the Western economic system, and shares many of the problems which affect the industrial world as a whole. More perhaps than any of our major partners, we also have a closely knit relationship with countries all over the world which are long tied to us by history, by interest, indeed by affection, and to whose development we contribute. It has become something of a platitude that the Community looks stronger, sometimes more imposing, to those outside it than to those within. If such an imbalance exists, I do not think it can long persist. Hence, when I come to speak in more detail on the points I have just mentioned, you will find that in the end I will return to the idea we have of ourselves and to the future role of the Community as a representative of the common interest of its members.

Jenkins

The greatest problem, Mr President, which now faces the Community is the state of its economy, and particularly the level of its unemployment. More than any other international grouping we live by trade, both within the Community and with others outside it. This is not an easy time for any industrial society. We face the associated problems of inflation, high unemployment and relative lack of growth. The aims of the Commission are two-fold. In the shorter term, we are concerned with emergency action to sustain industries which, for reasons I do not have to give, are no longer fully competitive. In the longer term, we are concerned to promote the economic growth which will enable us to provide employment and prosperity for our citizens, and give us the opportunity to become once more the exemplars rather than the laggards of world economic progress.

The recovery of Community industry depends, in the first instance, primarily on a continued assurance of the strength of the Community market. We must not take refuge behind a theoretical concept of the market economy in order to sidestep the responsibilities which the crisis of industry imposes on the governments and on the Community. If the restructuring of the sectors in trouble were left to the play of market forces alone, or were conducted solely in markets defined and circumscribed by national boundaries, it would proceed in a haphazard fashion, destructive of the very purpose of the unified market itself, involving social and economic sacrifices which Community action could and should keep within bounds. The initial results which have been achieved in the steel and textile industries, the prospect of results in the shipbuilding industry, show the real contribution the Community can make towards tackling the crisis when it is given the power and the means to do so. The problems of European industry are continental in scale. Action at Community level, therefore, can give a coherence to restructuring policy which autarchic, possibly conflicting action by individual States alone cannot.

Equally, the Community can provide the solidarity which enables the more efficient to feel their labours will not be wasted, and the weaker to know that they will not be sacrificed to the over-rigorous logic of a classic market system.

The trade understandings the Community has negotiated on textiles, and is in the process of negotiating on steel, demonstrate its ability to combine two important elements. First the preservation of traditional trade flows. Second, the need to adjust the growth of our partners' exports to take account of the slowdown in European consumption. But our industrialists should not engage in any wishful thinking as to the object of the Community's trade policy. It is not the provision of protectionist featherbedding. The relatively short breathing-space which the trade under-

standings can give to industry is only justified if it is used to modernize. Community production and enable it to withstand international competition. The Commission's discussions with producers with workers and consumers in the crisis-hit sectors, stamp on our minds that modernization must be accompanied by reconversion to other job-creating activities in the regions affected by sectoral restructuring.

This means that the Community must launch sectors of growth which will strengthen its industrial capability through greater technological advance. The time has come, and the chance is there, to make real progress in Community ventures, in the fields of aerospace, data processing, electronics components and telecommunications. We have no right to pass up these opportunities for growth. It would be quite intolerable for Europe, in an industrial crisis, not to exploit its own vast market in these high technology sectors.

At the same time, we must recognize that the attempt to restore competitiveness to declining industries will not in itself, or in the short-term, tackle the problem of unemployment. Now it is not, of course, the Community's function to intervene massively and directly on the labour market; we do not have the powers to do so. But on a smaller scale there are Community funds directly available for re-training policies. These must be fully used. The main impetus, however, for tackling the problem of unemployment will not come from such policies, despite their utility. Indeed, the very size of the problem guarantees that it cannot be tackled in that way: it overshadows all our industrial and economic activities. The present reality is of 6 1/2 million unemployed. The future reality, between now and 1985, is of a further 9 million young people added to the Community labour force and looking for jobs. This is not merely an economic problem: it is tragic for individuals and it could threaten the foundations of our society, and its institutions. We cannot be complacent about our existing means of tackling this problem. The alarm bells need to be sounded. No national economy in the Community is exempt from the prospect of present levels of unemployment persisting, or indeed growing. No national government offers, in my view, a longterm solution and this in itself is hindrance to any general economic revival.

What in these circumstances can the Community do? First, our sectoral and regional policies must be put together in a coherent way, and we must build on last year's limited but successful steps. We have created the new Community borrowing power which we foreshadowed last year, and which can underpin new investments. We have pushed forward plans to deal with structural problems in several industrial sectors: we must turn to the best possible account the new appropriations for industrial restructuring and the extra funds allocated to the Coal and Steel Community. In addition, we have strengthened the Commu-

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nity's other financial instruments, in particular by improving the operation of the Social Fund and developing the Regional Fund. The pursuit of these policies and their coordination is essential, but they will never in themselves be a fully satisfactory medium-term answer to our economic difficulties. Hence, there must, in our view, be a second level of operation, not just supplementary to the first, but different in kind. Our need is for a new economic impulse on an historic scale, and we believe this can be given in the Community by a re-defined and faster move towards economic and monetary union.

I do not intend today to rehearse again the arguments which have led us to this view. Last month Vice-President Ortoli and I set them out before you in Luxembourg. I will only emphasize two points today. First, we should not allow ourselves to be deluded by temporary economic improvements in some Member States, into believing that a fundamental economic turnaround is, for the Community as a whole, simply a matter of time. In the long run, we know we are all dead; in the medium term, a lot of European citizens will, while they wait, be without work. Second, a Community which lives by trade, both internally and externally needs international monetary stability, for its own health and for that of the world as a whole. A Community monetary union could play a major international role, and make a major contribution to this end. Last year saw the reaffirmation of the avowed Community objective of economic and monetary union. In the past few months, we have developed the arguments in support of a renewed effort to realize the objective.

During 1978 we shall push forward the programme to which the European Council gave a fair wind at the end of last year. The first stage of our five-year plan, that for this year, will shortly be presented to you. We intend to follow through the concrete proposals this contains, as well as encouraging public debate on the wide basic issues involved.

Mr. President, so far I have spoken of our industrial and economic objectives. I should like now to turn to two other sectors of high priority — energy and agriculture.

Energy policy is of vital importance to the Community, both economically and politically. This in itself is hardly a remarkable statement: calls for Community energy policy in the face of import dependence and balance-of-payments deficits are the stock-in-trade of politicians' week-end speeches; but the reality here is still a long way from aspirations. What the ordinary citizen sees now is that there is, for the moment, an actual oil surplus in the reduction in energy prices. He may therefore find the talk about the risk of a future shortage of energy both confusing and irrelevant. He also sees from time to time demonstrations against the construction of nuclear power-

plants. I believe that in 1978 we have two obligations. First, to make the Community picture a more comprehensible one; and second, to take some useful decisions at a Community level. To do both, we need political impetus more than rhetoric.

Four years after the oil crisis of 1973, all governments are clear that increasingly stringent limits must be set for energy consumption; our awareness of our limited resources and longer-term needs is sharper than it was. Economic and environmental constraints block off the path of unlimited expansion of domestic energy production. The pressure of the oil-producing and exporting countries on the one hand, and the need to minimize the risks of nuclear proliferation on the other, set additional limits. In the long term all the countries of the Community, even if they possess some temporary abundance, are in the same boat.

What should be the shape, therefore, of a Community energy policy for 1978? We must, I think, see it in two different time-scales: one up to 1985, and the other beyond. The Community's objectives for 1985, now under revision in the Council, are ambitious: reduction of oil imports, more energy-saving, and development of internal sources of oil, gas and coal. Energy-saving measures taken so far, especially in comparison with the position in the United States, are fundamental change of habits. Further progress in energy savings will be harder, because it will involve real sacrifices. In this area we can build on national initiatives at Community level, but for this we need decisions and not delay.

The second time-scale concerns investment with long-term returns, principally in research and development. We already have a multi-annual research programme concentrating on energy matters; we have at last settled the issue of JET. But in the field of new sources — such as solar, geothermal and wind and wave power — and in the development of existing sources, especially indigenous sources, there is, in my view, good scope for a Community lead and a more ambitious programme. For example, Community-backed demonstration projects would be of both real and symbolic value.

We have two other obligations at Community level. First, and of major importance, we must defend Community interests in the energy field *vis-à-vis* third countries. The Commission is well placed to do this, particularly in view of our role under the Euratom Treaty in nuclear energy and nuclear supply. Second, we have to build bridges of explanation between various aspects of Community energy activity. In particular we should make clear the connections, as we see them, between energy policy and our general economic strategy. Our future standards of living, style of life, growth prospects depend on both and their interaction upon each other. Energy policy should not take place, or be seen to take place or appear to take place, in a vacuum.

Jenkins

I turn now to agriculture and fisheries. The aim of the Common Agricultural Policy is to ensure security of supplies to the consumer at reasonable prices, and a fair standard of living for the producer. Our achievements in both directions have been considerable. For the agricultural community, our system of guaranteed prices and regulated markets has provided a degree of security which has been enjoyed by few other sectors of the economy, and this has been particularly significant for farmers during the general economic downturn from which Europe has recently been suffering. For the consumer, there has been in the last year a period of stable supplies, with price rises lower than the rate of increase in most other sectors, and significantly lower in most cases.

Nevertheless, we have still clearly not succeeded in mastering the problems of surpluses in European agriculture. For several important products, the long-term supply trends are still tending to move ahead of demand. One of the most sobering documents which I have studied recently was the series of graphs, showing trends of production and consumption in the main farm products, which we submitted to you together with our price proposals in December. These graph lines mark out clearly how difficult is the market situation, now and for the future. This very serious prospect continues to preoccupy the Commission, and, as I foreshadowed in my speech last year, we take the view that a very prudent policy for prices is the only way to handle this problem. If we are faced with persistent surpluses of, for example, milk or sugar, which we have to dispose of through either expensive internal measures of exports with the aid of large subsidies to any available markets, it is not because the mechanisms of the CAP are at fault; it is rather because the price-levels at which we operate the mechanisms have been imprudent.

Last year, therefore, we proposed only very modest increases in the common prices. For the next season we have followed the same course; and we shall follow it for as is necessary to check the surpluses. This long-term policy will not be an easy or a popular one with the farming sector. I recognize that it is already causing difficulties. But I must say that, in our view, it is only policy which can avoid the introduction of even harsher measures to bring excess production under control, or ultimately the disintegration of the common policy itself.

Another aspect of the agricultural policy where we have made modest progress in the last year is the dismantling of the monetary compensatory amounts. Here we are moving back towards the unity of the market over a reasonable period of time for a sudden abolition if monetary compensatory amounts would, of course, compromise our basic policy of price moder-

ation. We have to continue this process so as to restore a fair basis for competition between agricultural producers in the different Member States. Of course the monetary fluctuations which have overtaken the agricultural policy are in no way the fault of the agricultural sector. They are the symptoms of an underlying lack of economic and monetary integration in the Community. Progress towards monetary stability is essential for the long-term future of our farm policies.

In the fisheries sector, the Community has yet to take the decisions about how to apply its common policy to the vast areas of sea within 200 miles of our coasts. Because of overfishing and threatened stocks of fish, we must limit our catches and adopt strict conservation rules, both for our own fleets and for those of third countries. In negotiating for reciprocal fishing rights we have made good progress in the last year, and opened up important new dimensions in relations between the Community and the rest of the world. On the internal regime there has also been substantial progress. The Commission has put before you and before the Council all the necessary elements for an equitable share-out of the catch, and for effective conservation of the resources. I do not believe that the solution is far away. It will require political courage from the Council. Ministers have to take their responsibilities. But we have the right to demand that courage. Both the rules of the Treaty and the need to manage Europe's fishery resources demand a common solution in the common interest of all.

In the case of Mediterranean agriculture, Mr President, we have become increasingly conscious of the need for improving the situation of rural communities in the regions of Italy and Southern France — not forgetting the perspective of an enlargement of the Community which would bring in three more countries in the South. In the last year the Commission has submitted detailed proposals for Mediterranean agriculture. They will be one of our priorities for action in the next year. Our emphasis will be on methods of help which avoid the build-up of wasteful surpluses of Mediterranean products, whether in the Community of nine or in a future Community of twelve.

This brings me to the vital subject of enlargement itself. The way in which the Community now handles this issue is the hinge on which turns the relationship between our internal and our external policies. 1978 will be a crucial year for this. The Commission has already made the first of what will now be a steady stream of proposals for dealing with certain problem areas in the negotiations with Greece. We must aim at least to break the back of these negotiations by the end of this year. The Commission's Opinion on Portugal's application should be ready by the end of March.

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Spain, as we know, made its application rather later than the others. Talks are now beginning and the formal Opinion may be expected at the beginning of 1979.

It is clear from this timetable that the phases for the negotiations which the three applicant countries will not be concurrent. Indeed, it is accepted that the negotiations cannot and should not be lumped together. But inevitable similar problems affecting all three will arise. There is for example the transitional period which will be required after entry. There is the problem of the transfer of resources, the adaptation of the Treaties and the working of the Community institutions. In so far as these questions are interlinked, the Commission will be bringing forward ideas at the time of the presentation of its Opinion on Portugal, that is by the end of March.

The world outside the Community knows that enlargement will be for us a test of our political will and capacity for economic integration. The world outside, I believe, wants us to succeed, because the Community has a substantial position in the world, and any weakening of our strength would have damaging consequences. The Member States of the Community are economically intimately interlocked; as a result, as I have argued, a major new initiative of Community scope is required for a generalized Community economic revival. So the Community as a whole is not isolated but an integral and important part of the world economy, and we are therefore, to a considerable degree, dependent on the external world for the permanence of any economic upswing we may be able to achieve. As the world's largest trading bloc it is essential that we are clear about the results we wish to obtain in bilateral or multilateral forums. The multilateral trade negotiations are now beginning their crucial phase in Geneva. They are of fundamental long-term importance as they will much to set the pattern of trade over the next ten years. At the same time we need urgent progress there to avoid any short-term slip into protectionism.

Of equal importance are the Community's relations with the developing world. On my recent official visit to the Sudan — a country which will have the crucial dual role as Chairman of the Arab League and of the Organization of African Unity in the period of renegotiation of the Lomé Convention — I had the occasion to set out in a speech our approach to our relations with the Third World. I said there was a need to reconsider the relationship between the industrialized nations and the rest. We cannot allow those relations to be falsified by any historical hangover of an approach of inequality. The reality is one of greater reciprocity in establishing more realistic and temporary economic relations. We need a just international division of labour and resources, because there is a close interdependence between the prosperity of

the economies of the industrialized world and of the rest. We need to ask ourselves how our economic relations should be adapted to growing industrial development in third countries at a time when the problems of inflation and unemployment in the industrialized nations hamper our ability to stimulate renewed growth. The impulse of the Third World has, in my view, a major part to play in improving the position.

In 1978 decisions will be required on the establishment of a common fund, and concrete progress must be made on commodity agreements. We must also deal with questions of the transfer of resources, in particular the debt problems of the least developed and poorest countries.

This year will also witness two important events. First, our Southern Mediterranean agreements in the Mashrak and Maghreb will come into force. Second, we shall begin to renegotiate the successor to the Lomé Convention. I do not want to anticipate the discussion of the first proposals for directives for negotiations which we shall put forward. But I think it right to emphasize our pride in the first Lomé Convention. It has proved to be exemplary for relations between the industrialized world and the developing world. In carrying it out we have acquired a good deal of valuable experience. We must not simply rest there but take fresh initiatives.

This will require intensive consultation among the three main economic groupings of industrialized countries. It is fortunate that our relations with the United States continue to be excellent. Our frequent contacts at official level were recently consolidated by President Carter's visit to the Commission on 6 January. It was a visit of great symbolic and practical value. At the President's invitation, I shall myself be paying another visit to the United States later on this year.

The Community's relations with Japan, which have been difficult in the past, are I hope, now taking on a new pattern of more direct and regular consultations. I found my visit to Tokyo last October extremely useful. We have followed it up with two recent meetings with Mr Ushiba, the Japanese Minister for External Economic Relations.

But there will inevitably continue to be difficulties until we can be seen to be moving towards a more balanced trade relationship with Japan. I am also glad to recall that last year was the occasion of the first Western Economic Summit at which the Community itself was represented. As I told the House immediately afterwards, we greatly welcomed this important advance. The President of the Council and I will continue to represent the Community at future Western Economic Summits to deal with matters within the competence of the Community.

Jenkins

Mr President, I have marked out for you some of your internal and external priorities for the coming year. I have not, and cannot, deal with every aspect of policy of interest to each Member of the House. But there are two additional points I should like to make.

First, to carry through these priorities effectively the Commission has to ensure that its special place as the institutional balance of the Communities — as initiator and executor of agreed programmes — is not undermined by unreasonable staff constraints. We are continually called on to produce bold, new, imaginative solutions to the Community's problems. This is what we want to do. Sometimes we succeed. But at other times our contribution is less, qualitatively rather than quantitatively, than we would wish. The reason is simple. Many parts of the Commission's services are simply running hard to keep up with the pressure of daily events, of day-to-day business.

After a year's experience of the work of the Commission I fully accept that we have a responsibility to do all we can to put our house in order — and this, I believe, is, to a large degree, in hand. I know also of the resistance there is in Member States to any significant growth in the number of officials. But we cannot ignore the relatively low base from which we start and we must recognize that the role of the Community is not contracting, but expanding. We have had in the last year much more work to do on fish, on textiles, on steel enlargement, not to mention new areas of Community activity like health and postal questions. All these have been added without taking away any other areas of activity. These, and other new activities, cannot be managed simply by cutting down on others. Neither Parliament nor indeed the Council of Ministers, in the last analysis, want that. This Parliament has itself criticized the inability of the Commission to provide an adequate service in some sectors. A directly elected Parliament will no doubt make further demands — but our ability to meet them will not automatically increase. I therefore ask simply for a more realistic appreciation of the need for staff resources to cope with new and developing tasks.

I have mentioned the directly-elected Parliament. We had all hoped that 1978 would be the year of direct elections. It is, unfortunately, now clear that this will not be so. The delay is unnecessary and regrettable, for the Community badly needs the impulse that a directly elected Parliament can give. Nevertheless, within the next twelve months, the campaign will begin, and this is why, in presenting to you the Commission's report on activities in 1977 and our programme for 1978, I have picked out the central themes on which I believe such a European election should be fought. We know that we shall have a directly elected Parliament; what we cannot be sure of

is whether that election will be fought as it should be, on the major European issues. We, in the Commission will do all we can to ensure that that is so. We must be ready to give, especially to you, an even more thorough-going justification of our policies than in the past. You must ensure — and all the candidates for election also — that the occasion does not become a substitute for action nor a diversion into national obsessions. The issues we face together are too serious for that.

With that in mind I want finally to say a word about the Community itself, its relationship with the Member States, the working of its institutions, the way in which it engages public opinion: in short, ourselves in a looking glass. Recently there has been some reluctance to look too closely. I have heard it said, sometimes indeed in this House, that it is better to proceed from day to day, dealing in practical fashion with practical problems, rather than to look too far ahead and to seek to define the way in which we want to go. I am not amongst those who want constant, obsessive, introspective reexamination of fundamentals; I believe that we must see things as they are, but that we must try also to map the course ahead, and sometimes lift up our eyes to the hills. If we do not do so, there is a real danger that our enterprise will go backwards rather than forwards.

The prospect of enlargement compels us to look at ourselves in just the way I have in mind. I start from the basic point that the Community is designed to represent the common interest of the States and peoples of which it is composed. In certain areas that interest has been defined, common policies have been worked out, and the necessary mechanisms for giving them effect have been set in place. That process is, of course, continuing. Like all living organisms, the Community does not necessarily evolve in the most logical way. It may, for example, be logical for us to work out a common fisheries policy, but it is less obviously so to find the Community giving such priority to common policies for industries in difficulty or decline. Nevertheless, recent events have well demonstrated what the Community is for. It is for dealing not with all problems, but with those which can best be dealt with by all of us together. The institutions are there. The framework for argument, for give-and-take, for the expression of solidarity, and for effective decision exists. The means of, action are there, or can rapidly be created. What is necessary is the will to use them.

During the past year, I have seen from the inside how symbiotic is the work of the Council of Ministers and the Commission. Their relationship is, I think, sometimes one of constructive tension, but also and more often, one of mutual reliance, mutual need and mutual respect for each other's independence and competence. Recognition of that reliance, that need and that respect should, I think become a kind of mental reflex when problems of more than national

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scope arise and assume a European perspective. This is equally true of the Commission's relationship with this House. Recognition of mutual reliance, mutual need and mutual respect should again cause a European reflex. I have already said that we hope that the direct elections of next year will be fought on major European issues. We want the European reflex to extend not only to governments and administrations and Parliaments, but to the citizens of our Community.

I was much struck recently when an Irish magistrate, faced with a problem of what to do with a trawler which had been arrested for illegal fishing, concluded that the issue was too big for his court, or indeed any national court, and should go to the European Court of Justice. His reflex was right: that Court is not only a Community body but also a judicial organ of each Member State, and its decisions are directly enforceable throughout the Community. Here we see Europe in the making. You may count upon the Commission playing a major role in that process of creation. Let us ensure that the strength of our internal purpose is at least as great as our external power of attraction.

(Applause)

President. — I thank Mr Jenkins for a very concise speech.

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

Mr Lange. — Mr President, ladies and gentlemen. This morning's speech by the President of the Commission in which he explained the Commission's thinking was undoubtedly an important occasion. You once told us, Mr President, that the Commission would treat this Parliament as if it were already directly elected. The submission of the action programme and of the Eleventh General Report at the very last minute shows that this is an important occasion for the Commission. I should simply like to ask if all the Members of the Commission do feel that the matter is important for when I look at the Commission's benches, I have serious doubts.

Secondly, Mr President, ladies and gentlemen, I have heard — but have not yet been able to check, which is why I say this tentatively — that before coming here and before Parliament received the Eleventh General Report, the Commission had already met the press in Brussels and provided a summary of its intentions and of the contents of the report.

I would say to the President of the Commission that if this is the case, it would be the exact contrary of what you told this House on a previous occasion. If this is the case, it would be a matter of great regret and scarcely excusable for, Mr President, in one area — I refer to the budget — we have been fortunate enough to ensure that the Commission came to Parliament

before it went to the press. And in this particular case, where an action programme is being submitted, complete with an introductory speech, and the Eleventh General Report presented, the proper thing to do would surely have been to come to Parliament first and go to the press afterwards. But perhaps I am misinformed. I should be happy if I were and if you could persuade me and us of the contrary.

Mr President, I should like to follow up those words of criticism with a few other comments of substance. It is certainly true to say, and I should like to stress the point wholeheartedly and perhaps give it even greater emphasis, that in its present stage of development and also for the foreseeable future, the Community must pay closer attention than it has done so far to what we call medium and long-term economic policy or what we could also call structural policy; when I say structural policy I do not mean it purely in the sense of industrial policy but equally in that of regional policy which is precisely intended to create specific structural conditions for certain well-defined economic structures in the Community or in parts of the Community.

We have heard this idea you put forward today, Mr President, from the Commission on a previous occasion. This House has always supported the Commission's intention because — as world-wide developments and the stage which the Community has now reached have so clearly shown — the preservation of outmoded structures within a Community that then finds the going on the world market hard is an extremely costly business and one which, at the same time, wastes labour resources for lack of adequate employment opportunities. We therefore agree with you, Mr President, that these structural difficulties are certainly one of the crucial reasons for unemployment. I shall not go into the special problem of unemployment among young people. We are all aware of the difficulties that have arisen. That also holds partly true where older workers are concerned, for if workers in so highly industrialized a society as ours are not given the opportunity for general and professional training, ladies and gentlemen, then we shall always be faced with this kind of problem. The reason is that in a highly technical economy such as ours, workers in this category are unemployable.

The President of the Commission also referred to retraining and similar measures but here, of course, the important thing is for Commission and Parliament to bring stronger pressure to bear on the Member States because only the Member States are in a position, given the division of responsibilities between them and the Community, to create the necessary training and further training opportunities that will remove the handicaps to which inadequate or non-existent professional training gives rise.

Lange

Mr President, there is a further related point — and I believe you were right to make it, if only indirectly: if we restructure, in other words if we wish to eradicate our structural and economic weaknesses, we must clearly do so on the basis of an understanding on the international division of labour. This means that we must seek ways and means with the Third and Fourth World of providing them with greater purchasing power and opportunities on the world market and, at the same time, of creating wider outlets for our own more highly developed products. Until such time as we come to an understanding with the Third and Fourth World on the international division of labour the Community will not have done, no matter what internal measures it adopts, with the problem of unemployment. To this extent, this problem of unemployment in our industrial countries is firmly anchored in world development in the economic and consequently in the social sectors. In other words, we have a whole range of internal possibilities but the crucial factor will be an understanding with the outside world. To this extent, the Community's medium and long-term economic policy takes on greater significance than in the past and we, Mr President, are prepared to help the Community and its institutions in this task which, as I have said, hinges on the development of the Member States' political will to pursue this course.

I would add a few comments, Mr President, on what you said about the further development of the Community towards economic and monetary union.

I must make it clear from the start that it is futile in this regard to re-open the quarrel between monetarists and other economists that broke out in the late sixties and early seventies. It was, and I hope is, clear to us that events must be influenced according to the actual state of development, meaning that in principle, there is no priority for either one side or the other. Priorities for economic or monetary measures can only be based on whatever stage of development has actually been reached. No one should — and this was our view at the time, make the mistake of believing that some things can proceed of their own accord by an automatic process. Political will must be marshalled in order to push the process in a specific direction and this political will is all-important. Here, the Member States must be made to move a little faster by the Council towards improved coordination of short-term economic requirements, in other words of economic policy and the monetary policy that goes with it; and I should like to add on the subject of monetary policy that — and I address this remark to the governments of our Member States in particular but perhaps too to some of our other colleagues in this House — we must forswear all considerations of prestige in these vital economic and monetary matters and their social implications. If we left such considerations behind us, many of the questions that are today still heavily

loaded with national prejudice and notions of prestige would be easier to resolve.

If, then, we wish to have a Community we cannot confine ourselves to measures acceptable from the point of view of intra-Community solidarity; what we need are measures that attest to international solidarity by the Community towards the outside world.

A final heretical word on the subject that has nothing to do with what the President of the Commission said. I am not even speaking on behalf of my group but entirely on my own behalf: we Europeans have a heavy debt to pay back to the Third and Fourth World. Our wellbeing — not to say our prosperity or our earlier prosperity — has come from our past relations with the rest of the world. We exploited them economically with the result that they are unable to do more today than they are doing. We Europeans therefore have a political and moral obligation to rise above certain things and create an atmosphere conducive to the understanding required to bring about an international division of labour or, as it is sometimes called, a new and more equitable world economic order.

I should now like, Mr President, to make a few brief remarks on one or two matters that have more to do with financial policy. You offered a number of pointers in your memorandum, fewer in your speech. You know that as far as the necessary finance for investments and the associated loan of one million ECU are concerned, this House has called for all loans to be included in the budget in one way or another and for all related activities to be subject to scrutiny by this Parliament, with the exception of some matters relating to the budgetary authority. You have submitted a number of proposals in this respect which, we feel — and this emerged from the debate on the budget — are not in line with the wishes of Parliament and involve a good measure of policy and a good measure of finance that escapes Parliament's control. The simple problem here, therefore, is to put into practice what we, both Commission and Parliament, said originally about absolute clarity in matters of financial and budgetary policy.

Mr President, ladies and gentlemen, I shall close with two comments; first, we shall have a further opportunity to discuss the Eleventh General Report in detail and to talk about what has been done and what is planned for tomorrow and the day after. Secondly, we shall all have to be clear in our own minds that we must not tolerate in our Community socially unacceptable situations which might lead on to politically undesirable developments. And here we find ourselves back with the same problem that has already been recognized as the most crucial in a whole series of debates in this House, that is to say the elimination of unemployment and new efforts to achieve full employment, a process which we all know will take several

Lange

years. But I believe that this is the only way to create the economic and social conditions required to provide the peoples of this Community with a secure existence and the only way of providing what you mentioned, Mr President, at the end of your speech, a motive for our peoples when they are called on to go to the polls and directly elect a European Parliament as a fully democratic representative body in the European Communities.

(Applause)

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

Mr Klepsch. — Mr President, ladies and gentlemen, I should like to thank Mr Jenkins for his introduction and, above all, for the commitment which he and all the Members of the Commission have shown in his first year of office.

The Commission's programme of activities is equivalent to the initial statement of policy made by governments in parliamentary democracies. It is therefore a highly significant event for the development of parliamentary democracy at European level. The Commission's announcement of its programme at the start of each year and the ensuing debate are an important achievement for this House. The underlying intention was to strengthen the powers of the European Parliament. This is an example of the gradual extension of Parliament's authority without the need for amending the EEC Treaty.

I should like to say, however, that by and large, what we find missing in a number of areas are more specific policy statements, particularly since this debate takes place in the last year before direct elections. The art of understatement can also be taken too far. I say this because the importance which I said this procedure had for greater democracy in the Community institutions justifies scrutiny and discussion of the Commission's programme by the political groups prior to the debate in the House in line with the practice of previous years. This would undoubtedly make the debate and dialogue between Commission and Parliament more serious and profitable. I feel that it is more than a surface blemish that the political groups were given the text of the declaration this morning at about 8.30 a.m. whereas a summary for the press was apparently distributed yesterday in Brussels. I agree with Mr Lange that this is the wrong way to go about things and we should not repeat this mistake in future.

I should again like to remind Mr Jenkins of what he said in this House when he assumed office about treating Parliament as if it were directly elected. My group looks to the President of the Commission when he appears before Parliament to accommodate himself to the House's views on timing in the same way as every Head of Government.

I should like to make it perfectly clear to him that we shall not be prepared in future to debate the Commission's programme of activities under such pressure of time. What we have today is simply an initial discussion which will certainly have to be continued in greater depth.

The Eleventh General Report and the Commission's programme of activities provides us with an opportunity to make an initial review of what the Jenkins Commission has done in its first year in office and to take a critical look at its intentions for the next twelve months.

In its report on progress towards European union submitted to the European Council early in December, the Commission came to the gloomy conclusion that scarcely any headway had been made since the submission of the Tindemans Report two years previously. We have no option today but to confirm the Commission's assessment. The Commission is not to blame. The reason for this situation is the lack of solidarity within the Community. The Member States do not feel themselves close enough to one another and frequently concentrate their efforts on completely independent action. The fishery policy, the energy policy and the fight against unemployment are particularly crass examples of what I mean.

The Community has not really reacted as a Community to the economic crisis that has thrown six and a half million people out of work. The people of Europe will judge the Community on its ability to overcome the crisis. They are still waiting for the Nine to find a Community solution to their most pressing problems.

Experience so far has made it clear that the burning economic issues of our times — the fight against unemployment, the resumption of economic development and monetary stability — cannot be resolved by any of our Member States acting alone. The Community's inability to find answers has been pointed out time and again over the past few months by leading politicians in various Member States who seek to rock the Community boat and challenge the Rome Treaties. This is, I repeat, not the Commission's fault. I have outlined the situation to illustrate the bleak climate in which the Commission under Mr Jenkins has gone through its first year of office.

President Jenkins has diagnosed the Community's ills at the start of 1978. What needs to be done now is to apply the proper therapy.

Mr President, the sterility of ploughing lone national furrows must teach us that Community-wide political will alone makes it possible to carry out those measures that can provide fresh impetus for economic development. The instruments of European solidarity as well as those of Community discipline must be more strongly promoted and more decisively used. Without the political will to Community action we

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shall fail to master the problem of unemployment in Europe.

That the discussion on economic and monetary union has been taken up again with greater intensity since Florence and La Roche in the autumn of last year is due to President Jenkins and Vice-President Ortoli. In a comprehensive motion for a resolution tabled last month, the Christian Democratic Group set out in precise terms its ideas and proposals on the revival of the concept of economic and monetary union. We do not delude ourselves into thinking that the ultimate goal of economic and monetary union can be achieved quickly. But we are convinced that practical coordinated steps in various sectors can and must be taken. We shall support the Commission in every endeavour that takes us further along this path.

Mr President, I believe that there are three main reasons why we must make a new bid towards economic and monetary union at this particular time. First, the crisis situation in several sectors of the economy is increasingly tempting the Member States to take protectionist measures towards both Community and non-member countries. This runs counter both to the Treaty and to our efforts to help the third world by keeping our markets open and stepping up trade.

Secondly, as a Community with a strong economic potential, we must be clear about our responsibility for the further development and stabilization of the world monetary system.

Thirdly, we consider it a matter of urgency that the Community should be strong within when it is joined by three new Member States. We hope that action to secure closer coordination of national economic policies and closer monetary cooperation will be approved as speedily as possible by the Council as the first instalment of the five-year programme proposed by the Commission.

Mr President, the Christian Democratic Group has on more than one occasion come out in favour of extending our Community to take in all democratically governed countries of Europe. The Community is thus faced with a serious challenge. A high degree of solidarity will be required to cope with the economic and social implications of the accession of Greece, Portugal and Spain to the Community. The Community must help the economically weak countries by devising a concentrated long-term programme to solve structural and employment problems if the development gap between the applicant countries and the Member States is to be appreciably reduced. Following Mr Natali's tour of the European capitals and his visits to Madrid and Lisbon, we look to the Commission for a careful analysis of the problems involved. We hope that in the communication it intends to issue in the near future, the Commission will explain how it thinks that enlargement should take place and set out an overall concept that will

help to bring the negotiations on accession to a speedy conclusion. We would again call on the Commission and the Council to show that the Community means business by completing the negotiations with Greece before the year is out. We are pleased to learn that the Commission has largely completed its opinion on the accession of Portugal and would request it to expedite work on its opinion on the application made by Spain.

But with enlargement, the Community must not allow itself to slip into a process in which everything that has been laboriously built up over the past twenty years is thrown into question. We must therefore find ways and means of preserving what the Community has achieved and of attaining the objectives of our policy of integration even after further enlargement. An enlarged Community with a factual and political content deliberately reduced to the level of a politically less binding free-trade area does not accord with our thinking, nor assuredly with that of the applicant countries.

Mr President, the problems of economic and monetary union and of enlargement are closely bound up with the institutional development of the Community, as you yourself pointed out. I should like to make one or two brief comments on the role of the Commission which Mr Jenkins described when he took up office as a political body whose activity under his leadership would reflect a clear political body whose activity under his leadership would reflect a clear political bias. In its work on Community policies during the past year the Commission made a number of mistakes but also unquestionably scored a number of successes. I am thinking particularly of the reorientation of the Regional and Social Funds, the beginnings of a Community industrial policy in the face of structural difficulties in individual sectors, the positive results achieved by the trade policy and the difficult negotiations with Canada on the resumption of uranium supplies. All this will help to secure its position. An important institutional advance was made when the Commission was brought into the economic summits held by the Western industrial countries. But all this is obviously not enough when it comes to economic and monetary union and to enlargement.

In his January speech to this House, explaining what he himself admitted were the Commission's as yet unripe reflections on these problems, Mr Jenkins boldly pointed to the institutional implications of economic and monetary union. It is therefore surprising to note that in its report on progress towards European union, the Commission proposes that greater use should be made of its powers of initiative and that it intends submitting a special report on this subject.

Mr President, we call on the Commission to exercise to the full its right of initiative without any further ado. The Commission must show no reluctance in

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carrying out this duty. It can be sure of the political and moral support of my group and, I hope, of the whole House. But we are not prepared to go along with the Commission if, in its proposals, it tends not to take Community considerations as a starting point but seeks to anticipate compromise solutions wherever possible.

Mr President, on behalf of my group I would again repeat my assurance of our full support for the Commission on this point and would follow up by asking the Commission what proposals in line with the Tindemans Report it intends making to strengthen the Community's institutions. It is only by strengthening the institutions that the Community's inner cohesion can be so consolidated that enlargement can be carried out without harmful effects.

Mr President, there must be two tracks on the path to European union. On the one hand there is economic and monetary integration from within and on the other, there is the Community's image and the development of its relations with the outside world. Bilateral economic relations with the rest of the world are acquiring increasing significance as a political instrument. Because of its active participation in conferences between industrial countries or between industrial and developing countries, the Community is increasingly coming to be considered as an entity. I shall not repeat here what I said in January in the debate with the Council, especially as my group will be taking up this as well as the social and budgetary aspects of Community policy. I should like to conclude with a remark on a topical subject to the Commission.

During the next few months, negotiations will begin on the renewal of the Lomé Convention, which are bound to lead to even closer cooperation between Europe and some 55 countries in Africa, the Caribbean and the Pacific. The Christian Democratic Group is particularly concerned that on the Community side, these negotiations should be conducted in close liaison with Parliament. We also look forward to being associated in the task of working out a common, coherent position on the part of the Member States for the next essential stage in the North-South Dialogue. This — and here I refer back to my opening assessment of this annual debate with the Commission — would further develop the powers of this House and at the same time help to cure the lack of parliamentary control. Let us set about the task together!

(Applause)

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

Mr Berkhouwer. — Mr President, I shall take my inspiration from the last words of the speech by Mr Klepsch who said that we must set to work together and, in doing so, I shall endorse the criticism voiced

by previous speakers at the fact that the address made to us today by Mr Jenkins had already been published, if not in full at least in its broad outline, in earlier contacts with the press in Brussels. I have no animosity in this matter and want only to adopt a constructive attitude. The Commission and Parliament have always maintained that they are interdependent institutions of the Community which work in parallel and are at the heart of developments in the Community.

The same holds good for publicity. We complain that so few representatives of the press come to Luxembourg or Strasbourg but that the whole European press corps is present when a press conference is given in Brussels. Perhaps the reason for this is just that the press representatives have their offices in Brussels. Nevertheless this fact is prejudicial to the meetings of our Parliament in Luxembourg and Strasbourg. Everything possible must be done to bring press representatives to the public debates in our Parliament. Mr President, the correct procedure would therefore have been — and I say this without any sentiment of hostility — for Mr Jenkins, on his own or with you, to have given a press conference here in Strasbourg after making his introductory address to Parliament. The international press should have been invited to hear him in Strasbourg *after* he had made his speech to Parliament.

That was my first observation. My second remark concerns the tribute paid by Mr Jenkins to the Court of Justice. I agree with him to the extent that if I were asked to give marks for the activities of the various Community institutions the best mark would certainly go to the Court of Justice. Parliament would come next, followed by the Commission and with the Council bringing up to the rear. At all events I would certainly give the highest mark to the Court of Justice. But Mr Jenkins went too far when he quoted the Irish judge and said that the Court of Justice is not merely an institution of the Community but also a legal body of each Member State. That is of course wrong because the Court of Justice is in no sense the highest legal body of each of the Member States. Its rulings are binding on the judges in the highest national courts but that does not make the Court of Justice as such an institution or component part of the national judiciaries of our Member States.

In other respects I should have expected more of Mr Jenkins speech to us this year. 1978 sees the 30th anniversary of the existence of Israel and we should also remember that the United Nations Universal Declaration of the Rights of Man was adopted 30 years ago. I had hoped that the President of the Commission would have been fired by a greater inspiration and set out new and more ambitious aims for the Community. Unfortunately, much of what Mr Jenkins said was already familiar to us. We all know that there is a regression towards national sovereignty, national egoism, protectionism and so on.

Berkhouwer

Unfortunately too, all that is left in some countries is a desire to get everything possible out of the Community without realizing the enormous benefits which accrue from the mere fact of membership. In some countries the very word 'Community' provokes only wry faces.

All nine Member States — and I stress the word nine — knew that this undertaking — this unique undertaking in the history of the twentieth century, as Robert Marjolin once called it — is based on reciprocity and equality of rights. It is not possible to give privileges to one country in one sector — say that of fisheries — and to another in a different sector; that way, we shall get nowhere in the Community.

Mr Jenkins also mentioned direct elections. His words showed a measure of courage. He said that he regretted the delay which was unnecessary. He was certainly thinking of one particular Member State. I appreciate his words but I would repeat that this too is a commitment on the part of all nine Member States. All nine Member States knew from the start that they were committed to holding direct elections at a given time.

Mr President, as Goethe once said, many pious ideas slip easily from our lips. We are talking about economic and monetary union again. Originally that union was to have come about in 1980. We were talking about it in the early seventies with the Werner plan and other documents. The sad reality, however, is that when the stability of our national currencies is at stake a secret meeting is held at a place called 'La Lanterne' situated on the great country estate of Versailles. There, after the manner of Louis XIV who once said in Holland 'in your country, but above your heads and without you', leaders from Japan, the United States and a few of our European countries discussed an issue which is the most vital to every citizen of Europe, namely the value of the pound, franc, mark or guilder in his pocket. When I read about such things in the newspaper I wonder to myself what kind of fantasy world we are living in. Where is the fiction and where the reality?

What are we to make of all these reports? How great must be our illusions if we still speak of monetary union. And when we come back down to earth, as we sometimes do, we must see things in the light of reality, in the light of 'La Lanterne'.

Mr Jenkins also spoke again about the oil crisis, about the energy crisis which has been with us since 1973, and about the potential of the sun, water and wind. Everyone talks about these new energy sources but we all know that they will not become overnight. Energy from the sun, water and wind is as old as mankind itself. But the problem is to produce sufficient quantities of energy for the six or seven thousand million

inhabitants of the earth in the year 2000 to benefit from the same amount of energy as our ancestors were able to obtain from their windmills. In those days the world was sparsely populated and the quantity of energy produced was sufficient.

A full-scale nuclear debate is also now raging in our nine countries. I think it a pity that no mention was made of this. Mr Brunner has been engaged in a colloquy in Brussels on the pros and cons of nuclear energy. I think it desirable for the debate to progress at Community level because keen discussions are under way in all our countries between the advocates and detractors of nuclear energy. It is therefore only proper for the Commission to participate in the opinion-forming process at Community level.

Since we still obtain oil supplies from the Middle East and Iran, it is perhaps also appropriate for us to become more aware in the context of European political cooperation, of the events now taking place in the Horn of Africa. Those events seem to me liable to exert an influence on certain sources of supply on which Europe is dependent.

Mr Jenkins also spoke about agricultural policy. I come of farming stock but am not a specialist in agriculture. We have heard that price policy can help to cut down surpluses and that a restrained approach to prices may result in smaller surpluses.

Experience has, however, shown that attempts to get rid of surpluses by holding prices down are not always successful because farmers do their best to compensate for the loss of earnings from lower prices by producing more. I had thought that this tendency was generally recognized and I wonder whether the therapy presented to us is the right one.

Turning now to external relations, it seems to me that more emphasis might have been placed on a number of important topical issues. I am thinking here of relations between the EEC and Yugoslavia, a subject which surely deserves closer attention. That great country situated between Greece, a candidate for accession, and Italy, a Member State, lies at the crossroads between two worlds.

Why did Mr Jenkins say nothing about the break through in relations between China and Europe? Only recently an agreement was signed with China, the second Communist country after Yugoslavia to reach an accord with the Community. I think the importance of this development cannot be overestimated; China is a vast country in which one-quarter of the world's population live. It was visited by Sir Christopher Soames in 1975 and I went there in the same year as a Member of Parliament. Taken in the world context, this agreement seems to be far more than a simple commercial development. It might be

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appropriate for Mr Jenkins or a member of the Commission to explain how these relations are assessed in the context of world politics.

Mr Jenkins attributed practical and symbolic value to the visit by President Carter. I believe — at least this is my impression and I wonder whether it is shared by the Commission — that the United States evidently wish to be more closely involved in developments in Europe. Now that America has extricated itself from its commitments elsewhere in the world it seems to be taking a much more active interest in relations with Europe and appears to feel more closely affected by developments here in Europe.

I come now to the Conference on Security and Cooperation in Europe. I thought that the Commission was indirectly involved in that conference. It is strange that Europe can exchange goods and capital with Eastern Europe while people from those countries still cannot visit us freely and without obstacles. This leads to a most disturbing situation in my own country for instance in regard to family reunions or marriages with men or women from countries behind the iron curtain. I hope that these facts are not escaping the Commission's attention and that it is doing all that is in its power to do.

The subject of human rights brings me now to the Lomé Convention. There are unfortunately a number of countries belonging to the Lomé Convention in which — regrettably enough — human rights are not fully respected. We in Europe would prefer to maintain relations only with countries where human rights are respected. There are a number of countries in central Africa which are brought to the daily attention of European public opinion because of the inhuman practices carried on in them. I think that the European partners can take some action on this point when the Lomé Convention comes up for renewal.

My last two points are the enlargement of the Community and direct elections. I think we all agree now that the candidate countries cannot all join the Community simultaneously, although some coordination is essential. I am struck by the fact that there is sometimes still a 'hands-off' attitude in certain quarters to enlargement. I wonder why that should be so. Obviously enlargement involves enormous problems but despite all the hesitations and caution the basic realization should be that we cannot say no. In other words, if we cannot say no we must say yes. In the light of all the talk about transitional periods and provisions on the free movement of workers, public opinion and the politicians in Spain and Greece are beginning to say: 'Well then what do you really want of us? For years you said: restore democracy and the doors of Europe will be wide open to you.' Let us now recognize that to be the case. There are of course all kinds of difficulties but in politics nothing is easy. There cannot be politics without difficulties. The accession of these

new countries will clearly bring difficulties in its train. But the difficulties can be solved and must not be taken as an excuse for a hesitant approach to those three countries which are now objecting to us: 'You always kept on telling us to restore democracy. Now that has been done you come up with kinds of different problems.' Let us remove the doubts and face those countries with open minds.

In some areas the applicant countries stand in great need. I am thinking of Portugal in particular. If I am properly informed the Federal German Government has taken the initiative of granting large-scale financial aid to Portugal running into several hundred million DM. I assume my information to be correct on this point. Given the desperate economic situation in Portugal, would it not be desirable for the Community as such to come rapidly to its aid thus testifying to its solidarity with that country even before it becomes a full member? I hope, Mr Bertrand, that we shall be able to work out something together on this point; the European Investment Bank could provide useful assistance. But this aid must not be granted at the cost of development aid to other countries. The one does not exclude the other. I would therefore ask the Commission to consider whether the Community can come to the aid of Portugal. That is in the interest of the democratic development not only of Portugal but of our whole Community. Let us express our sense of social motivation in this way.

Mr President, a word finally on direct elections. They will not now be held this year. I think it was courageous of Mr Jenkins to say that the delay was regrettable and unnecessary. I quote the exact words he used in English. Those elections must not be taken as an alibi and still less a cure-all for our troubles. I am pleased to say that on this point I can end my speech in agreement with Mr Jenkins. I share his view that there is a commitment on the part of all nine Member States. I hope that a decision will be reached on that commitment at the next Copenhagen summit conference and that the European Council will take a decision which can then be implemented by the Council of Ministers. It is vital for us all to embark upon the elections with a commitment to Europe and European interests.

We must not hold those elections with an eye to fighting out existing national conflicts on a wider scale. The great challenges facing us in Europe must be our point of departure. What for instance is our attitude to concentrations in industry and to the multinationals? What are we to do about them, against them or with them at European level? How do we stand on nationalizations? What is our position on the maintenance and defence of the social market economy? What are our views on employment and leisure in society? In short what is our position on the relationship of European citizens to the European Community?

IN THE CHAIR : RUDOLF ADAMS

Vice-President

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

Mr Nyborg. — (DK) Mr President, I should first like to thank the Commission President, Mr Jenkins, for his statement.

I agree with what our colleague, Mr Lange, has said about the unfortunate consequences of holding a press conference in Brussels before today because it would divert attention from Parliament and we don't exactly want that to happen.

I must say that Mr Jenkins discussed the fishery problem with great courage and elegance. We heard that good progress had been made in the fisheries policy between the Community and third countries. I must admit that he is right. We also heard that great progress had been made in our internal fisheries policy but I feel that the breakdown in the internal fisheries policy negotiations is of more importance than the meagre progress we have made.

We often talk about economic crisis, oil crisis and so on but I think that here there are perhaps grounds for talking about a crisis in cooperation.

The statement included some comments on the agricultural policy that we have heard before and that I feel are quite wrong. It was said that a price policy was the right way to limit agricultural production. I think that is an absolute mistake.

Keeping the price of agricultural products low does not restrict production. On the contrary. If farmers get a lower percentage income there is only one thing they can do if they are to keep up their standard of living and that is to increase production. I therefore think that the Commission is completely wrong in its judgement and I hope it will take the consequences when it has thought things over a bit and amend its proposed increase of a bare 2 % to 5 %, the increase in costs in the agricultural sector. And why shouldn't farmers have their incomes adjusted in the same way as other social groups?

Then we hear that we have a surplus in agricultural production. We certainly do not or at least it is only a very small one and only in very limited sectors. No, our imports are too high because we do not produce too much compared with what we consume ourselves. But there are always some hitches when we import too much. And it is as though this changes our attitude to the problems slightly.

Mr Jenkins mentioned enlargement of the Community. I suppose it must happen sometime or another. But the negotiating terms Mr Jenkins is implying or stating make Europeans and applicant countries alike believe that accession to the European Communities is imminent. I think we all agree that this is rather unrealistic because there are so many things that have to be evened out and adjusted before there can be any real cooperation. There might also be some point in putting our own house in order before adding any more storeys. But perhaps all this talk about enlarging the Community can be used as an excuse for lack of progress in the Community itself.

I had hoped for some mention of trade relations between the EEC and Comecon countries. There are some very important aspects in, for instance, the trade and transport sectors where we have been forced out on many fronts and where effective action is needed to restore a normal balance. Our group is of the opinion that we should be more firm in our relations with Japan and we hope that the Commission really will be more firm in the future so that a balance can be restored thereto.

Unemployment is a common topic of discussion and it was brought up again today. Unemployment in general is one problem; unemployment in the Community is another. We talk of aid arrangements to help various undertakings keep going and to prevent unemployment increasing and so on but it doesn't really help all that much. We claim that the reason for our unemployment is the oil crisis; admittedly, that was one of the reasons but the real reason is that we cannot export enough, we cannot sell enough on the world market because our prices have become too high and our cost level is too high. I would be very happy if more attention were paid to savings as regards the level of costs so that we can again compete on the world market, set the wheels of industry turning and find jobs for more people.

In conclusion, Mr President, I regret that the speaking time is not longer and that I cannot therefore deal with more aspects of the statement made by the Commission President.

(Applause)

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

Mr Rippon. — Mr President, no one can say that 1977 was a great year in our European history. As a European, and without any national bias at all, I think we can fairly say that as far as all our leaders were concerned the mice continued to dance. That has not been the fault of the President of the Commission, who has, with the aid of his colleagues, come forward with many valuable initiatives. I would thank him — as I think the whole House ought to thank him — for

Rippon

his report and his address, and wish better fortune in carrying out his programme in 1978.

For Europe, and indeed for the whole Atlantic Alliance, the way ahead looks to my mind dark and dangerous. With our monetary systems in disarray, our economics depressed and the balance of power shifting increasingly in favour of the Soviet Union, we may be drifting to disaster. And the European Community — as its recent behaviour in linking the devaluation of the green pound and the fisheries issue so lamentably demonstrated — is failing to measure up to its wider responsibilities. About the fisheries policy I will say nothing now, because we will be discussing it tomorrow. Suffice it to note at this stage it is not just a test of the credibility of the Community; it is also a test of its coherence.

I think Mr Jenkins was right to say that the greatest problem facing the Community is the state of the economy. Now my own country, not always unfairly, comes under criticism from time to time. But in the economic field, I think the German attitude has been particularly frustrating. Chancellor Schmidt has clearly indicated an unwillingness to help pull the weaker economies of Europe out of the worst recession since the 1930s. And worse still, it is he who has been responsible for frustrating the coordinated efforts that were supposed to be made at the Seven Nation Economic Summit. Although it should have met twice a year as it was supposed to do, the Germans have delayed the next meeting until July, fourteen months after the last.

No less disturbing is the way in which Europe's industrial and technological capacity is being relentlessly eroded. Apart from the social implications of the present levels of unemployment and the waste of industrial capacity, the political and the strategic consequences are grave indeed. We certainly need — and need urgently — the more ambitious research and development programme for which President Jenkins has called today.

As he has pointed out, we have equally failed to establish anything even remotely resembling an energy policy. Even the United Kingdom, in spite of its exploitation of North Sea oil will find itself dependent on new sources of energy within a relatively short space of time. President Jenkins said in the course of his address, 'In the long run we are all dead', but I think it is even truer to say, 'In the medium-term we are all dead'. He called rightly for a new economic impulse on an historic scale. I believe he is right. I have spoken in this House and outside on the imperative need for something on the scale of a European Marshall Plan.

But we must at any rate hope in 1978 for some real progress on the Commission's five-year action programme on monetary policy. We need in Europe, as Mr Jenkins has pointed out in previous speeches as

well as today, a common monetary policy, at the very least in the sense of accepted monetary discipline. It is perhaps especially in the context of enlargement that we should be seeking greater coordination of the short-term management of national economies, a return to greater cohesion in European currencies and the creation of new loan facilities to finance common regional, industrial and energy policy.

We must above all in 1978 show imaginative statesmanship in strengthening the Community, by facilitating the accession of Greece, Spain and Portugal and looking forward to the accession in due course of other countries, notably Turkey. As Mr Berkhouwer has said, if we mean yes, then let's get on with it, there is no point in delay. The Community was never intended to consist of the Six, the Nine or the Ten, or any other particular number. It should ultimately embrace all the members of the European family. These should be full members wherever possible, and as close and real associates as possible when traditional or Treaty-imposed neutrality make full membership either not desired or impossible.

I noted, Mr President, that, speaking in Brussels on 6 February, the British Foreign Secretary is reported to have said: 'Political arguments and political pressures are the main driving force for enlargement'. But he then added: 'There are limits to how much political considerations can override economic considerations'. I regard that as altogether too negative an approach. I would prefer that we stand by the statement of his predecessor, Mr Anthony Crosland, who said on 12 January 1977: 'The political benefits of enlargement outweigh all these practical difficulties'. So, far from hanging back, we need a new sense of urgency in the enlargement negotiations.

If 1978 is to be a year of achievement — as it could be — we must give priority to mustering the forces of public opinion behind us. I have been very complimentary to the Commission, and I have a high regard for its President and the work of his colleagues, but this means, among other things, that if the Commission finds itself frustrated over the great issue, it must not create the illusion of activity by churning out petty, meaningless and harmful draft regulations and directives by the bucketful. I have in mind, for example, some of the contemplated harmonization proposals, which, quite apart from looking like harmonization for harmonization's sake, almost certainly lie outside the scope of Article 100 of the Treaty. They should be dropped forthwith.

Paradoxically, that observation does not indicate that the Commission has too many staff with not enough to do. I think the difficulty is the other way round: that therefore much that appears is ill-prepared. So I have some sympathy with what the President had to say about staff. After all, it has been well said that two heads are better than one. Even if both are sheep.

Rippon

There is however one practical and immediate way in which the Council and the Commission can give a new impetus to the creation of a citizen's Europe, particularly the context of direct elections, which we trust will finally be established at the Council meeting in April. That is by the establishment of the European Foundation, which is referred to in the memorandum annexed to the address on the programme for 1978. That is intended to give support to existing organizations, now very short of funds, operating particularly in the field of youth university exchanges and cultural activities. I trust that at the next meeting of the Council, Ministers will take the necessary decisions in the light of the Commission's recommendations on the basic issues of the structure and the site and the method of establishment of the Foundation, presumably by regulation under Article 235 of the Treaty.

Finally, I would say this. If we are to create the United Europe we all desire, then we had better do a great deal better in 1978 than we have done in 1977. If we fail, then we shall find ourselves in Europe proving the truth of Eugene O'Neil's observation, that there is no future and no present, but only the past endlessly repeating itself.

(Applause)

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

Mr Spinelli. — Mr President. First of all, I should like to say that I understand and sympathize with President Jenkins, who took on a thankless task in coming here to submit this annual report on the activities of the Communities work and on the work programme of the Commission for 1978.

We have no right to express doubts about the usefulness of these reports since they describe in an orderly manner the activities of the directorates-general of the Commission and keep us informed of the action to be taken during the year under this or that head. Knowing the Commission I am sure that, at the proper time, it will put forward these proposals. But what we do not know (and the report does not enlighten us on this point) is whether in the Council, as the decision-making body, there is the slightest intention of thinking about the proposals which will be put before it during the course of the year.

In my view, we ought to ensure that the Commission's annual work programme should become the Community's work programme without necessarily committing the Council. Do not misunderstand me, I am not suggesting that the Council should pledge itself in advance to approve each and every Commission proposal. It may not approve them; any government could bring in a bill and see it thrown out by the legislature. But we should like to know that, during 1978, the Council will take a decision on all these proposals. Otherwise, at the end of the day, the

Commission will be able to say that it is not its fault if no decision has been taken on all these subjects and it will be right. In that case, however, the statement of its work programme next year will obviously be of even less interest than in the previous year. In my view, these programme statements should become more interesting and important every year.

In the programme address giving us a report on the day-to-day administration of the Community, there is a great deal of detail and information on interesting and valuable initiatives which we hope will be carried through, but the key is missing. As things are, the Commission should start a debate here and tell us the hard facts on the present position, with all its weaknesses and possibilities and how far it extends. It should propose that two or three suitable subjects should be tackled, that the necessary sum should be provided for the purpose and the national revenue subdivided between the Community and the Member States. In this way we should know that the Commission, the Council, with the decisive voice, and Parliament, with the powers vested in it, were committing themselves to achieve something during the year.

Although there was no hint of anything of the kind in President Jenkin's address, I see in the memorandum supplementing his work programme address that something along these lines has been thought of where it says: 'With a view to the joint Council meeting of Foreign and Finance Ministers to be held on 3 April, the Commission intends to put to the Council *some general thoughts on budget policy for the next few years.*' It is then explained that the Commission will recommend that national budgets should be relieved and the Community budget correspondingly increased by transferring certain policies to it.

However, I am astonished to see that the Commission intends to hold this discussion on 3 April, with the Council; unless I am mistaken, the budget authority consists of the Council and Parliament, so the discussion should take place not only with the Council but also with Parliament. If it undertook to consult Parliament, the Commission would be free to take all the steps necessary to obtain the financial resources which will be required. Otherwise we shall have a repetition of the pitiful budget debate we had this year when, at one time, Parliament was fighting for a Commission which had given up fighting and defending its proposals and, in the end, as a sort of final deal, agreement was reached on any figure without any general concept of the Community's basic needs and without any commitment regarding the new issues such as regional policy, energy policy, industrial policy or a revised agricultural policy.

We must know in advance what we have to deal with in a given year, or we shall do too little, miss our objectives and arrive too late.

Spinelli

We should know in advance what the financial dimensions of the Community are going to be in a given year; we should know how much money we can expect to have and the revenue from tax, because otherwise we shall no longer know where we shall end up or what purpose the Community serves.

Having said this, I must make another point clear. I agree that the Community's big problem continues to be the fight against inflation and unemployment and that this calls for a series of measures and, basically, for fresh impetus to be given to economic and monetary union. At this juncture people are beginning to say things which carry a certain weight but which may become so many empty words unless backed up by clear ideas. President Jenkins, especially, pointed out very clearly in his Florence speech that, between 1950 and 1960, the Western countries worked to a grand economic design and this enabled the whole economy to make remarkable advances for almost twenty years, despite the inevitable shortcomings and deficiencies.

President Jenkins summed up this productive outburst very accurately when he said that at that time our countries set themselves the objective of giving the working class in the West something like the same standard of living as the middle class.

This involved a major development which, seen at its worst, is called consumerism but which has nevertheless produced deep and widespread changes in our societies. In some countries, such as Italy, the changes occurred in conditions of chaos, in others things went better but, in any case, changes there were.

Today, however, we are not only faced with the fact that energy costs and will continue to cost more: the important new factor is that this grand economic design has burned itself out. We have now unleashed inflation (because inflation was unleashed by our internal crisis, the rise in the price of petrol being purely accidental) but the grand design no longer exists. Should we re-shape it? Should we evolve another one out of it? Should we lay down the standard of living of the upper classes as the target for the working and middle classes? No, we have recognized the bad features of this whole development, and they are so serious that we tend to forget its good ones. We know that this can no longer be the grand design.

The more one thinks about it, the more one realizes that the commitment which the developed countries, especially Europe, should undertake is the preparation of a vast, far-reaching plan for the development of all the developing countries, which in the end means transforming our industries on the basis that we shall, for a considerable time, be principally suppliers of means of production and machinery and not, as we used to be in the past, of finished or unfinished products. The task of the 200 million Europeans, the 200 million Americans and the 100 million Japanese

is to involve themselves in the work of radically changing the lives of a thousand million other human beings who live in such precarious conditions, and this means that our activity must be centred on policy relating to the Third and Fourth Worlds.

I believe we can derive satisfaction from our achievements, such as the Lomé Convention, because they are models which can be developed and copied but I do not believe that, at the moment, we are capable of seriously discussing or planning the grand design for world development and our commitments in relation to it; we shall not be grown up so long as we regard this commitment as a sacrifice rather than a step in our own development which is essential for the expansion of our own economy, and is closely bound up with the economies of others.

To my mind this is the crux of economic policy and industrial policy for the next few years. If we take a wide view we shall find an answer to the problems of steel, textiles and the more highly developed industries; if not, we shall be faced with a number of different problems but have no idea of the picture as a whole.

I am not suggesting that such an approach is wholly absent from President Jenkins's report, but it is not emphasized as one of the crucial questions or as a challenge which all our countries have to take up.

Having made this clear, I have two further serious criticisms to make, the first of them about the way in which the negotiations are being conducted for the enlargement of the Community. Others have referred to the way in which we deluded those countries when we assured them of entry into the Community once their system of government became democratic. But today I am told that substantial progress may have been made in the case of Greece by the end of the year. But why, by the end of the year, will Greece not yet be in the Community?

I also hear that we shall be starting negotiations with Spain only at the end of the year — a whole year in which anything may happen, in Spain and elsewhere. Do we have to wait for the end of the year before beginning to discuss what fate, what answer we have in store for Spain's application? No. These countries, which are part of our world and need us for their development, cannot wait so long and, whether we do it or you, Mr Jenkins, as President of the Commission, we must sound the alarm and say: 'Take care, we are losing time, we are letting opportunities go by, and we may regret the way in which we are handling this question'.

The other point deserving serious attention is the question of the revision of agricultural policy. You, Mr President, and your Commission had referred to something more than controlling prices and talked about steps taken to change agricultural policies so as to

Spinelli

maintain unity and Community preference while getting rid of the unwanted surpluses which had developed. When you tell me that low prices have been proposed, my answer is that year after year I have seen the Commission submit proposals for low prices but year after year I have seen these prices rise quite enough in the course of successive debates. In view of that, the fact that Mr Gundelach has proposed low prices is in itself no guarantee at all.

The proposals ought to have provided for machinery for price formation in which the producers themselves are involved and which compels them to take some responsibility — unlike what happens in the present situation where, once prices have been guaranteed, producers don't care what happens afterwards so long as those prices are paid.

I am very uneasy about the future of policy on Mediterranean products. Judging by certain hints I have received, I am afraid we are about to decide in favour of enormous price guarantees in order to consolidate the southern agricultural structures — those inside the Community and those about to come into it — giving the sort of guarantee which was given for cereals, meat, butter and milk.

A Mediterranean agricultural policy ought essentially to be a policy of re-organization of the Mediterranean regions, whether in Member States, the associated States or States about to come in, and it should provide for a re-organization which lays down what activities are to be undertaken and not the machinery for storage which guarantees everything, or the machinery for destruction which also guarantees certain rates.

The agricultural policy for the Mediterranean ought to be something approaching a policy on the grand scale of regional industrial development and of re-organization of agricultural structures and should not be a policy of prices for agricultural products in the South. If we do not act on this basis and allow only those directly concerned to have their say, we shall be left with the same deplorable results we have had on previous occasions.

Because of this I think the Community ought to be talking in rather different terms than those you used, Mr Jenkins, at the end of your speech, which created the impression that relations between Commission, Council and Parliament are almost idyllic. In my view, you ought to be pointing out that the present institutional machinery will prevent us from making progress; we shall make a little only if, without wasting time, we start giving the Commission the powers of government and restricting the powers of that all-powerful and powerless body, the Council.

The Community must be made increasingly aware of this and it must be brought home to our States and the Council. To use a phrase from the British political world of 1911, the Council 'must end or mend' but it cannot go ahead in the same way as it has done until now, because it is the Council which is to blame when things are done slowly and piecemeal or done badly or, even more frequently, not at all. The problem of the institutions is one which, as President of the Commission, you must constantly bear in mind, though the fight against the opposing forces will be a long one.

My final comment concerns the importance of relations between the Community, especially the Commission, and the trade union movement. I should like to begin not on the basis of general principles but of an item of fact from Italy which is, however, of considerable importance for Europe as a whole. All the Italian trade unions, in an effort which those who know the working class movement will be able to appreciate, have for the first time succeeded in getting all their members to discuss and, at a series of meetings, agree to a programme of austerity, self-denial and heavy sacrifices. The programme was not imposed by any conservative government or reactionaries' recipe; the trade union movement understood what was involved and was able to overcome the opposition which arose largely within its own ranks. Obviously, a commitment of this nature deserves a fitting response and those sacrifices must be used to carry out a policy which bears the mark of development and progress; in other words, these sacrifices must have a meaning or they will be pretty hard to make. The political interests concerned are now discussing how this can be achieved and I should like to thank the President of the Commission for the judicial terms in which, unlike certain friendly governments, he referred to the efforts being made in Italy to unite all the democratic political forces who want to put our country back on its feet.

But the Community, too, must make an effort, it must be able to speak to the workers and to the unions. I quoted the case of Italy because it is the most striking example at the moment but the same applies to all the other countries. We believe that the Community must try to do this and our group, or at least the majority of our group, have fought and are fighting to strengthen the Community and to support every attempt made by the Commission to introduce a change. But, in order to do so, we must realize that the battle is dangerous and difficult and we must not delude ourselves that we are coasting along to a safe harbour labelled 'end of 1978'.

(Applause)

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

Mr Hughes. — Mr President, I shall confirm my remarks almost exclusively to agriculture as, in tomorrow's debate, we will turn no doubt to the problems of fisheries.

I was very struck, in listening to President Jenkins' remarks by the following passage :

If we are faced with persistent surpluses of, for example, milk and sugar, which we have to dispose of either through expensive internal measures, or export with the aid of large subsidies to any available markets, it is not because the mechanisms of the CAP are at fault; it is rather because the price levels at which we operate the mechanisms have been imprudent. With the greatest deference what I want to do, on behalf of my group, is to question the validity of those statements. Over the last few years, one has been faced with the extraordinary paradox that, while the common agricultural policy is the most advanced of all Community policies, the rate of divergence in all sorts of directions within agriculture is probably greater than in any other sector. The one policy which is a part of much of Community thinking is the one sector that is showing—in terms of production and income and so forth—the widest and most rapidly growing areas of divergence.

These divergences are shown in different ways in different countries. Let us take one of the indicators: if one takes the gross value added at factor cost as some sort of indicator of farm incomes, and expresses that in real terms—allowing for inflation—per person employed in agriculture, then creates an index taking 1973 as a 100, what does one find for 1976? That in Germany, the Netherlands and Belgium, the indices fall to 91.2, 92.4 and 85.4 respectively. The three countries which represent the snake, and therefore the monetary base for agricultural policy, in those three countries real gross value added has fallen, and they cannot use green Guilder or Deutsche Mark adjustments to rectify that decline in their farmers' incomes; now, at the other end, one sees in Denmark, that the same index comes to 133.2. And it therefore struck me rather forcibly that it was Mr Nyborg, a Dane who was demanding the need for a very large price increase, when the evidence from Denmark is that they have not been doing all that badly over the last few years in this measure of agricultural income. And if one takes the Irish, 125.9 — again it is difficult. Then you read in the agricultural situation report regarding Irish income, that they are expected to go up, not as much as the last year, but — and I quote — 'for the third consecutive year, agricultural incomes in Ireland should in general increase substantially 25 % to 30 %, though by slightly less than last year'. If you look back at last year, in certain sectors there were 50 % and 60 % increases in one year. That is one divergence. Another, which I know the President has mentioned before is the divergence between the abso-

lute levels of income, in — let us say — the prosperous north and in certain parts of Italy, a deep and growing divergence. And even within different countries, where you cannot blame monetary disturbance, the gap between areas of German agriculture for example Schleswig-Holstein and Bavaria — is growing; it is not getting less. The gap between the most prosperous parts of France in agriculture and the less-favoured is growing, and it is in this context, therefore, that one looks at the validity or otherwise of a prudent price policy.

But I was equally surprised by the comment of Mr Nyborg to the effect that there were not really very many or serious surpluses. It is not a belief that is widely held. It may, I suspect, be true of a few commodities, but that there are massive surpluses cannot be questioned. And what is more disturbing is that the technical probability can only be that, whatever we do on prices, those surpluses are likely to grow. I can give easy examples of this: if the Irish yield per lactation of milk rose to the Community average — which would be entirely feasible within a very few years, and against which possibility a prudent price policy is unlikely to have much effect — if that were arrived at, somehow or other we would have to get rid of an extra 2 000 million gallons of milk. And in the arable sector, the introduction of new chemicals have created possibilities for a massive increase in yields, available at a low scientific cost input. We have already done the research, we have the capacity to do it, and it will cost relatively little to spread it throughout the Community. Our ability to do that will, once more, reinforce the disparities in income, because again, it will be the farmers in the most prosperous areas that will take up these new techniques most readily. It is those farmers who will help to increase the surplus, while at the same time, as one sees in Italy, the smaller farming structural areas will be the most reluctant to adopt new technology.

So, what does one find? If one was being unkind, one could suggest that the common agricultural policy has failed so far to tackle the problem of surplus production in a number of major sectors: it has failed equally to provide the smaller family farmers with an adequate income, and it appears to have contributed to the increasing disparities of income between the more developed and less developed regions. Some of the rich have got richer, and the poor poorer in farming terms. If that is to be corrected, it is not to be done by a prudent price policy alone; it must be done by a prudent price policy allied to a much more fundamental reform of the way in which assistance is necessarily given to agriculture. The essential aim of maintaining agricultural income at a reasonable level is common to every Member of this House, to every member of the Commission, and to every Minister on the Council. The argument is about the instruments which one uses to achieve that, and it is also occasionally about what is a reasonable level.

Hughes

In the various proposals from the Commission, what is disturbing is almost a sense of, I regret to say it, complacency, the assumption that, if you maintain this prudent price policy over a number of years, you will go some way to altering the balance in agriculture. What I fear is that that cannot be taken for granted, rather the reverse. The old 1950's and 1960's concept, that you could release surplus labour from the land into higher productivity in industrial activity becomes less attractive with 6 million unemployed in the Community. The old idea that you had to have structural reform and move people out of agriculture to establish viable units of production can only add to the problems of surpluses both on the labour market and in the actual products themselves. At the same time, as the Commission President noted in his speech, consumption trends on too many products are now levelling down. If one takes again the milk sector, the effect of the declining birthrate throughout the Community on the per capita consumption of milk, is only going to get worse, it cannot get better, because it is the under-fives who most habitually drink milk, a lot fewer under fives are going to be about over the next few years in the Community to drink that milk.

Nowhere is the problem shown more clearly than in the sugar sector. In response to a world sugar shortage a few years ago, the Community raised the price for sugar to its own producers to a very high level, and not surprisingly induced a great increase in the acreage, to the point where now we are planning a surplus of three million tonnes. Again I would like to remind Mr Jenkins of what is stated at the end of the chapter on the outlook, on page 152 of the report on the agricultural situation in 1977:

Under the present sugar policy it is unlikely that the area under sugarbeet will decrease much. It is therefore possible that, if weather conditions are normal in the next few years, the Community will have large surpluses of sugar — 2.5 million tonnes ... When the International Sugar Agreement enters into force on 1 January 1978 it will be more difficult to sell sugar on the world market, so that it will be necessary to adopt measures which will, in all probability alter the basic datum mentioned above, i.e. the maintenance of the present policy ...

Nowhere is there greater need than in the case of sugar for a policy far more stringent than prudence of price, or dropping the B quota from 35 % to 20 %. That is totally insufficient to the rigours of the problem, because we know that if we sell that sugar on the third-world market the people we hurt are the very poorest in the world, and we cannot expect to offload our self-induced problems upon the weakest in the world.

(Cries of 'bear!, bear!')

I conclude therefore by saying that I accept, and my group accepts, that a prudent price policy is a first step. What disturbs me about the statement by the President of the Commission is that at times it appears as though he and his colleagues in the Commission thought it a sufficient step for the needs of the common agricultural policy. I fear it is totally inadequate.

(Applause)

President. — The proceedings will now be suspended until 3 p.m.

The House will rise.

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

IN THE CHAIR : MR COLOMBO

President

President. — The sitting is resumed.

6. Question Time

President. — The next item on the agenda is Question Time (Doc. 542/77).

We begin with the questions addressed to the Commission of the European Communities. The representative of the Commission is requested to answer these questions and any supplementary questions.

I would remind both the Members of this House and the representatives of the Commission that we have received many questions and that it is in the interests of everyone that we complete our consideration of them.

I therefore ask colleagues and Members of the Commission to be as precise and concise as possible in order to avoid limiting the number of supplementary questions.

I call Question No 1 by Lord Bethell.

to ask the Commission whether, in their opinion, they must be held responsible for the recent heavy increases in the price of certain brands of Scotch Whisky in the United Kingdom, and if not, why not?

Mr Vouel, Member of the Commission. — If the 'Distillers' Group wishes to implement the increases in the price of Scotch whisky authorized by the Price Commission that is in no way a consequence of the decision taken by the Commission on 20 December

Vouel

1977. That decision simply prohibited the charging of a different price to British purchasers depending on the place at which the product is resold in the common market. The decision also stressed one of the essential aims of the Commission's competition policy which is to avoid the partitioning of the Community market into different zones through the application of discriminatory prices.

The Commission's view is that in principle any intermediary is entitled to purchase a product at the best price offered in the common market without manipulation of the market by the producer. I would also point out that the authorizations for price increases are limited to a few brands of whisky and that the prices to British purchasers of a large number of DCL whisky brands, some of them important, and of all DCL brands of gin and vodka, have remained unchanged. The Commission's decision should therefore normally lead to a reduction in the price charged for these products to consumers in Community countries other than the United Kingdom; that should be the effect of parallel exports. I would remind you that the Commission acted in this matter on the basis of complaints from British wholesalers who will now be able to broaden the scope of their commercial activities.

Lord Bethell. — The whole House will be extremely grateful to the Commissioner for setting the record straight about this controversial matter, and for making it clear that it is not the fault of the European Community if the price of Scotch whisky has risen in the United Kingdom.

Does the Commissioner not believe, though, that the time has come to apply rigidly Article 95 of the Treaty of Rome, and to do away with such anomalies and absurdities as the dual price system in whisky, and other discriminatory practices in the realm of alcoholic beverages? Why, for instance, should advertising of cognac on French radio be permitted, but advertising of Scotch whisky not be permitted? Why should whisky in Italy be taxed at 30% when grappa is taxed at 12%? And why should the British Government impose nearly £1 on a bottle of wine when it imposes a tax of only one-tenth of that on a litre of beer? Is it not time that the Commission did something more rigorous to enforce these aspects of the Treaty of Rome in the interests of the European consumer?

(Applause from the right)

Mr Vouel. — There are two different problems here, one of them concerning advertising. The Commission is aware of the discrimination which exists in the area of advertising and has already made appropriate representations. I will continue its efforts to put an end to such discrimination.

As regards the second problem, that of fiscal discrimination, I can inform Parliament that the Commission has instituted proceedings on the basis of Article 169 of the Treaty against France, Italy and Denmark, for infringement of the provisions of Article 95 of the Treaty. In the Commission's view such discrimination could not justify the restrictions on exports resulting from the price conditions applied by DCL.

Mr Corrie. — It is three years this month since I brought this very problem up in this House. Can the Commission say why it is taking such a long time for this problem to be looked at, and some conclusion reached?

Mr Vouel. — We have a heavy workload in the Directorate-General for Competition and I must stress the fact that cases like that involving the Distillers Group must be given detailed and cautious examination which takes a great deal of time.

Mr Cifarelli. — When the Commission institutes proceedings against France, Italy and Denmark, does it also propose to take similar action against the system of excise duties on wine in other countries which are responsible for the same form of discrimination?

Mr Vouel. — The Honourable Member certainly knows that the Commission is also looking into the harmonization of excise duties in the Common Market. It has not lost sight of the problem to which a solution will no doubt be found in due course.

Mr Edwards. — Would the Commissioner not agree that these matters are quite trivial compared with the massive violation of competition conducted by half-a-dozen European multinational corporations?

(Applause from certain quarters on the left)

Mr Vouel. — The question which has just been put to me is very similar to another question which the Commission will be answering during the debate on Thursday.

I would say first that the Commission is not entirely free to choose the instances in which it must intervene. Quite obviously when the Commission intervenes in a particular sector it always tries to choose areas in which its intervention has the greatest likelihood of proving effective. I would, however, also draw Parliament's attention to the fact that the Commission is required by the Treaty to intervene whenever an undertaking lodges a complaint with it in respect of the Treaties by another undertaking. In the case in point a complaint was lodged by certain British wholesalers concerning the procedure followed by Distillers. The Commission was therefore obliged to intervene.

Vouel

As to the second part of this supplementary question which tends to suggest that the Commission is concerning itself with trivialities and would do better to direct its attention to the multinationals, I would remind the Honourable Member that the Distillers Group has a turnover of £ 841 million on the European continent, that it owns large production facilities all over the world and that it even produces cognac and has an appreciable number of overseas subsidiaries. In taking action against Distillers the Commission therefore acted against a multinational undertaking. The criticism levelled at us is therefore totally unjustified.

President. — I call Question No 2 by Mr Price :

In view of Mr Haferkamp's recent visit to five ASEAN countries, will the Commission state to what extent the subject of human rights was raised by the Commission Vice-President in his discussions with the authorities in each of the five countries concerned?

Mr Vredeling, Vice-President of the Commission. — During his visit to five South-East Asian countries my colleague, Mr Haferkamp, raised the question of human rights at the highest level with the authorities of some of these countries. As you know, there have been reports of some improvement in this area in the last two months. In Thailand for example, all the persons who had been imprisoned after the October 1976 coup have been released and the 13 students imprisoned after the unrest at the university have been promised a normal trial.

Last December 10 000 prisoners who had been held since 1965 were released in Indonesia and it is hoped that the remaining prisoners will be set free soon. In the Philippines the situation seem to have improved after the recent referendum.

Mr Price. — I am very pleased to hear that Mr Haferkamp did raise this question. Did he raise the question of the prisoners who have been in the jails of the government of Singapore since before that government became independent? Many of the prisoners, including Said Zahari, an internationally famous poet, were put there by the British Government before independence and have been kept there ever since. And did Mr Haferkamp make it clear to these countries that Europe takes human rights as seriously in its relations with groups of countries like the ASEAN countries as it does in the Lomé Convention, where the issue was recently raised at Lomé, and could he give us any further information about further action those governments promised to take in response to Mr Haferkamp's initiatives?

Mr Vredeling. — The Honourable Member will understand that I cannot give an immediate answer to the specific questions addressed to my colleague, Mr Haferkamp. I was not with Mr Haferkamp and do not

know exactly what subjects he broached in Singapore so that it is difficult for me to give a concrete answer. In general terms, however, I would add that, as the Honourable Member himself pointed out — when he referred to the Lomé Convention and relations with other countries especially those in the developing world — the Commission will take account in its proposals of the serious matter of the infringement of human rights in many countries.

Mrs Dunwoody. — Would the Commissioner not agree that the further away you go from the Economic Community, the more impressive it looks and that the Commissioners therefore have a very specific role to play when we are undertaking trade talks with countries, particularly countries like Indonesia, which, in spite of the release of ten thousand political prisoners, still has many more in its overcrowded jails, with very little indication of why they are there or when they are going to be released? Would he not agree that it is very important that the Commission should be seen to be emphasizing the importance of human rights, and will he not undertake to make sure that this is one of the first things that is considered in any talks that take place with the ASEAN countries?

Mr Vredeling. — As I have already said, the Commission sees this as an issue which is taking increasing prominence in relations with third countries, especially those of the developing world, so that I can give an affirmative answer to the honourable member.

Mr Jahn. — I am most grateful to the Commission for confirming that progressive democratization is advancing satisfactorily in certain countries of South-East Asia and that the situation of political prisoners is improving and will, it is hoped, soon be definitively solved. That should be our goal in a world where there are so many dictatorships of the left and right. I wonder whether — and I raised this subject in Belgrade last week — trade relations between the Community and Eastern Europe, instead of just the ASEAN countries, should be made conditional on respect for human rights. I believe the Commission should give thought to this matter.

(Applause in some parts of the Chamber)

President. — I call Question No 3 by Mr Radoux :

Is it true that Hungary, Poland and Romania have drawn attention, either in the appropriate GATT working parties or through other channels, to the failure of the Community and its Member States to abolish measures described as discriminatory and quantitative restrictions imposed by them on products coming from these countries — obstacles which conflict with Article 13 of GATT to which the three countries in question are signatories?

Mr Vouel, Member of the Commission. — It is true that during the work of the various GATT committees, certain representatives of Hungary, Poland and Romania formulated criticisms of the Commission on the lines indicated by the Honourable Member. In reality it should be stressed that the Community has respected the obligations placed on it by the protocols embodying the accession of these countries to GATT. The number of specific measures for these countries has significantly fallen in recent years and the measures which were maintained have been made more flexible should the annual increase in the quotas pursuant to the provisions of the protocols of accession.

Mr Radoux. — In relation to the foregoing remarks, is the Commission prepared to ensure that preliminary consultations of the kind apparently requested by certain State-trading countries take place between it, possibly assisted by representatives of the governments of the Community Member States concerned on the one hand and the various State-trading countries on the other whenever the Commission takes the initiative to increase the quotas granted to the State-trading countries?

Mr Vouel. — I want to stress that the Commission proposed to these three countries the conclusion of bilateral trade agreements in which these problems could be solved on a practical basis by the achievement of the various conditions necessary to allow faster liberalization. By doing so the Commission has signified its readiness to contact the countries concerned to solve such problems as may arise.

Mr Jahn. — Do you not feel that the question of discrimination could be discussed without prejudice if Poland, Hungary and Romania were at long last able to decide to recognize the EEC? The quantitative restrictions referred to here were no doubt agreed to protect the Community and our economy. Does that constitute discrimination in the modern sense of the term?

Mr Vouel. — The matters raised by Mr Jahn on discrimination are now being discussed within the framework of the protocols concerning the accession of the three countries to GATT as provided for in the relevant provisions of these agreements.

Mr Cifarelli. — I would like to know whether the Commission has examined the relationship between these countries and the whole of Comecon and GATT.

Mr Vouel. — These matters will certainly be looked into by the Commission.

Sir Brandon Rhys-Williams. — Has the Commission made a serious study of the ways in which our imports from Comecon countries could be expanded

so that these countries will be put in a position where they can pay for an increased volume of exports from the Community into Comecon countries?

Mr Vouel. — The fact that the Commission has proposed arrangements to the three countries concerned proves that it wishes to intensify as far as possible trade relations with them.

Mr van Aerssen. — Does the Commission share the view that satisfactory participation of the Comecon countries in GATT is only possible if the rules of GATT are modified since the instruments of GATT are designed for countries with a free market economy and not for State-trading nations?

Mr Vouel. — Should the question of participation by further Comecon countries in GATT arise, it will probably be necessary to supplement the provisions of GATT.

President. — I call Question No 4 by Mr Spicer:

What steps is the Commission taking to encourage economic growth among the Community's partners in the Lomé Convention through investment by Community firms, and what steps are the Lomé Convention States taking to attract such investment?

Mr Burke, Member of the Commission. — The Commission and the European Investment Bank help to carry out projects and schemes submitted to them by the ACP States in the area of industrial cooperation — Article 27 of the Lomé Convention. At the end of December 1977, the total amount committed for this purpose was approximately 300 m u.a. for all ACP States.

The Convention does not attribute special responsibility to the Commission itself in initiating the promotion of private investment originating from the Community. This function is in fact carried out by the Centre for Industrial Development, a joint EEC-ACP institution established under Article 36 of the Convention. To date the Centre, after one year of operation, has reached agreement on 24 projects spread throughout all the ACP States. The Commission is of the opinion that it is in the mutual interests of the ACP States and the Community to maintain and to intensify the flow of investment from Europe towards ACP States. In the Commission communication to the Council, 'The need for Community action to encourage European investment in developing countries and guidelines for such action', recently sent to the Council and to Parliament, the Commission sketched the broad outline of initiatives which could be taken at this stage.

Mr Spicer. — May I ask the Commissioner if he and the Commission are satisfied with this general flow of investment? Because, quite obviously, one of the problems facing all companies that wish to invest within the Lomé Convention is whether they are going to have certainty and security for such investment. Would the Commissioner give an undertaking that during the forthcoming re-negotiation of the Lomé Convention, specific mention will be made of this particular area, which is of great interest, both to the Lomé countries and to ourselves? I can see that this will affect us in the long term to a very great extent. Both need time, for example, and development of mines and other areas of production which we need from the Lomé countries will be held up unless we get security and that investment, and that can only come through the re-negotiation and through security of investment for the firms who would wish to invest there but cannot at the moment.

Mr Burke. — The answers to the questions raised in the supplementary by Mr Spicer are contained in the communication to the Council which I mentioned in my reply, where it is stated that the problem of the investment climate in the developing countries and its repercussions on investors' decisions has certainly had an influence on private investment flows from the Community to the developing countries, which have been stagnating since 1972. This document contains many proposals, analyses of the difficulties and suggestions for improvements. I would refer the House and Mr Spicer to this document, which is dated 30 January 1978: we think it is a pretty thorough examination of the problem.

Mr Price. — Is the Commissioner aware that the overwhelming need in the Third World is for small-scale agricultural development, for which Community investment is not always the most sensible means? Is he aware that although Community investment has a place, if it becomes too big an element within Lomé aid, it brings the whole of that aid into disrepute, because the recipient countries feel that the money in aid is not flowing properly into those countries but is going back into the Community in a form of neo-colonialism? Is he further aware that during this Parliament's study visit after the recent Lomé Assembly, those Members who went round Southern Africa found that the Community's aid programme has a reputation for unnecessary bureaucracy and time-wasting, which really does need some attention if the reputation of Community aid through Lomé, as against other forms of aid, is going to be sustained?

Mr Burke. — I note what the honourable Member says, but I would point out that the 300m u.a. which I mentioned in my reply are divided largely between the European Investment Bank — 104m in ordinary loans and 37m risk capital, making a total of 141m,

which, while not totally paid in respect of one particular type of activity, is, it is true to say, paid largely in terms of industrial development — and the more specifically Lomé payments — the special loans of 86m and the grants of 74m, totalling 160m u.a., which are for infrastructure projects, and these, I think, are perhaps the best form of investment in some of these developing areas.

Now, having said that, I take the thrust of the questioner's supplementary, and I would, in fact, be inclined to agree with him that the developing States would, from their point of view, like to see some emphasis on agriculture. However, this is not a clear-cut case and we are doing the best we can in the terms of the funds made available to us.

Might I also say that it is the Centre of Industrial Development which in fact is the agency for promotion studies and that the Commission as such is not involved in this activity.

Mr Dewulf. — While appreciating the Commission's communication on investments and industrial cooperation under the Lomé Convention, may the Commission also be expected to take initiatives in the broader context of the North-South dialogue on the crucial issues of security of supplies and guarantees for investment?

Mr Burke. — I think that the Commission's activities in that forum are well known and have been widely regarded as being successful.

I am quite sure that what he has demanded will, in fact, be pursued, as it has been up to now.

President. — I call Question No 5 by Mr Normanton:

What steps has the Commission taken with the US Administration to remove the Buy American Act insofar as it inhibits entry into the US market by Community firms?

Mr Vouel, Member of the Commission. — As long ago as 1963, the Commission notified GATT of the 'Buy American Act' as a non-tariff barrier to international trade. Since 1968, this American act has been listed in the GATT official catalogues of non-tariff barriers. In order to find a solution to the problems created for trade by government purchasing practices and in particular by the American legislation, a working party was set up in the OECD; this working party has in the meantime prepared a draft code on the subject. The Commission played an important role in its work. In December 1976 the draft code on governmental purchases was sent to the GATT multilateral negotiating group on non-tariff measures. The negotiations are continuing and it is hoped that a solution will be found by July 1978 in the context of the multilateral trade negotiations. The OECD has suspended its work on governmental purchases since

Vouel

the formation of the GATT sub-group. At bilateral level, the Commission has in recent years made many representations to the American authorities in protest against parliamentary or administrative proposals tending to widen the area of application of the 'Buy American Act.'

Mr Normanton. — I do note that at least the Commissioner recognizes the existence of visible barriers in the path of trade between the European Community and the United States. But, in the light of the heavy favourable balance of trade currently enjoyed by the United States with the EEC, will the Commission, once again, take further and urgent steps to correct this imbalance, failing which the concept of the two-way street for defence equipment sales to the United States will remain a journalistic catch-phrase at best, or a six-lane highway with five lanes leading to Europe and a single-lane dust-track leading to the United States?

Mr Vouel. — My answer will be very brief; the Commission is at present doing all it can to improve the balance with the United States.

Mr Cousté. — The Community has put forward its offers in the multilateral negotiations and the United States has done likewise. Do the United States offers include a proposal to repeal the Buy American Act?

Mr Vouel. — No such proposal has been made.

Mr van Aerssen. — If I have understood Mr Vouel rightly he also feels that GATT should be extended to lay down non-discriminatory provisions for governmental purchases as well. Is this batch of possible solutions the subject of the current negotiating round in Geneva or is there any intention to make it the subject of negotiations there in the near future?

Mr Vouel. — The Commission does not necessarily believe that this problem must be solved in the context of the GATT negotiations. To the extent that the opportunity arises, the problem will, however, certainly be broached in GATT.

Lord Bessborough. — Would the Commission recommend the Member States to adopt a more vigorous 'buy European' policy until such time as the United States Administration repeals the Buy American Act, and would the Commission, perhaps, invite major Community firms to list their experiences in bidding unsuccessfully for United States Government contracts?

Mr Vouel. — My answer to the first part of this question is no; the Commission considers trade policy to be a matter for the Community and does not intend to make proposals to individual countries or companies. My answer to the second question is yes: the Commission will see what can be done with the firms concerned.

President. — I call Question No 6 by Mr Cifarelli:

What has prevented the introduction of the VAT-based system for financing the Community budget — i.e. the transfer to the Community budget of a percentage of the revenue from value added tax — which would, in particular, have reduced Italy's contribution to the Community budget for 1979 from more than 13% to less than 11%?

Mr Tugendhat. — The first thing I think we should do — and I am grateful to the honourable Member for his question, since it gives me the chance to do this — is to draw attention to the need for passing this legislation, so that the whole thing can begin with all nine countries on 1 January 1979. I hope very much that honourable Members of this House will ensure that their national legislatures devote the priority to this matter that I believe, and I think the House believes, that it deserves.

Lord Bruce of Donington. — Will the Commissioner please further explain his statement that, owing to the default of the seven Member States in this respect, it will be necessary for the introduction of the own resources system to be deferred until 1 January 1979. Is he aware that, under the provisions of paragraph 2 of Article 4 of the decision of 21 April 1970, the moment the third Member State assents to, or rather passes legislation, bringing into operation the provision of Directive No 6, the derogation ceases? In these circumstances, would he not agree that as soon as one additional Member State passes legislation, it would then be possible for at least 3 Member States to base their contributions on the provisions of Directive No 6, retrospectively if necessary, to 1 January 1978?

Mr Tugendhat. — The Commission believes that Article 4 of the decision of 1970 does not require that there should be a rectifying budget during the course of 1978, if a third Member State were to apply the Sixth Directive between now and the end of the year. We believe that there are strong administrative and technical objections to making changes from a GNP based to a VAT based contribution during the course of the year. We are also of the opinion that there would be political problems related to such a change. If a situation of the sort the honourable Member describes were to arise the arguments would of course have to be considered in the context of that situation. But our present view is that, because the 1 January 1978 deadline was missed, there are very strong technical and administrative reasons — quite apart from the political problems which I believe would arise — for deferring the start to 1979 rather than having constant changes during the year. If we did it for one country, in the way that he describes, we would then have to do it for another, and then possibly another, and our whole assessment basis would be in a muddle.

Tugendhat

We would also, of course, be producing rectifying budgets to this House at rather more frequent intervals than we would like.

Mr Tugendhat, Member of the Commission. — Mr President, the decision of 21 April 1970 on the replacement of financial contributions from Member States by the Community's own resources provides that VAT cannot be introduced as a method of financing the Community budget unless at least three Member States are applying a uniform basis of assessment of the tax. The sixth directive on VAT, which was approved by the Council on 17 May 1977, provides a uniform basis of assessment, but unfortunately, only the Belgian and British Parliaments managed to adopt the directive with effect from January 1, 1978. While congratulating those two countries, it is naturally a matter of regret to me that others were not able to do so. Consequently, financial contributions based on GNP have to continue to replace VAT during 1978. Italy's share of that part of the 1978 budget not covered by customs duties and agricultural levies will therefore be about 13.2 % instead of the 10.6 % if all Member States had been paying on a VAT basis. I should, however, point out that the figure of 10.6 % was derived from an assessment of the tax base made by the Italian authorities. In the opinion of the Commission, the figure could well have turned out to be higher when the actual VAT receipts for 1978 become known. I wish that Italy had passed the legislation in the first instance, and that we could see what was happening in reality.

Mr Cifarelli. — I am grateful to the Commissioner for giving such a precise answer to a question put for control purposes by this Parliament and enquiring into national conduct.

I should like the Commission to say what measures it intends to take to ensure that the other countries give the necessary approval, thus enabling the system to enter into force.

President. — Since the author is absent, Question No 7 by Mr Ryan will receive a written reply.

I call Question No 8 by Mr Dalyell for whom Mr Mitchell is deputizing:

Will the Commission make a statement on their proposal to the Council for the holding of Uranium stocks on a Community and on a national basis?

Mr Tugendhat, Member of the Commission. — The Commission has not so far presented to the Council a proposal concerning the stockpiling of uranium, either at Community or at national level. The Commission considers that it would be useful to have stocks of uranium, as an integral part of a national supply policy on nuclear fuels. The competent Commission departments have already consulted the Member States in this connection, and have found on the one hand, that in general, users are holding

substantial stocks, and on the other, that the Member States are somewhat reluctant to set up joint stocks at Community level. On the basis of the possibilities offered by the provisions of Article 72 of the Euratom Treaty, the Commission is at present preparing a draft on this subject which it will forward to the Council in the course of 1978.

Mr Mitchell. — Mr President, I hope the spelling 'Euranium' which appears in the English text is a typographical error and not some ghastly Community abbreviation for the European uranium.

(Laughter)

Is it correct that in the recently negotiated agreement with Canada for the resumption of uranium supplies, which the whole House, I am sure welcomes, there is a clause which says that supplies of uranium will only be available from time to time as required, and will not be available for stockpiling? If so, is that likely to be the view of other suppliers like Australia and the United States as well?

Mr Tugendhat. — I will have to write to the honourable Member on this subject. I regret that I cannot give details of the negotiations without notice. This a technical question and I think it is better to be right than quick.

Mr Ellis. — Whether the Community holds uranium stocks or not, would the Commissioner enlarge upon the role of the Community regarding the physical protection of stocks, as distinct from its present role of monitoring non-diversion of fissile materials using materials-accountancy methods?

Mr Tugendhat. — Once again, I must beg the indulgence of the House. The Community, under the Euratom Treaty, does as the honourable Member knows, have important duties and obligations in this regard, but I would very much prefer that the honourable gentlemen should receive a letter setting out the details rather than that I should speak without proper preparation.

Lord Bessborough. — Am I not right in stating that Article 52 (2) (b) of the Euratom Treaty gives the Agency exclusive right to conclude contracts relating to the supply of fissile materials coming from outside the Community? Is it not time that the Agency created the joint undertaking, as it is empowered to do under the terms of the Treaty, in order to create reserve stocks of uranium?

Mr Tugendhat. — I think it is extremely important that adequate reserves should be held within the Community, though, as I hope the House will agree, this is also a matter on which it is very important for the Community, as a body to act in accord with the Member States as well. This is a matter of very great complexity.

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

7. Votes

President. — The next item is the vote on the resolutions tabled in the reports which terminated the discussion. I put to the vote the resolution contained in the Nyborg report (Doc. 516/77): Regulations on coach and bus services between Member States.

The resolution is adopted.

The next item is the Yeats report (Doc. 538/77): Amendment of the Rules of Procedure of Parliament.

I remind the House that under the provisions of Rule 54 (2) of the Rules of Procedure, motions for resolutions amending the Rules of Procedure can only be adopted if they secure the votes of the majority of the Members of Parliament.

I note that at present the majority of Members are not present.

I therefore propose that the Assembly postpone the vote on this resolution to the sitting of Wednesday, 15 February 1978.

I call Mr Klepsch.

Mr Klepsch. — Mr President, I share your view but perhaps we could take first the other votes scheduled for today and if we then see that there is still no quorum we could hold the Yeats vote over until tomorrow. In any case I agree with you, Mr President.

President. — Mr Klepsch, I would willingly grant your request if there were other resolutions to put to the vote, unfortunately this is not the case.

(Laughter)

Therefore since there are no objections to the postponement of this vote to tomorrow's sitting, that is agreed. I would ask the chairmen of the political groups to ensure that we have a quorum for this vote as well as the vote on the first rectifying budget for 1978 which will also take place at tomorrow's sitting.

8. *Eleventh General Report on the Activities of the Communities in 1977 and the annual work programme of the Commission 1978 (continuation of debate)*

President. — The next item on the agenda is the continuation of the debate on the Eleventh General Report of the Commission for 1977 and on the annual work programme of the Commission for 1978.

I call Mr van der Gun to speak on behalf of the Christian-Democratic Group.

Mr van der Gun. — Mr President, I want to make a few further remarks following the introductory address

given this morning by the President of the Commission; I shall give particular attention to what he rightly saw as the central problem, namely the present economic situation.

Inflation, high unemployment and low economic growth together result in six and a half million persons being unemployed at present while new job opportunities will have to be found for 9 million new young workers by 1985. The President of the Commission was quite right when he said that this is not merely an economic problem. I would say that it is first and foremost a human problem involving enormous frustrations because here too, as is the case in so many other areas, the burden of unemployment is not equitably shared throughout Europe. Certain groups, especially women and young people, are particularly hard-hit. In addition we find that, despite the Commission's best intentions on regional policy, unemployment at present weighs disproportionately heavily on the regions which belong to the weaker areas of Europe. It has been quite rightly pointed out that the correction of this situation cannot be left to the free play of social forces, and that no single Member State can solve this problem on its own. Given the responsibilities which fall to us, it is particularly disappointing to find that President Jenkins should have to note that the European Community has too few powers to solve this problem satisfactorily. However, that observation in no way affects the view of the Christian-Democrats that the Commission should do everything possible within the limits of its present powers. We have noted with particular satisfaction the Commission's activity, in the context of its limited powers and possibilities, in the area of structural and restructuring policy in a number of sectors with which we are unfortunately all too familiar in the Community: iron, steel, ship-building, textiles, shoes and the paper industry. Each of these areas of activity is facing great difficulties and is clearly not able to find its own path to salvation. We are particularly pleased to note that the Commission is making serious efforts to deal with the social aspects of the problem in addition to introducing the necessary measures of restructuring. We are happy to see reference made for the first time in the proposals now under consideration to the social aspects which arise in the context of structural reform. We can only hope that the Commission will continue on the path it has chosen with the strong support of the social partners directly concerned.

In this connection we in the Christian-Democratic Group wonder whether prevention is not better than cure in this area, in other words whether it would be desirable for talks about the employment situation to be held between the Commission and the social partners even in sectors where there is fortunately at present no form of emergency. This approach would also help to build a foundation for the European Community which we see as urgently necessary for its political superstructure.

Van der Gun

President Jenkins was unfortunately right to note that while we have a Regional Fund and a European Social Fund whose activities must be extended there is no reason to suppose that a more fundamental approach, a structural approach to the problems, will follow through this channel in the immediate future. We realize that this is so. But we wonder whether a small step could not be taken in the right direction if, as we have already recommended previously, the controllers of the funds — in other words the Community — were given the right of initiative so that funds are not created only to find that we have to wait to see whether the Member States Governments also make use of them. Particularly in the case of problem areas and regions straddling Community frontiers where the Member States tend to wait for each other to act, it would be extremely useful for the Commission to be given the authority to take action of its own.

We are also right to assume, in my view, that the creation of new jobs is in itself the best solution while recognizing that we cannot defeat the whole problem in this way. We must give particular attention to a better distribution of the available work. In this connection we have noted with great satisfaction the fact that the Commission is doing a great deal in this area, or has at least instituted studies of a number of points which we see as central to the main problem. I am thinking in particular of the relationship between investment and employment, of better distribution and of the search for ways of extending employment opportunities in the tertiary sector.

A study of shift work has been announced. I should like to hear more about this from the Commission; the document could examine the social aspects inherent in shift work; it might also look into a matter which is receiving considerable attention in my own country at present, namely the widespread introduction of 4 to 5 working shifts in the context of a more equitable distribution of available work. As a second element in a reasonable and rational approach, we consider that because of the limited prospects for economic growth, the possibilities for more real welfare in the Community are strictly limited. This calls for enormous self-control on the part of the social organizations and political bodies but I still believe that the prospects are better than we tend to suppose in our more sombre moments.

Mr Spinelli said this morning that even the Italian trade union movement is at present ready to make concessions and sacrifices in order to help to alleviate the national problem confronting Italy and we have heard similar statements of intent from other countries. It seems to me that the creation of a good climate involving a joint effort to find solutions to the problems at issue is extremely important. It seems to me that the Commission is doing little to improve the climate in this particular context; at least the Presi-

dent of the Commission said surprisingly little on the subject this morning. We heard no word about participation, about coordination between employers and workers at the level of industrial investment or about the relationship between profit and employment and so forth. Nor did we hear any reflection of the generally unsatisfactory situation in business activity with the proviso that there are a number of business sectors in which the economic prospects are happily more favourable. In our view it would be reasonable for workers to profit from this too, but Mr Jenkins said nothing about the encouragement of profit-sharing measures and action to promote asset-formation. In all fairness, I should add that Mr Vredeling has commented very positively on this point in our discussions in the Committee on Social Affairs. I am therefore all the more sorry to see that the President of the Commission gave, or so it seemed to us, too little attention in his address to Parliament to factors which can compensate for the lack of prospects for material improvements, i.e. to factors of a less tangible nature which are nevertheless extremely important to workers and to the trade union movement as a whole. Perhaps he could comment further on this in his reply.

President. — I call Mr Cifarelli.

Mr Cifarelli. — Mr President, as I have little time, I shall be brief.

First of all I must thank President Jenkins for basing his speech on hard facts and eschewing abstract pronouncements and declarations of principle which are part of a ritual whose value to the Community and this Parliament I beg leave to doubt.

I agree with him entirely when he says that co-ordination of the sectoral policies is not enough; co-ordination must take place in a new context in which fresh policies are worked out in order to solve the distressing effects of unemployment, especially among the young. We must not forget that, when there was mass unemployment in Europe, it paved the way for Mussolini in Italy and Hitler in Germany. It will be possible to achieve something more than co-ordination by applying what we call medium-term policy and which, in the language of the Community, is called planning policy. Well, planning cannot be attempted without involving the social partners and especially the trade unions. It is not a question of convening tripartite conferences or meetings at various levels: the important thing is to get the social partners well and truly committed at the level of the Community. Mr Spinelli reminded us this morning of an Italian experiment which is now in progress and, from what I heard from the speaker who preceded me, I do not think the information given was very accurate. However, I should like to say to President Jenkins that what his country is doing, and with

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success, is the outcome of an intelligent planning policy.

Thirdly, I consider that, even if the Commission had placed nothing else on the stocks, it deserves the gratitude, approval and support of Parliament for giving fresh impetus to the concept of Economic and Monetary Union. In view of the chaotic situation in a world economy which no longer has a basic monetary system, the fact that the greatest trading power, consisting of the nine countries of Western Europe — free Europe — is making a fresh attempt to achieve Economic and Monetary Union is an event of such consequence as to be revolutionary. For those on the left for whom revolution has a fascination, it is a revolutionary event; for others in the political line-up, it has the fascination of a carefully planned edifice. I believe Parliament must give maximum support to the idea of Economic and Monetary Union. Indeed, it will be the basic issue in the direct elections; when we go round the various countries to prove that we can do nothing with the sectoral policies, since they will collapse if there is monetary chaos, we shall have created a line of attack which is really that of rising above national divisiveness.

On the subject of agricultural problems I must say to President Jenkins that, while it is true that we have to use prices as an instrument, it is also true that the fight against surpluses cannot be carried on without changing the system. Under a system which makes it possible to produce at the expense of the Community, it is obviously impossible to eliminate surpluses. The proper course is to rely on the fundamental requirement of a free economy: the producer accepting the risks and a reduction in the extent to which the Community intervenes to maintain prices.

IN THE CHAIR: HANS-AUGUST LÜCKER*Vice-President*

President. — I call Mr Brugha.

Mr Brugha. — Mr President, I would first of all like to compliment the Commissioner on his speech, and go very briefly into the points that time will allow me to deal with.

First of all, the question of action to sustain uncompetitive industries. This must be within the Community context. We cannot have uncontrolled expansion of national aids which further distort competition and simply transfer unemployment between Member States — for example the UK temporary employment subsidies which have recently compelled the Irish government to pay a levy in this same area until the UK levy is ended, which my country can ill afford. This creates an artificial situation between two Member States. Secondly, protectionism; this must be

avoided through international efforts, particularly in the forthcoming discussions in GATT. Many sectors are in trouble, both in the Community and the world, so international and Community cooperation is necessary, involving temporary sacrifices by all until demand picks up. Restructuring of these sectors must take place to make Community production more competitive on world markets. Special attention must be paid to regional policy in this respect, and a greater effect must be placed on growth sectors.

With regard to unemployment, I would like to point out that the Regional Fund has a direct bearing on the creation of employment and on infrastructure in under-developed areas. The Regional Fund is the only Community fund with direct bearing in this area, other than the Social Fund which is for retraining, and greater emphasis must be placed on making financial resources available. When considering employment, I do not think one can repeat too often that, in the context of all our Member States, wage and salary restraint by those who are specially privileged to have jobs can make a substantial contribution to the creation of extra jobs, in particular for young people. As regards agriculture, we cannot emphasise enough the need for security of food supplies. To ensure this, producers must be guaranteed reasonable prices. Too prudent an approach to a prices policy may totally upset Community food production.

We do not agree with the viewpoint of the Commissioner in this area. Too liberal an approach to food imports has led, we believe, to the creation of so-called surpluses. For example in butter from New Zealand, in ACP sugar, and in beef from several third countries. Here I must refer to remarks passed by Mr Hughes as an economist and a senior member of the Agricultural Committee, who seemed to me to be using statistics in a distorted manner. When he speaks of a 3 million tonnes surplus in sugar, he should also spell out how much of that sugar was imported. When he speaks, as he did, of improvements in the Irish agricultural sector, I think it is only right to say that everybody here will understand that, if you are moving from near-poverty to something near normal, you are merely catching up. I think that is a fair statement on the agricultural sector in my country over the past couple of years. I think that economists must always keep in mind the danger of using figures, and forgetting facts and people and the consequences to people.

I would like to refer briefly to the proposal of a 2% increase. We do not think this is realistic. It can hardly be acceptable to food producers when, in fact, they see that wage earners are securing increases of between around 6½% and 7% to 10% and 11%. I think that, if the Commission wish to pursue that policy, they should convince producers of the ratio that is involved, because the producers feel that if

Brugha

there is an increase in wages and prices of around 8-10 %, then the 2 % put forward by the Commission is not adequate. With regard to fisheries, we are disappointed that the Member States have failed to work out an internal fishing policy. We would emphasize that no agreements with third countries can be worked out — apart from interim autonomous arrangements — until the internal regime is finalized. On the subject of enlargement, we look forward to negotiations with the applicant countries and hope that the current problems of the Community will not inhibit the accession of other States. We have to bear in mind that the question of phasing-in is of vital importance because of the effects on our economies.

As regards direct elections, we believe that a definitive date should be set, and we think that the Commission should direct its attention more to answering the sort of propaganda that has been put forward in some countries from anti-EEC elements. I would particularly draw Mr Jenkins' attention to the activities of that element in Britain, and believe that a good deal more could be done in Britain to reply to that sort of propaganda.

Finally, I would like briefly to put forward a couple of points that I think might form part of the work programme. I think that more research programmes are needed in the non-scientific areas. I think that more is needed by way of facilities to aid companies, particularly small and medium companies in the Member States, in market research. More is needed in management studies, particularly of the developing agencies and also the European government agencies. Projections are needed on resource usage and alternative technologies — as has already been referred to — for situations where resources are drying up altogether. Finally, we need to develop more conventions particularly in relation to the harmonization of taxation, the disclosure of business information by multinationals, and the development of a fair code of conduct for multi-nationals. I believe that the only agency in this world that can do this is the Community, and that none of the countries alone can do it. I would recommend to the Commissioner that he consider this question.

President. — I call Mr Jakobsen.

Mr Jakobsen. — (DK) Mr President, I am not one of the Members given to boring my colleagues with speeches but I feel I have to say something today.

I am certainly the only one of the ten Danes who started down here five years ago and is now back. I am also the only one that has so far said he is standing in the direct elections and it is therefore only natural that I should give this year's report special attention since it more or less represents the basis for elections to the new Parliament.

There is one thing that has struck me. In many speeches, both today and on previous occasions, and

even in Mr Jenkins' speech there is an air of criticism and pessimism about what has been achieved. It is obviously commendable that Mr Jenkins does not stand up and brag about what he himself has achieved. I understand that, but I nevertheless get the impression that there are too many Members who have misunderstood. Other people hold us in higher esteem than we do ourselves. It is as though someone is trying to change this and make everyone else realise how badly things are going. The critics say it is going badly. If people outside hear what is most often being said in this Parliament they must get the impression that it is going very badly and even Mr Jenkins with all his modesty helped to give that impression. I would therefore like to say a few words.

I would first of all like to add my thanks to those of Mr Rippon, the spokesman for my group, for the realistic and good report. Secondly, I must agree with Mr Rippon that our answer to the three present applicant countries can only be a yes. There is no doubt that it must be a yes. What may be in doubt is the time and the terms of their accession to the Community. But the Community must also be ready to receive those three countries so that they are not disappointed when they become members. But let it be clearly understood that the three applicants must be given a positive answer as soon as possible.

As regards the pessimistic attitude, I have the following to say: when I think back to what the new members who joined five years ago expected, I feel that things have gone better than we dared hope. Let me mention in particular the crisis we are now going through. Just how bad might it have been? The Community could have been totally split and each of the big industrial countries could have opted for the old method and shoved unemployment and monetary problems on to the others. It is obviously commendable that Mr Jenkins admits that not everything has gone as he wanted it to and that some countries have not behaved as they ought to have, but we must admit that those same countries could have done things that were much worse. We were not split, we even managed to stand together on certain points and we even agreed that we did not want to experience the thirties again. We also agreed — and that obviously is easier — to try and get the United States and Japan to understand that they did not just have to deal with one, two or three European countries but with a Community. That is a great achievement.

There is another area where I think we are too modest. We are standing here reproaching ourselves because we have a surplus. Yes, we have a surplus of foodstuffs! Is that so bad? Is that something we have to moan about so much?

I would remind you that the surplus is very low measured in terms of per capita consumption in our

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nine countries but let us compare it with other countries that have absolutely no surplus. At this point I would like to bring unemployment into the picture. We have an excellent example in the countries of eastern Europe. There, is no unemployment, there is not just full employment there is a lack of manpower. But what else do they have? They lack almost everything they need in their daily lives. I recently heard a correspondent from Moscow saying on Danish radio that chewing gum could still buy you a lot of services in the Soviet Union, as it could 60 years ago when the revolution took place. It is now 60 years later — and it is not just chewing gum, it is a whole variety of things that have become a matter of course for the consumer in western Europe. Something that he or she thinks nothing of is still in short supply in the eastern countries. They have full employment, they all slog away over there, and they get a wage not worth mentioning for it — but nevertheless they are unable to provide themselves with the bare necessities of daily life. And then we come here and reproach ourselves for producing too much: we have too much butter, too much wine, too much of this and too much of that — but why? It is absolutely crazy! We ought to be happy that we have a surplus in all important areas.

Russia was once the granary of Europe; today Russia is a country that has to import grain from other countries and thus helps to aggravate the world grain shortage. The system is a failure. Our system is a system the Communists have doomed to destruction since 1840. Once every 10 years they have predicted that this would be the last crisis. Again we have a crisis, but what sort of a crisis? It is a crisis in which production is increasing, although slowly. It is a crisis in which we have unemployed but they are not starving. They get more in unemployment benefit than a hard-working worker in the eastern countries can dream of earning. If we see things in this perspective, I believe we have every reason to say that our Community is on solid ground and that our western economic system is not approaching destruction but instead is ready to pull through the crisis.

It is in this situation that we must judge the unemployment problem realistically. I am no doubt the only politician in Denmark that cannot solve the unemployment problem. All the others have promised to do so. I say pass here too. Nor can I find it in me to say that the Community must solve the unemployment problem because it cannot. And what is the unemployment problem? When people say — as several have said today — that we must have full employment, do they mean that we must all be employed for 40 hours, for 30 hours or for 20 hours? What do they mean by full employment? There is certainly no one who imagines that industry still needs everyone to work for 40 hours. That time is past. A very well-known Danish industrialist said recently in a conversation I had with him. What I want for my firm is that the 5 000 men who are here

should stay here. But if we cannot build so many ships, they must be here for 35 hours, 30 hours or 25 hours. They cannot work here for longer because there are no more ships to build.' I think that is the attitude we have to take. I know from the labour movement I have worked in for 40 years that it is quite common to talk about solidarity. But isn't it about time that the labour movement understood solidarity to mean sharing the work available. A 40-hour week is no longer possible. We must be content with less and we cannot just let the employer pay. For if we do, the costs that we hear so much about will become too high. No, we must share a common fate, we must act together. I believe that if the European Community is to achieve anything as regards unemployment, we must realise that the problem is not just the short-term drop in demand. It is also a structural problem because technology has advanced so quickly that there will never again be the need for so many people for so many hours as there was previously.

One more thing. For years we have heard complaints that people had to work in unhygienic conditions. They had to work with materials that were harmful to health, they made movements that were unhealthy. Today many of these materials are no longer made by people but by machines. People no longer have to make the movements they did before. Machines are automatically used for that. And so people complain about that! Will we be never finished with complaining? Will we never realise that we are better off than we ever were? It is very difficult to distribute prosperity. It is terribly difficult, but, Mr President, it is better to share prosperity than to share poverty as they have to do in the eastern countries.

President. — I call Lord Brimelow to speak on behalf of the Socialist Group.

Lord Brimelow. — Mr President, I had intended to restrict my remarks to two themes: the place of the Community in the world, and the enlargement of the Community. But since Mr Rippon is in his place, and since no previous speaker has referred to his criticisms of the economic policy of the Federal German government, I shall begin by taking issue with him over what he said. I shall, of course, do so with the restraint appropriate to our former relationship in the Foreign and Commonwealth Office.

If Chancellor Schmidt had been able to agree to a greater expansion of demand in the international market of the Federal German Republic, international satisfaction would have been widespread, but in this Assembly I think that we all realize the historical reasons for which successive Federal German governments, since the end of the Second World War, have been anxious to avoid policies which might lead to accelerating inflation.

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Secondly, experience has taught us, or should have taught us, that it is difficult to change the direction of a big national economy and also that it is difficult to keep the consequences of change under control. A great net exporting country such as the Federal Republic cannot become a great net importing country overnight. Economies are not as easily directed or tuned as we once thought.

Thirdly, we are all aware that the role and the responsibilities of Japan are no less important than those of the Federal Republic.

And fourthly, we all know that a change of policy in the Federal Republic of Germany and Japan, in the direction of increasing their internal demand, would solve no more than a part of our problems. The structural problems, which President Jenkins mentioned in his speech this morning, would remain.

It is for these four reasons that I dissent from Mr Rippon's criticisms of the economic policy of the Federal Government. I think we should be careful not to press Chancellor Schmidt too hard to adopt policies which might do more harm to the Federal Republic than good to the Community.

After that digression, I turn to my two themes. Now, this morning Mr Berkhouwer pointed out that Mr Jenkins left a number of things unsaid in those parts of his address which touched on the external economic relations of the Community. I do not criticize Mr Jenkins for that, he was speaking within a time-limit and could not cover the whole of a very broad field; but the Commission has circulated to the Members of this Assembly a memorandum on its programme for 1978, which is to be regarded as an annex to the President's address, and I hope that Jenkins and the Members of this Assembly will not take it amiss if in my remarks I draw not merely on the words used by Mr Jenkins this morning, but also on this document. This document indicates the Commission's programme, and this is the occasion on which its ideas have to be discussed.

The themes of the Community's role in the world and the enlargement of the Community, dealt with in parts III and IV of the Commission's memorandum, are inter-related but that inter-relationship is not mentioned in the Commission's memorandum and it was mentioned only fleetingly by Mr Jenkins this morning. Failure to discuss that inter-relationship is, in my opinion, a rather important omission. I shall have occasion to revert to it.

The Socialist Group thinks that Mr Jenkins and the Commission are right to draw attention to the structural problems of the Third World, and they are also right to point out that the relative stagnation of the world economy is creating problems for all countries. If the countries of the Third World have structural problems, so do the Member States of the Community

and so do other industrialized countries. Mr Jenkins in his address mentioned the need to preserve traditional trade flows, the need to adjust our partners' exports to the slow-down in European consumption and the need within the Community to combine modernization with the creation of jobs in new fields. This is no easy task but one which, in the opinion of the Socialist Group, the Commission is right to make its aim. The Socialist Group also expresses its agreement with the point made in paragraph 95 of the Commission's memorandum — namely, that there is a need not only for new initiatives, but also for a coherent and tenacious and business-like follow-up to initiatives already taken last year. The memorandum mentions as examples of this financial aid to non-associated developing countries, new forms of food aid more closely linked to development policy, application of the textile agreements negotiated last year, and cooperation activities such as those under the Euro-Arab Dialogue. The Socialist Group thinks that this is right. Under all these headings, with the exception of the application of the textile agreements, the inadequacy of the powers and resources of the Community have been, and unfortunately are likely to remain, limiting factors; but that the Commission should persevere in these activities is certainly right.

Passing from these old preoccupations to the new initiatives mentioned by the Commission, they are numerous. They are listed under no fewer than nine headings in this document. Under the first heading, 'The Multilateral Framework', pride of place is given to the needs of the developing countries. The Socialist Group thinks this is right. It has noted with approval from this document that next month the UNCTAD Trade and Development Board is to address itself to the problems of the indebtedness of the developing countries. The size and the severity of these problems have increased enormously since they were discussed, but not dealt with, at the Paris Summit of October 1972. It would have been better to make an earlier start, but that a start has at last been made is good as far as it goes. The Socialist Group considers that the requirements of the continuing development of the poorest countries should take precedence over the purely financial aspects of indebtedness, debt service and debt repayment.

The Socialist Group has also been pleased to note, from paragraph 96 (ii) of the Commission's memorandum, that talks are to take place for the preparation of world agreements on commodities produced in developing countries such as rubber, hard fibres, jute, tropical wood and copper. Now last year's negotiations for the World Sugar Agreement illustrated the difficulties of negotiating such commodity agreements, and Mr Hughes's remarks this morning about the difficulties in the world sugar market as between beet sugar and cane sugar show that even when an agreement has been negotiated and has entered into

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force, the difficulties are by no means at an end. Within the framework of the Community's Lomé-STABEX scheme, we think that a pointer has been made in the right direction — namely, that the problem at issue is not merely that of stabilizing commodity prices: the stabilization of export earnings is even more important. What has to be borne in mind — and in this I am taking account of the Socialist Group's concern for the consumer — is that commodity agreements should be fair to consumers as well as producers and that they should not be allowed to become a factor of permanent and built-in inflation. This is an important matter on which the Commission's silence is to be regretted.

The question of commodity agreements is linked to the information, conveyed in paragraph 97 of the memorandum, that 'Following the adjournment on 1 December last of the conference on the establishment of a common fund for the stabilization of raw materials, the Commission will be doing its best to take, in liaison with the Member States, any initiative required to find a satisfactory solution to this problem,' and that 'the Commission will be making its own contribution to the study undertaken by the IMF-IBRD Development Committee on the stabilization of export earnings.' Those are sober and careful words which point to the difficulties which have arisen. Nonetheless, the Commission's decision to persevere is greatly to be welcomed.

In paragraph 96 (iii) of the memorandum, we are informed that towards the end of 1978 a conference will be held for the negotiation of an international code of conduct for the transfer of technology. The subject is important, for transfers of technology affect trade flows and changes in trade flows create problems of adjustment to new patterns. This is a subject on which this Assembly and its committees would be well-advised to take an unremitting interest. The organization of a timely and adequate supply of information is needed.

This is not the occasion to discuss the GATT negotiations mentioned in paragraph 99 of the memorandum. Mr Cousté has prepared a report on that which will be coming before this Assembly in due course. At this stage all we need say is that we hope that the Commission will be vigorous in its attempt to gain acceptance of the proposals at long last incorporated in its negotiating mandate.

Paragraph 100 of the memorandum refers to the need for guidelines on export credits for non-member countries backed by the public authorities. This is a difficult question on which so far progress has been disappointing. The need for progress is great. I would only make the point that the need for progress is required by the Commission's own principle, in paragraph 94, that difficulties should not be exported from one country to another.

Paragraphs 103 to 106 of the memorandum deal with the Community's policy with regard to the developing countries as a whole. They do not bring out the difficulties inherent in the conflicts of interest involved. It stands to reason, of course, that the Community's development cooperation policies should be brought into line with its other policies; but it is sufficient to mention the conflicts of interest between beet-sugar producers in the Community and cane-sugar producers in the Lomé countries, or textile producers in the Community and textile producers in the developing world, to realize that what stands to reason may not be easy of achievement. Similarly, the consolidation of the generalized system of preferences, mentioned in paragraph 104 of the Commission's memorandum, though desirable in itself and supported by my group, does displease those countries whose traditional preferences in the Community have been eroded. Then, in paragraph 105, the promotion of investments in the developing world may be a condition for further development, particularly when local capital formation is inadequate. But the issues have begun to look less simple as investments in the developing world have begun to create unemployment in the Community.

As for the protection of investments in the Community, there was a heated debate in this Assembly at the beginning of last year, and Mr Spicer renewed it this afternoon. The caution of the Commissioner's reply was noteworthy, but Mr Jenkins, in his address this morning, said that we cannot allow our relations to be falsified by the historical hangover of an approach of inequality. With that, my group agrees.

As for the reference to food aid in paragraph 106 of the memorandum, all would agree that food aid has its value in the relief of hunger, but not all would agree that food aid in general is the most desirable form of aid. It is a pity that in Mr Jenkins's address and in the Commission's memorandum, the broader issues of aid are not dealt with.

The sections of the memorandum devoted to the development of economic relations with Latin America and Asia are much to be welcomed. Such developments will be easier of achievement if world economic growth can be resumed. The Commission's efforts to that end deserve every support.

Relations with Mediterranean countries outside the Community are dealt with in paragraphs 109, 111 and 112 of the memorandum. It is a shortcoming that these paragraphs make no mention whatsoever of the problems which will arise when the Community is enlarged, and that they give no information about the Commission's thinking on how these problems can best be tackled. The Socialist Group will welcome the opening of Community offices in the Maghreb and Mashrek countries and in Israel, mentioned in paragraph 109, but the value of these offices will depend

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in large measure on the Community's policies for the maintenance and development of trade with the Mediterranean countries concerned during and after the enlargement of the Community.

Paragraph 110 of the memorandum, which deals with the negotiation of an agreement to succeed the Lomé Convention, makes no mention of a point which has been repeatedly raised in this Assembly and which has already been mentioned by Mr Berkhouwer — the need for protection of human rights in developing countries.

I welcome the fact that there is separate reference to Turkey, and I welcome the paragraphs on Yugoslavia and Spain as far as they go, though they fail to make reference to the implications of the enlargement of the Community. I can only express my general agreement with paragraphs 115, 116, 117, which deal with the United States, Japan and Canada. The reference to China is a source of satisfaction, the goodwill of China is well known towards the Community. We hope the Commission will press ahead.

And now, I must just say in conclusion that as regards the final, rather uncommunicative section on the enlargement of the Community, my own group issued last September a statement to the press welcoming the applications and expressing the hope that the negotiations for enlargement would be carried to a successful conclusion. I hope that those negotiations will not be subject to any unnecessary or unjustified delays.

President. — I call Mr Aigner.

Mr Aigner. — (*D*) Mr President, ladies and gentlemen, before commenting on President Jenkins speech, I should like, as a German deputy, to say a word about the exchange between my two English colleagues which I found particularly amusing. Mr Rippon criticized the German government for doing too little about conjunctural policy while the socialist member defended the German Government by saying that it could not take action which would be bad for Germany although perhaps good for Europe. I want to give them both a word of advice: they should both approach the German Government and tell it that nobody would be the loser if it resigned; both Germany and Europe would on the contrary gain a great deal.

(*Laughter*)

I turn now, Mr President, to Mr Jenkins policy statement or activity report. I do not think I am going too far, Mr Jenkins, when I say that your report did not seem particularly convincing to anyone here in this chamber and to any of our political groups. We all had the impression that it was more of a routine address and the Commission should not allow itself to slip into routine because that report, was we hope, the last before direct elections and the last before the

enlargement of the Community through the accession of Greece. I realize of course that the lack of conviction cannot be attributed to your own lack of ability, political resolve or political commitment, Mr Jenkins; on the contrary it reflects — and this is the genuinely negative aspect — the situation in the Community and in particular the situation in the Commission.

I felt the closing sentence of your speech to be the most important; you said:

'Let us ensure that the strength of our internal purpose is at least as great as our external power of attraction.'

I see that as an important statement because it reflects our fundamental shortcoming; it is a fact for everyone outside the Community and for everyone who has experienced the associated negotiations, that the Community has an enormous external power of attraction even in its present imperfect state. The attraction is exerted not only on the peripheral countries of Europe: Spain, Portugal, Greece and Turkey. You know too that 53 countries of the third world have expressed their political confidence in this still incomplete Europe. Above all, Mr Jenkins, this European Community has today a great power of attraction beyond the iron curtain on millions of people who are deprived of their freedom, to whom Europe means a great deal with its wealth of regions and its readiness no longer to defend its interests with force but with the treaties and with respect for law at the negotiating table. They see this as a vision and I am sure it was wrong of you, Mr Jenkins, not to place greater emphasis on the question of human rights in this connection.

What about the Community's strength of internal purpose? Mr President, on the basis of the constitutional structure of the three Treaties, the legal position of the Parliament is unfortunately very closely bound up with that of the Commission; I say unfortunately because if the Commission fails to defend its own legal position to the Council and Member States it is also at the same time undermining our own parliamentary rights under the constitutional structure of the Treaties. Allow me to look at a few points which arise in this connection.

I find it gradually becoming intolerable, Mr Jenkins, to see the Commission constantly transferring rights in the most fundamental area of its activity, namely the implementation of the budget — in other words in the area where as the executive body it has the sole power of implementation — to all kinds of Council committees at a great many intermediate levels so that to all intents and purposes it no longer bears sole responsibility for the implementation of the budget and hence for its policy. What has happened here, already turning the Council into an executive body, disturbs the equilibrium of the constitutional structure laid down by all three treaties — and this is the purport of my keenest criticism. The Commission

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should do everything possible to regain its true legal position which is slowly but surely being undermined.

A second point: what has happened to the coherent political resolve of the Commission? The chairman of my group already commented on this in his first speech today. If the Commission itself as the custodian of the treaties is prepared to see its right of initiative diminished by constantly giving in to compromise proposals before even approaching the Council and Parliament so that its truly strong position — that of having the sole right of initiative which the Council of Ministers can only override unanimously — is lost, and if the Commission itself is no longer making use of that instrument in the manner which was taken for granted under previous presidencies after the foundation of the Community, then it seems to me the time has come to sound the alarm; Parliament should at the very least do everything possible to draw public attention to this loss of direction.

Allow me to make a third observation, Mr President. I am most grateful for the remarks made today by my colleague, Mr Jakobsen. Mr Jakobsen, in the ten minutes for which you spoke, your words did more for Europe than the Commission's whole declaration. You showed vision and highlighted the true goals, the positive aspects. All the reports that we find in the news media these days about the Community deal with butter mountains, wine lakes, impossibly high stocks of sugar and scandals of various kinds but we read nothing about the true structure, the fundamental adventure of Europe.

Mr Jenkins, you are responsible for information policy. What has happened to the officials competent in this area at the Commission? You have an enormous official machine. Where then are the people who note these press reports and respond to them on behalf of the Community? If we in Parliament with our enormous workload created by the dual mandate and our home constituencies did not do whatever we can there would no longer be any voices speaking out in defence of Europe. Your publications are not enough to defend Europe to the outside world. You have reserved the area of information policy for yourself. Ultimately then you carry responsibility for it, Mr Jenkins. I should have liked to hear some reference to more efficient action in this area.

My fourth point, Mr President, is one which needs repeating and on which I am sorry to say the Commission has been practically silent. Mr Jenkins, the characteristic and fascinating feature of our Community is that for the first time in the history of Europe nine States have built up an infrastructure which enables them to depart from their old way of solving conflicts of interest: if you do not agree, I shall use force! Instead they seek compromise agreements even if it takes three or even four night sessions, because they know that the problems at the negotiating table.

The fascinating new aspect is this very infrastructure. Why does the Commission not draw more attention to it? Why do you let slip the opportunity of a major policy statement, an annual report in which you could draw the attention of our citizens once again to the nature of this great adventure? That is the heart of the matter. Mr Jenkins; I do not think that your routine statements can attract the attention of a single journalist. Things like that can be read and heard all the time: you do not need a special report to draw attention to them.

Time is very short but I just want to raise a few more points.

Firstly, I was very surprised to see no mention made today of the development of Parliament. May I remind you that we only adopted the last budget — and remember it is Parliament which has the last word on the adoption of the budget — because we believed that financial autonomy was assured. We made that a condition, but it turns out that financial autonomy is not assured because only two countries have adopted the sixth directive so that another year has been lost.

Why do you not take this opportunity to mobilize public opinion and say: the nine Member States of the European Community made a promise to Parliament but did not keep it? Why do you not take the opportunity of calling the governments of the Nine to account before their public opinion for failing to keep their own promises? Fortunately at least the Commission put its views to us today at question time.

Secondly, in adopting this budget we made five hundred million units of account available to you against the will of the nine finance ministers. You obtained five hundred million from us. But there is no mention of this fact in the annual report or in the policy statement for 1978. Not a word about these five hundred million! Why did you not just say: on this occasion we shall have the courage if necessary to force through the budgetary will of the Parliament against the nine finance ministers? If you had said that we could have made at least some progress in energy policy, research policy and in the elimination of unemployment and so on.

There is a further problem which causes me special concern as chairman of the Control Sub-Committee: The report which you presented to Parliament, Mr President, contains only half a sentence about the important subject of control. Half a sentence in which you simply state that the European Court of Auditors has now been set up. I want to read out to you just one short passage about the results of an audit which shows the true importance of budgetary control in this Community. The extract concerns an audit report on 1 000 decisions on financial penalties. There were more than 1 000 penalties in a single small region.

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The report tells us that on the slaughterhouse record cards pigs became oxen and milk cows beef cattle; cows which had already calved several times became heifers again overnight!

We all know how necessary it is to exercise more stringent control, especially in the agricultural policy sector. The Commission cannot just come to us and say: the implementation of agricultural policy and control of implementation are tasks for the Member States and not for the Commission.

No, the Commission must pay greater attention to control. Parliament has given you the instruments and the staff needed for that purpose. It is of course impossible for us to approve control staff — as happened once, but that was before your time — only to see the Commission using them for other tasks. That is not the purpose of our action.

You made no mention either of budgetary reform, a major concern of this Parliament. We have demanded the complete budgetization of all expenditure, including expenditure on development aid. I should have liked you to hold out the prospect of the realization of that aim to which reference has been made in hundreds of speeches by colleagues in Committee and in Parliament: in the area of development policy we should like to see the individual activities of the nine Member States gradually coordinated until they are transferred entirely to the European level. While recognizing the priority which this task must take, we can of course extend at will the funds made available for our partnership with the Third World. But we know too that at present the nine Member States are working in parallel. If you had sufficient courage and if the Commission showed the necessary strength to raise the matter time and time again, the necessary coordination would be brought about more quickly and the Community could then, without spending a penny more, work efficiently in this area than the nine countries operating separately.

Mr President, I want now to make a procedural point. I have a request to put to the Commission. Mr President, I should like you to give some thought to the following facts: in effect you already put forward your policy during the discussion of the budget, when the draft budget was presented. Then the political concepts were discussed again with the Commission in committee and in the political groups. The budget has now been adopted and it is much larger than the Commission itself had expected and than the nine finance ministers had wanted. Now you have presented your policy to us once again. I can only say that it should in reality be a continuation of the ideas you put forward during the budget debates. Attention should therefore be focussed mainly on the new elements which supplement your earlier policy report. I think you ought to consider how this procedure can be rationalized. You should either present your

general report with the budget or we should in some way combine the budgetary report with the general report. I do not think that we should do the same thing twice within a very short space of time.

Mr President, the most important consideration is that the Commission no longer has to secure its own political existence in the nine capitals but should base that existence on a relationship of trust with Parliament. Mr President, one of our first demands will be to secure the right to appoint the members of the Commission — that is the first demand in the programme of the European People's Party.

Mr Jenkins, if at some time in the future your political existence is founded on the confidence of a majority of the members of this House, your position in relation to the Council, to London; Bonn and Copenhagen, will be quite different; your political existence will then stand and fall by the confidence of this House and your report today has unfortunately confirmed only too clearly how greatly you are in need of that confidence. You must find your legitimation here in this House and not elsewhere in the nine capitals.

President. — I call Mr Cousté.

Mr Cousté. — (*F*) Mr Jenkins, in your speech to us this morning which we have unfortunately not had time to study in detail, my friends and I noted a statement that I would like to stress: you said that we are constantly being urged to think out bold new solutions to the Community's problems. That, Mr Jenkins, is the essential role of your institution and you must be the source of imagination in the Community — not the kind of imagination which Pascal criticised but the form defined by Bergson: you must be the *creative* imagination of the Community. Are you filling that role? Have you even tried to do so in your speech? We did not discover in your words the outline of a policy even if we know full well that you are not alone in being able to define and promote policy developments. However, policy implies a set of targets, as we were told just now, and a set of instruments. Several speakers in various parts of the House have rightly deplored the delay in setting a date for the election of this Assembly by direct universal suffrage. But we know that the elections will be held next year at the latest. The fact is, I believe, generally accepted. That is why we would have hoped to find proposals on all the other problems in your speech. But your speech has only left us with the impression of a retrospective survey.

However, there were a few clear points in your address and I want now to stress their importance. You are trying to face up to the priority problem — which you rightly highlighted as such — of inflation and unemployment. We welcome the firmness shown by you in dealing with the crisis now threatening whole sectors

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of our economy ; the crisis is placing in jeopardy traditional industries which create employment and are always, or almost always, necessary for the maintenance of regional balance. We note then that the concern expressed by our group in this area has found an echo ; we published a memorandum on the 'Threat to Europe from unbridled competition' and we are happy to note that it has not gone unnoticed.

As you know, I have repeatedly put forward proposals in this Assembly on behalf of my group and in my personal capacity, to deal with the crisis in the steel and textile industries ; only recently I highlighted the need for measures to counter the uncontrolled inflow of cotton yarn and all kinds of woollen goods from third countries. I was pleased to see today, Mr Jenkins, your clear statement of intent to adapt the development of exports from our partners to Community Member States as a function of the downturn in consumption in the Community. That is a vital point. Still on the subject of industry, I appreciate the efforts you are proposing to make in favour of the growth sectors which will strengthen our industrial capacity by accelerating the development of our technology. Those are the very terms used by us and by colleagues from several other political groups in earlier debates.

But we cannot go into the European elections with rising unemployment in Europe. We cannot present a programme to our fellow citizens and call upon them to vote in direct elections when, on the debit side, there are more than six million men, women and above all young people who are unemployed. When you say that the Community does not have to intervene on a direct and massive scale on the employment market, I would reply that to encourage investment, promote industrial development and bring into being a genuine regional policy through the use of all the financing instruments available in the Community constitutes in reality direct intervention to combat unemployment, and we can only encourage you to take the necessary action in a determined spirit.

In the same vein I have studied your proposals for the construction of an integrated economic area whose foundations are or must be constituted — I refer here to your speech in Florence — by economic and monetary union. You speak of a five-year programme and specify that your plans extend not only to economic and financial affairs in the strict sense of the term but also to the achievement of a single market and structural and social policies. Mr President, we are waiting impatiently for proposals on precise points involved in the complete achievement of a single market, i.e. fiscal policy, the free movement of goods and services, the liberalization of internal capital movements, monetary compensatory amounts and genuine freedom of establishment.

Like all the members of my group, I naturally reserve the right to return to all these points in later debates. I

would like, however, to enquire at this stage into the real scope of the communication which you are proposing to present on the development of consultations on exchange rates. You said that the implementation of these consultations must go hand in hand with coordination of internal policies so as to restore coherent exchange conditions both within the Community and in relation to the principal currencies of third countries. We should like to hear more about this very soon. We all know how precarious the state is at present of the exchange market within the Community and between the Member States and the rest of the world.

I have spoken of the areas in which hopes are fairly bright ; I shall turn now to a few grey zones. You are perfectly familiar with the concerns of our group in the area of the common agricultural policy. When you say that this policy is a great success because of the achievement of guaranteed prices, we fully agree with you — but only if prices are really guaranteed. That holds good for cereals, certain beef cattle, milk powder, sugar, unmanufactured tobacco and butter, not forgetting *grana padano* cheese ; but it no longer applies to meat, milk, fruit and vegetables or wine. We would affirm once again that without guaranteed prices there can only be failure, because any market organization presupposes a guaranteed price. You say that the Community has not been able to control surpluses. But, as our spokesmen and I myself have often pointed out, there are no permanent, structural and overall surpluses of agricultural products in the Community. There are only accidental, sectoral surpluses due to the orientation of production. European agriculture is in fact in overall deficit. That is even the case in France which is the Community's leading agricultural producer. We note that there is too much milk powder and butter, but we often forget that there is not enough milk in the Community. Similarly in the case of sugar we only have surpluses because of our generous policy towards the ACP States. We welcome that policy but we cannot expect Community agriculture in general to foot the bill.

It is of course vital for the Community to remain an overall exporter and a generous provider of food aid to the Third World. That is why we do not share your concern for an overly cautious price policy, because the consequence of such a policy would be that the Community would have no more farmers or agriculture. We are asking for a reasonable — not merely a cautious — increase in prices. As to the monetary compensatory amounts, we have asked for them to be dismantled over two years. You are proposing seven years which is far too much. We shall have to find a middle road.

In conclusion, we welcome your cautious approach to enlargement. We do not reject the accession of our Greek, Spanish and Portuguese partners but we know

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that in many areas of agriculture they have products which are keenly competitive with our own. You have said that since your first address as President of the Commission you have known both successes and disappointments. Allow me to express the hope that you will experience far more successes than disappointments after this new speech.

President. — I call Mr Hamilton.

Mr Hamilton. — Mr President, I would like to congratulate the President of the Commission, Mr Jenkins, first of all for giving us this morning such an agreeable mixture of realism and vision. His purpose — and, I hope, ours — particularly in the run-up to direct elections, must be to excite and sustain the interest and the support of ordinary people for what we are doing here. I think we can only do that by convincing them that the EEC is relevant to their short-term problems and their long-term aspirations. If I have one criticism to make of, if I might be familiar and say Roy Jenkins, it is that you will not do that by referring to animals called the EMU. It is too vague and too abstract a concept to warm the cockles of the human heart. Please cut it out. Although that might be the long-term aim, don't say so in so many words. Our aim surely must be to spell things out in terms which a coalminer, a housewife or a farmer can understand, and we have not done that up to now.

What I think we want, particularly in the next 12 months, is a plain working man's guide to the relevance of the common market in the lives of ordinary men and women. If I might just mention one example. The President of the Commission referred this morning to the mindboggling problem of the six and a half million people on the dole, and the prospect of nine million school-leavers between now and 1985. I think he is right to assert that these problems, and in particular that one, cannot be solved solely and wholly within a national context. But so long as you have that problem, it is very hard to be an idealist when you are looking for a crust of bread. It is unrealistic, to expect a man to lift his eyes when he is stuck in the morass of unemployment and poverty, and is worrying about his immediate future.

However that may be, I think it is as well to face some political realities, and again I think the President of the Commission is inclined to forget the political realities which we face within our own national parliaments. I am talking to a gentleman who knows very well what I mean, but in case he does not, let me just quote from an article written by John Palmer which appeared in the *Guardian*, a highly responsible British newspaper, a few days ago, referring to national interest prevailing in this organization and throughout the EEC:

It is not only the big countries who place national interest before Community concern. At the moment,

Belgium, Luxembourg, along with France, are fighting a no-holds-barred struggle to be given the site of the new European Parliament building.

It goes on in those terms. And I say to the Commission: it is as well to realize that the whole of the British Parliament are united behind John Silkin in our determination to protect our national interest in terms of fishing policy. As long as we keep this in mind, then we will not be too ambitious in what we seek to achieve in the short term, still less in the long term. I hope very much that the EEC will gain its lost momentum in the next and succeeding years, and I do not believe — and this is where I express the hope that was sustained in me by the speech that I heard this morning — that it will be the fault of the Commission, still less of its President, if we fail in that project.

President. — I call Mr Granelli.

Mr Granelli. — (I) Mr President, a number of speakers have rightly said that the situation in Europe today is more dramatic and serious than we imagined a short while ago. And Mr Rippon who, with an apt literary quotation, reminded us that a Community without a present and without a future can only return to the past, gave us a glimpse of the ideal. In reality, faced with the grave problems of unemployment and inflation, the Member States of the Community are running for cover behind protectionist practices and a return to nationalism which is the opposite of what the unification of Europe should represent.

Because of this, I believe that the blunt, realistic picture drawn by President Jenkins at this sitting must be supplemented (and this is our suggestion) by some choice of priorities and some show of spirit in order to reverse the tendency towards a policy of routine administration, which certainly does not suffice in the times we are living in.

For lack of time, despite Mr Aigner's kind intervention and because I don't want to use up any of Mr Bertrand's time, it is impossible for me to dwell on some of the points which emerged from President Jenkins's statement and which are of the greatest importance for our future. So I will deal with a few more specifically structural points.

The revision of the common agricultural policy, as the policy stands, not only provides a further opportunity for financial erosion of the Member States but will be an insuperable obstacle to enlargement of the Community. Seeing that there can no longer be any question of expanding exports, as though nothing had happened on the international and world scene, the absence of a policy of industrial re-conversion represents a failure on the part of the Community because what it in fact reveals is the lack of solid instruments of common economic policy which could stop the tendency towards protectionism and nationalism, and

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put an end to inertia on the problems of employment, inflation and industrial recovery.

Because time presses, I should like to dwell on just one point for the benefit of the Commission and, as President Jenkins is not here at the moment, Vice-President Ortoli.

From the data supplied to Parliament for 1976, it is clear that the overall volume of expansion of the European economy was less than that forecast, which is 2.6 % compared with 4.7 %. We must bear in mind that, already last year, the Tripartite Conference had, with the aid of their figures, demonstrated that, to achieve a tolerable level of employment in 1980, we should have to concentrate on a growth rate of 5.5 %. Inflation has remained at very disquieting levels indeed; although it was of the order of 8 % during the closing months of 1976, it was about 9.6 % over the year as a whole. This is the average for Europe; if we separate the strong nations from the weak, the situation is even more alarming. What is the point of thinking of a fast growth rate, hoping for inflation to be kept under control, and looking forward to a recovery in employment unless we start getting down to the problem of the instruments which the Community can use to impose a different kind of economic policy on the Member States as well?

Despite the favourable information quoted in the memorandum we have been given and which indicates an improvement, in terms of money, in the balance-of-payments (the reference to the Italian position, the British position and, to a certain extent, the position of France provide confirmation of it), we must not delude ourselves: in my own country, for example, the balance of payments is improving at the cost of a reduction in imports, which in reality conceals a lowering of output. It is, therefore, only through an improvement in the monetary situation that we can expect any return to economic expansion, with fresh jobs and fresh opportunities of employment.

I must emphasize the uselessness of regularly promising us better growth rates, a slowing down of inflation and a more satisfactory balance of payments situation, and call attention to the pressing need to take a step forward on the issue of economic and monetary policy. In my view, President Jenkins showed a lot of courage and imagination in his Florence speech and I expect he met considerable opposition in the Member States after that speech. I should have liked to see emphasis laid here too on the vital need to adopt pre-monetary union measures because no one imagines that, at a stroke, one fine day, we shall suddenly have economic and monetary unity of a common currency.

We must press the Commission to draw up a pre-monetary union plan which, at least on certain fundamental issues, enables the Community to make some progress on the actual construction of a European economic and monetary union.

The first of these fundamental issues is the absolute necessity for Community control of money supplies in the individual countries, in order to prevent countries with greater financial resources available to them from overwhelming the weaker ones. The second requirement is that it must be possible for exchange rates to vary during the pre-union period but they must be subject to annual review so that any necessary action may be taken.

It is correspondingly important for the European Monetary Cooperation Fund to begin working out a Community system of central banks because, unless we coordinate the common monetary policies, there can be no prospect of beating inflation or creating the conditions for fuller employment.

Finally, I should like to remind Mr Jenkins that to enable the Community to make a satisfactory entry into the field of monetary union policy, there must be the courage of action as well as the courage of speeches and words. I am sure that, if the Commission puts before this Parliament a feasible blueprint of monetary measures as part of economic policy in anticipation of economic and monetary union, it will have the support of the whole of the European Parliament. The European Parliament offers to cooperate and I hope that Mr Jenkins is not afraid that he may have shown too much courage in his Florence speech.

President. — I call Mr Patijn.

Mr Patijn. — (NL) Mr President, I know that it is late in the afternoon and that the speaking time allocated to my group has almost been used up. I shall therefore confine myself to two remarks.

Firstly, I find it surprising that the following remarks should be made in Paragraph 21 of the Commission's memorandum: 'The activities of the Community which, until 1978, were primarily oriented towards urgent measures of commercial and market policy must now be focussed on instruments to influence the basic structures.' But then there was the following sentence in Mr Jenkins speech this morning, and I quote his words in English: 'It may for example be logical for us to work out the common fisheries policy, but it is less obviously logical to find the Community giving such priority to common policies for industries in difficulty or decline.' I wonder who is speaking here. My fellow socialist, Mr Jenkins, or Mr Tugendhat perhaps because I can imagine him making statements like this. These words conflict totally with the observations made in the memorandum which states that instruments must be used to influence structures, including employment structures, in industry. I am pleased that Mr Ortoli is with us, because it is not true that up to now attention has been given solely to the liberalization of the market. That seems an improbable statement to me and we can perhaps be given some clarification on this point.

Patijn

My second and last observation concerns the prospects for this year. Several speakers have made the point which I too want to stress that the Commission will in large measure determine how we enter into the European elections next year. My friend, Mr Lange, closed his speech with that remark. If a policy which appeals to the public is pursued the politicians and parties will subscribe to it. But if the policy is remote from the voters and does not address itself to their real problems — Mr Hamilton quoted a number of good examples — then the politicians are likely to find the doors closed to them when they try to call the electors out to the polls.

We shall give you our encouragement as members of the Socialist Group and of this Parliament. But the Commission has a great task ahead of it; the Commission itself has said how important this year is — a year of preparation. We must be fully aware of the fact that the success or failure of next year's elections will depend in large measure on the Commission's policy and on its power of imagination. We in Parliament who may or may not be candidates will have to win votes. We shall have to approach the voters with your policy, Mr Jenkins, with the policy of the Commission and not in the first place with our own policy. I hope that the Commission will give thought to that closing remark.

President. — I call Mr Jenkins.

Mr Jenkins, President of the Commission. — Mr President, since I opened the debate this morning we have had a substantial discussion with 17 speakers who have contributed to our deliberations. I would certainly make very little complaint about the tone of nearly all of those who have spoken. As I indicated this morning, I do not think it is possible in a speech confined within any reasonable limits of time or order, to touch upon all the points which everybody has raised. What I will therefore endeavour to do in my reply is to pick out a number of issues, most of which have been referred to by a substantial number of those who participated, and try to deal with these main points.

Right at the beginning, following my speech this morning, Herr Lange, paving the way for four or five other speakers, mentioned the problem of the arrangements which have been made for giving advance information to the press, as opposed to the Parliament, and the general method of circulating both the General Report and complementary memorandum and my speech to Members. The General Report and complementary memorandum, as I think the House knows, were made available to Members yesterday. It was made available to the press under embargo at the same time. The purpose of these advance arrangements with the press, which involve much bulky mate-

rial, is to give all those concerned time to look at it, and this is quite often done, in my experience, in relation to directly elected national parliaments.

Now second, there is my speech of this morning. There was no question of my giving a press conference in Brussels or, as far as I am aware, of anyone on my behalf giving a press conference in Brussels. What was done was to provide, again under embargo, certain extracts last night. The full text, as is known, was available to political groups at 8.30 this morning. The text was not available to the press until it was delivered, which happened two hours later.

Now I do not say that these or any other arrangements for the balance between press and Parliament are absolutely perfect. I am perfectly willing to look at them again in relation to other debates, in relation to this debate next year. Mr Aigner said he wanted to get the greatest attention one could from the press, and he criticised some approaches to this. Certainly we want press attention to be given to what we are doing, but we also want the fullest consideration to be given to Parliament and to the Members of this House. Sometimes one may make dull speeches, but a sure guarantee of making a speech which is dull and which there is no debate about at all, is to have it all written out and circulated to everybody days in advance, one is really reading out a document which everybody has in front of them. I am not prepared to do that, because I think that is destructive of the idea of parliamentary debate and parliamentary interchange. As I say, the position as it has been is different from that which was suggested tentatively this morning. I have explained it accurately, I am not saying it is perfect, but it is not too bad, and we will try to make it better in the future. I am very anxious to preserve a proper balance between the press and this House so far as this is concerned.

We also had a number of exchanges about the common agricultural policy, as is not unnatural in this House, or would not be unnatural in any parliament representing the different strands of opinion within our Community of Nine Members. Several Members — I think three at least, beginning with Mr Nyborg this morning, and at least two or three others — challenged the view that prudent prices, could possibly have a beneficial effect upon surpluses. They say that it will merely make farmers produce more. I do not think that that is a valid law of economics. It may create difficulties for certain farmers; I certainly agree with one speech which was made, saying we may well have to look at the possibilities of income aid, in order to deal with this position. But if one is not very careful, one will have a different effect upon some small farmers, who may produce more in order to try and keep their standard of living, and some big farmers who, if the prices are very high, will produce

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more and more for intervention, at great expense to the Community budget and considerable increase in surpluses.

Now, I thought a particularly interesting speech was made by Mr Mark Hughes this morning. He argued rather the other way around. He certainly wanted low prices, but he argued about what he believed to be the inadequacies of a prudent price policy with regard to agriculture. He would not expect me to enter into a detailed argument on the statistics he presented, — statistics which were somewhat queried by one honourable Member from Ireland, who spoke a little later in the debate; not the exact statistics but, rather the correct interpretation to be placed upon them. I would like to make two points: first, I continue to believe that the distortions of which we are all aware in the operations of the common agricultural policy are certainly not primarily due to the mechanisms themselves; to a large extent they are due to currency fluctuations and the system of monetary compensatory amounts with which we have had to live. Now, as the House knows, the Commission has already put forward proposals for dismantling MCAs by stages, over seven years, and then returning to the unity of the market. Mr Cousté, whose speech I listened to with great interest, took the view that seven years was too long a period. What we certainly have to take into account here is that, now the MCA position has arisen, having undoubtedly produced great distortions in the market, while it is in my view, highly desirable to get rid of these distortions, to get rid of MCAs, to do so overnight would have an effect on the price level which would be undesirable, both from the point of view of the consumer in the weak currency countries, and also from the point of view of encouraging a surplus level of production throughout the Community as a whole. The peculiar effect of MCAs on both strong currency countries, where of course they have encouraged exports to a much greater extent than was hitherto the case, and on weak currency countries where the reverse has occurred, does need fairly careful but determined phasing out to avoid any repetition, any recreation of these distortions in the future. For those reasons we have emphasized our desire in principle and for the future to replace the existing unit of account, based only on the state currencies, by the European unit of account, based on a basket of all our currencies, for agriculture. This is very important in order to avoid the tilt effect in MCAs, with the consequent difficulty that abolition overnight would certainly lead to a substantial increase in the price level throughout the Community. I hope the House will agree that it is desirable to proceed determinedly, but it cannot be done in a single stroke, with the abolition of MCAs, that it is desirable to move when we can — fairly quickly, I hope, in the future — to the European unit of account as opposed to the unit of account, and that, even though — and I was to some extent persuaded by the very careful argument which Mr Hughes advanced to us — one could not say that prudent price policies alone were enough, I believe — and it is the view of the Commission — that prudent

price policies are essential as a foundation for other policies which may be necessary in order to deal with the problems which arise in this field.

Now I would also like to say a few words about economic and monetary union. Mr Hamilton, in a helpful speech which I greatly welcomed, asked me to drop the idea of EMU. He said it was an animal which did not make a great impact, was too complicated. Up to a point — on the complication of the idea and of the fact that the name itself does not make an immediate impact upon public opinion and the man in the street, — I agree with him. I wish one could think of a name which had greater impact, but the idea I do not believe for a moment one should drop, because I believe that it is absolutely fundamental to the future of the Community, and in particular to preserving and building up the cohesion of the Community as we move forward into the period in which we have to deal with enlargement. I was glad that support for these views was given very wholeheartedly by a number of Members of a wide political range — by Mr Rippon, by Mr Cifarelli, by Mr Spinelli. I would like also to mention the point which Mr Rippon raised about the European Foundation. I agree very strongly with what he said about the need for decision at the next European Council. The Commission, with that aim in mind, has reviewed and sharpened its proposal here, and I would like to pay tribute to his own work in this field.

Now, on enlargement: this figured in a number of the speeches which we heard and here again, a number of differing views was raised. Mr Rippon for instance, came out very firmly and decisively, as did several other Members, in favour of enlargement. Mr Spinelli I think wanted us to proceed much more quickly than we were doing. On the other hand, Mr Nyborg was very cautious indeed, and really implied that we should put the whole thing off as long as we could and get our own house in order before adding storeys to the building. I do not myself think that that last approach is possible. I have determinedly taken the view, and continue to do so, that three democratic countries having applied for membership and having said they need the sustenance of the Community to underpin their democracy, it is essential that we give them a welcome, and in wholehearted terms; it is essential too that we do not speak different words out of either side of our mouths; that we do not welcome with one hand, and with the other hand make sure that there are obstacles which cannot be overcome.

Now this does not mean that we do not have real problems to face in this field, as in others. As I indicated in my speech, I am quite clear that we must aim at breaking the back of the Greek negotiations, effectively dealing with all the main issues, by the end of 1978, leaving possibly a few little matters to tie up next year. So far as our Opinion on Portugal is concerned, we never accepted an unrealistic date, we always said that we would take until the early months

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of 1978 to have it ready. We have it ready. It could have been ready earlier, but was delayed by a month or so by the fact that there were issues in Portugal which meant that we could not proceed to completion because of the absence of the Portuguese government for a month or so. I am always very anxious that when the Commission is asked to give a date by which it will complete a particular piece of work, it should give a realistic date and stick to that date, rather than that it should easily give an unrealistic promise, and then have to spend its time explaining why it is behind the timetable. And therefore I repeat what I said: with the Portuguese Opinion, we are almost ready, there has been a slight delay on the Portuguese side. With regard to the Spanish Opinion, we shall take this year to do it, but we shall be ready in the early part of next year, and we can then consider with the Council, the body which will have to determine exactly the timetable for this, how we proceed to negotiations with the two Iberian countries.

But I am absolutely convinced that if we are to pursue enlargement, that in itself is certainly bound to cause a loosening of the Community. An enlargement of the Community from nine to twelve, following an enlargement of the Community from six to nine not too long ago, is bound, if no steps are taken to counteract its effects, to be a loosening, and, if you like, a weakening factor. I am firmly resolved to try to prevent this weakening result taking place. I believe that it is desired by very few people within the existing Community of nine, and I believe that it is not desired by the applicant countries themselves, who have made it clear over and over again that they wish to join a strong, cohesive Community and not a weak, glorified free trade area. And that I think must be one of the fundamental points of our thinking at this time, and it is one which certainly governs my approach not only to enlargement, but too much of the work which the Commission is trying to do and the results which it is trying to achieve.

Now I come in conclusion to one or two points of criticism of the balance of this debate, of the approach of my speech. I think Mr Spinelli was the only person who, though not in a critical frame of mind, was not quite sure what was the advantage of this annual debate on the programmed speech. Others assumed, as indeed I do, that it is a fixed point in our calendar, and an important one. But it is to my mind an occasion — and this is the second time I have done it — on which one should endeavour, in a reasonably sober and balanced way, not looking for great, rhetorical effect, to have a brief retrospect of what has been achieved and what has not been achieved in the Community in the past year, and then to survey, inevitably in a fairly summary way! The broad range of problems that face the Community in the coming year as they appear to the Commission — what is our broad approach to these problems and how reasonably realistically we think we may be able to make

progress. It is not an occasion to be either too optimistic or too pessimistic. I think it was Mr Jacobsen in a speech which I listened to with great interest, who slightly hinted I had been too pessimistic, though there is also some suggestion that one is sometimes too complacent; and Mr Aigner, reiterating a phrase I have used though in a different context, said alarm bells must be rung. I wanted to ring alarm bells about somebody else and he wanted to ring them about me, I think, but that is no doubt the normal form of parliamentary exchange. I think that what is sensible here is that one does not have to be in a state of appalling gloom about the achievements of the Community. I think it is broadly the case that we have held together better in the last difficult four years than many people expected in 1973—1974, and indeed we have made some significant advances during this period. But we have not made any great qualitative advances during the past four years, and I believe that we are now approaching a period when, partly because of enlargement, but not entirely so, we do have to make a qualitative advance or we will almost inevitably begin to go backwards. I think that this issue is accentuated by this central social and economic problem of unemployment. I am not sure we have yet fully appreciated how big an issue this can be for the future. We have already moved — over the past few years, — to be absolutely honest and frank, to living with less political response, less political disturbance than one might have expected a few years ago, with totals of unemployment in all the Member States which would have been regarded as totally unimaginable and unacceptable five, ten, fifteen years ago. They are imaginable because they are there. They have not yet produced great political revolt but they are unacceptable, and if we merely proceed upon present purely national lines, the problem will get worse and not get better. And therefore, the centre of our whole economic thinking must be to deal with individual problems within the Community, the sectoral problems of industries, and that we have been doing extremely actively in the past months. We must use the Social and Regional Funds in every possible way to counteract and mitigate the effects of unemployment. But in order to get to the core of this major problem, we need something beyond that; we need a new impulse, which I believe should come internally — and here I re-echo what Mr Cousté said about the completion of the integration of the market — and by moving forward to economic and monetary union. In the external field we need to think very much in terms of a contribution by the Third World to giving an impulse to the future development of our economic health.

Therefore I make no apology for the tone of my speech this morning. I know Mr Aigner wanted it to bang more drums and blow more trumpets and attack more governments, and generally strike a more dramatic note. I believe there are occasions for striking dramatic notes, and I can assure him that I

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have no hesitation in criticising governments, the one of the country from which I come, or any of the other eight with whom I work, when I think it desirable and necessary to do so. I think that the programme speech provides more an occasion not for rhetoric, not for attack for the sake of attack, but for endeavouring to give the House a fairly sober, reasonably practical appraisal of what we have done, what we hope to do, and at the same time opening up ideas to a longer-term future. I do not think that, looking back over the events of the past year, anyone can accuse this Commission of not dealing with practical day-to-day problems: we have dealt with a great number of them — the Regional Fund, the Social Fund, the Community loans facility which very few people thought we would get six months or so ago, we made considerable progress on the very difficult issue of the common fisheries policy, we have been dealing in great detail with a whole range of problems in particular industries, we have been carrying on trade negotiations with a great range of countries, both very difficult trade negotiations relating to textiles and steel to problems with Japan at the present and relating to the multilateral trade negotiations in general, relating to the considerable achievement of the framework agreement with China — we have dealt with a whole range of practical possibilities.

Nor do I believe that the Commission can be accused of constantly looking at the ground between its feet and never lifting its eyes up to broader perspectives. I think that, both in our general approach to enlargement — where we have managed to keep the debate open on some of the major and difficult and long-term issues sometimes to an extent which Member States would like to avoid — and certainly by our initiative in regenerating the debate on economic and monetary union, particularly in the last few months, we have opened up a new vista and a new strategy. I hope and believe that we are striking just about the right balance of dealing with practical issues in a detailed way while looking for the support of this House on the directions in which, in the longer term, we want the Community to go and believe it should go.

(Applause)

President. — Mr Jenkins, I should like to thank you for concluding the debate on the Introduction of the Eleventh General Report. I am sure that the House agrees with your description of this debate as an annual opportunity to draw up a political balance sheet for the preceding year, showing what was and what was not achieved, and looking forward to the future and to the ways our policies could develop.

Mr Jenkins, in the past this House has always given the statement on the Commission's programme the status of a government statement and I had the impression from your conclusion that you too would

like it to play a special role in the debates between Parliament and the Commission. We should strive to achieve this aim. Precisely for this reason, I should like to thank you for your proposals and for your willingness to improve the procedure, so that in future these debates can be prepared more effectively. We have had better procedures in the past, which at least enabled the political group chairmen to receive confidential information about your statement at an earlier date. You yourself pointed out today that you were unable to make the speech available to the group chairmen until 8.30 a.m. this morning. All the groups met at 9.00 a.m., which meant that there was really very little time for them to prepare the debate. I shall be pleased to inform President Colombo of your proposals and your goodwill so that he can discuss with you the possibility of reverting to former, more effective procedures, which will enable the groups to prepare for this debate, which is a matter of constantly growing importance for them. It should be possible to provide the group chairmen with confidential information on the text of your speech at least on the afternoon of the day before it is to be delivered.

The debate is closed.

9. Procedural Motion

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

Mr Covelli. — *(I)* Mr President, I wish to refer to the decision taken by the chair at 15.45 to postpone until tomorrow the vote on the Yeats Report on the amendment of the rules of procedure. In view of the fact that a number of honourable Members will be absent — in my own case on account of the crisis in my country, others for other reasons — and in view of the extreme delicacy of the matter, which involves amending the most important part of the rules, I beg leave to ask that the vote on the first part of Rule 7 be postponed until a sitting when all Members, or most of them, can actually attend and, accordingly, look again, within the limits of the regulation, at the decision taken, *inaudita altera parte*, on the motion of a member of this Parliament.

President. — Mr Covelli, I don't know whether you heard the statement by President Colombo himself this afternoon. We need a definite quorum for Mr Yeats' report on the Rules of Procedure; this quorum was not reached today. Like you, I have my doubts as to whether it will be reached tomorrow. President Colombo did not say that the vote would be held tomorrow; he simply said that there would be a vote tomorrow on matters connected with the budget and that it was hoped that more Members would be present. He has called on the political group chairmen to try and ensure that this is the case. However, if the quorum needed to amend the Rules of Procedure is not reached, we will be unable to vote on this matter. But in any event I cannot remove the report from the agenda either now or later.

Mr. Covelli. — (*I*) Mr President, this was not the information I was seeking. I did not want the vote on a part of the rules which I regard as one of great delicacy, and of enormous importance, to be left to a possible quorum. I should like to speak on it, but it will be impossible for me to do so tomorrow because of force of circumstances, political circumstances, connected with the government crisis in my country. I therefore request the Chair to note the wish expressed from these benches that the vote on this politically so important part of the regulation should be deferred until another sitting when all, or almost all, can be present. The reason for our request is, I repeat, the controversial nature of the vote.

President. — Mr Covelli, I obviously did not explain myself clearly enough to remove your anxiety. If the quorum is not reached tomorrow, we cannot vote on this matter. If it is reached, then there is nothing to prevent the vote from being held.

The vote is scheduled for 4.30 p.m. tomorrow. That is what the House has decided and it cannot now be changed.

10. *Equal pay for men and women*

President. — The next item on the agenda is the oral question with debate (Doc. 478/77 by Mrs Dunwoody, Mr Dahlerup, Mr Dondelinger, Mrs Krouwel-Vlam, Lady Fisher of Rednal, Mr Adams, Mr Lezzi, Mr Kavanagh and Mr Albers to the Commission of the European Communities :

Subject: Implementation of the Directive on equal pay for men and women.

In view of the fact that the required two years has elapsed since the entry into force of Directive 75/117/EEC¹ on the approximation of the laws of Member States relating to the application of the principle of equal pay for men and women, can the Commission provide the following information :

- Details it has obtained from the Member States concerning the application of the Directive for its report to the Council ?
- What difficulties have been encountered in Member States ?
- Is the Commission fully satisfied that every effort is being made to ensure full implementation by the Member States ?
- What contact has the Commission had with the appropriate national women's organizations and trade unions to ascertain whether they are satisfied with the progress being made ?
- What action does the Commission intend to propose in the event of the Directive not being satisfactorily implemented in any State ?

President. — I call Mrs Dunwoody.

Mrs Dunwoody. — Mr President, on the day when the Commission presents what you might call its end-of-term report, we are probably doing exactly the right thing in asking, in our oral question, about one of the sections that occasionally seem to be neglected in this European Economic Community, and that is the female worker. Now, we have had many debates in this Assembly, with many lively speeches about the whole problem of equal pay and equal opportunity. But the reason that we want specifically at this moment to look at what is happening is that it seems fairly clear that what we already have throughout the Member States is the scaffolding, the outside of the building; what we really want to know is what is inside the scaffolding? How much real implementation of the directives on equal pay have we seen in the individual Member States? The Commissioner, who I hope is going to reply to this question, has in the past year made very specific attempts on behalf of women at work to expand the amount of money available in the Social Fund, to change the qualifications of that fund in order that it will take in women who need to be retrained, women over 25 who face very specific and difficult problems, and in that he has had — I am happy to say — the backing of this Assembly.

But you know, it really is not enough simply to say that now we have got all the laws on to the statute-book, what we are going to see is an immediate change in the inequality that women have faced over many hundreds of years. So, what we want from the Commission is a number of basic facts on which we can actually report to the Assembly, on which we ourselves can hope to see some movement, and they fall very naturally into some very simple categories. We cannot assess the effectiveness of the legislation unless we know how many people are involved. So we want to know the details that the Commission has already obtained. We want to know where the difficulties lie, and what the Commission is doing about those difficulties, but what we really want to know most of all is: are the Commission themselves satisfied at the action that has been taken by the Member States?

And you see, one instantly comes up against a number of practical problems. It does seem, for example, when one studies some of the documents that have been submitted to the Council, that the women's bureau has an exceedingly limited role to play. It does not appear to be able to inquire into the difficulties in social security payments, or into the real equality of treatment for women, and I believe that what we need are a number of very detailed replies from the Commission in order to say to the Member States: we are no longer prepared to wait for a gentle encouragement to the female worker. It is never the right time to bring in equal pay; it is never the right moment to look for equality of opportunity. Goodwill is one thing, but actual urgent action appears to be

¹ OJ L 45 of 19. 2. 1975, p. 19.

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something very, very different. On this day, of all days, I hope the Commission are going to be able to answer our questions, and are not going to say to us: it is not just a question of a general feeling that we should do something but the time is not yet ripe. The time is not ripe — it is over-ripe; please, Commissioner do something for us now.

President. — I call Mr Vredeling.

Mr Vredeling, Vice-President of the Commission. — Mr President, Mrs Dunwoody rightly recalled that I have had several occasions to point out to Parliament that there is a time-limit for the application of the directive under consideration today. The directive was issued two years ago and contained a deadline of two years, expiring on 12 February, for the Member States to submit a report explaining how the directive was being implemented.

I have made inquiries and found that not one Member State has yet replied — not one. Mrs Dunwoody asked me whether the Commission is satisfied with this state of affairs. My answer is definitely no. Absolutely not! We are not satisfied. The directive set a time-limit of two years; the Member States were allowed one year to adapt their legislation and were then required to report to us. Now that the deadline has passed — last Sunday in fact — the Commission will address a pressing reminder to the governments. We need their reports to be able to answer the questions which Mrs Dunwoody has rightly put to us. An extremely complex legal matter is at stake here and the Commission is not in a position to give an answer without data from the governments. We must have the information from the Member States before we can prepare a summary report and we shall need time to process the data. At all events I am very sorry that not one government has as yet submitted its report to us. Several times in the past when we suspected that the principle of equal pay was not being applied in a number of cases in certain Member States we threatened to apply the procedure under Article 169 of the Treaty if a particular Member State failed to comply, and up to now that threat has always produced the necessary results.

The subject is, however, extremely complicated because it is not only a matter of enacting legislation and laying down rules. Legislation is of course important because it provides the basis for establishing equality, but in practice the essential factor is the application of the principle in the undertaking where women are employed. To obtain an insight into the real situation we are always dependent on statistical data which must inevitably lag somewhat behind the real facts.

But that is no excuse. We are unfortunately obliged to note that we have not yet received the reports from the Member States on the application of this directive.

We have, however, already done a certain amount of preparatory work. In November last year, based on the fact that the Member States were to submit their reports by 12 February at the latest, we prepared a questionnaire in cooperation with the representatives of the Member States and also with representatives of the women's movement and the social partners with specific representation of women. The questionnaire has been sent to the Member States and contains all those detailed questions to which Mrs Dunwoody would like to hear the governments' replies.

The questionnaire has been distributed but unfortunately the results were not received by the stipulated time. The questions are very detailed. They relate, among other things, to the facilities which must be created to enable women to take legal action if they do not receive equal payment, and thus suffer discrimination. We should like information on the jurisprudence in this matter and on the way in which the statutory provisions are in practice applied in the collective labour agreements which must cover these matters.

There is for example the problem of job classification. What does equal pay and equal work mean? You are familiar with the problem. There is no need for me to go into the technicalities today. The Member States have been asked to prepare their answers in co-operation with committees such as the 'Equal Opportunities Commission', the 'Commission du travail des femmes' and all the other similar bodies in other Member States, so that we can have the assurance which the Commission needs that we do not merely receive an official answer but that the answer is based on consultation with the persons directly concerned or at least with their representatives, so that we have the most accurate and valuable response possible to our questionnaire.

I have already said that should it transpire that the directive is not being applied satisfactorily, we shall not — and I can reassure Mrs Dunwoody completely on this point — adopt the position that we must take account at this stage of the poor economic situation making it difficult to give women equal pay because the economy is in such a poor shape. We never adopt that position in applying the directives and norms for the payment of men. The Commission makes no distinction whatever between regulations applicable to men or women. We shall therefore not hesitate to resort to the procedure under Article 169 of the Treaty if it transpires that the directive is not being properly applied in the Member States.

I have already pointed out that the sole issue is not the legal application of certain statutory provisions. A fundamental principle covered by Article 119 of the Treaty is at stake here. We are also greatly supported by the interpretation placed on that Article by the Court of Justice. I would remind you of the well-

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known Defrenne-Sabena ruling in which the Court declared that Article 119 was directly applicable. In short we also have the full support of the Court of Justice for our action in this area.

On the other hand it cannot be stressed too much that while a fundamental right is being created here, it is most important for the persons directly concerned to be able to make use of that right. We hope then that in applying this directive and in dealing with the abuses which undoubtedly still exist here and there, we shall have the active support of the social partners, the governments and all those who are interested in equitable social conditions for women as well as for men. I want to stress to this House, which still consists of representatives of the national parliaments, that when we note that not one government has replied by the specified deadline, there is nothing to prevent you from applying the strongest pressure to your respective governments so that they will be encouraged by you too to meet the commitments laid down in the directive.

President. — I call Mrs Dahlerup to speak on behalf of the Socialist Group.

Mrs Dahlerup. — (DK) Mr President, I can assure the Commissioner that most of the members of my group will be more than prepared to act as the Commission's messengers to the governments that have not answered at all, but I really do hope that the Commission has not been sitting still after sending out the questionnaires and that it is ready to do something immediately.

There are 130 million women in the Community. We have our homes and our work here. That is the same as saying that 61.6 % of the population of the Community or more than half of us are women and we ought to be able to expect the Commission to do something serious to solve our problem.

The Commission has taken various initiatives that have led women to believe that some of the problems would be remedied, including equal wages. The result of one of the Commission's initiatives was in fact the introduction of the directive on equal wages.

Another initiative was the setting up of the special Women's Bureau. On 13 October 1977 the Commission assured me in this Chamber that the Women's Bureau would deal in particular with the drawing up and introduction of Community legislation in the Member States. We might therefore have expected the Commission to ensure that the Women's Bureau had the funds it needed to ensure that the directive was implemented in all Member States and to provide the answers needed in good time.

When we think of the ceremony with which the Commission announced the opening of the Women's Bureau, we mustn't forget that the road to hell is paved with good intentions.

We are worried in my group, very worried. What has become of all those fine words and good intentions? There have been no answers from the Member States and as far as I have understood the Commission has no clear plan of action. I think we ought to expect the Commission to really give attention to the question of equal wages. For where have there been any improvements? There haven't been any just because a directive was issued. We who have tried to follow developments can see some improvements in those countries with a strong trade union movement, so strong that it has taken up women's problems as though they were its own problems, that has ignored certain other problems to ensure that women got a fairer wage and that at the income negotiations year after year has ensured that women got a bigger slice of the cake because they were the lowest wage group.

But it is not enough to have a good trade union movement and a good fight in a trade union movement. A lot still has to be done and it is up to the Commission to solve many of the remaining problems.

Women have to be convinced that they are just as valuable in any job as men are and that they are therefore entitled to equal wages. The divided labour market, with women working in isolated low wages areas and men working in the higher wage areas, must be brought to an end — and the Commission must help to do so — so that men and women have the same possibility of working in the same branches and for the same wages, i.e. equal wages. I think the Commission ought to make an effort. We expect the Commission to demand an answer very quickly from the governments that have not answered and if I have understood Commissioner Vredeling correctly, it seems that no government has answered at all yet.

The Commission must have the necessary studies ready so that the answers received can be assessed. And while it is going through the answers — and they will certainly not be particularly satisfactory — it must ensure that it can implement the constructive measures needed if the good intentions expressed in the directive are to become reality.

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

Mr Vandewiele. — Mr President, I listened with great interest to the remarks made by Mrs Dunwoody, and in particular to the answer by Commissioner Vredeling. He must have felt himself in a rather different position than a few years ago when at this same tribune we were pleading with him for a blueprint for a social programme. I remember well the warmth with which Mr Vredeling then spoke out in favour of the application of the Treaty provisions on equal pay for men and women — a principle enshrined in Article 119 of the Treaty. That principle is an integral part of the establishment and working of the common market, a fact which is recognized in the explanatory

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memorandum of the directive ; it is an official text but it was not until February 1975 that agreement could be reached in the Council on this directive. That is sufficient to prove the difficulty of the problem now facing us and I would take the liberty of saying that it is a male problem. This is a subject which women speak about in all our national parliaments. They have the right to do so but they should also insist more on its discussion by men too. From the economic angle we are still living to some extent in a male society where psychological difficulties are by no means easy to surmount. I want to assure Mrs Dunwoody and all the other women in this Parliament that they are not crying in the desert ; we must lend our help to change a mentality which is indeed difficult to overcome. I should like the Commission to explain to us now the exact legal significance of its directive. I have the impression that we tend to overestimate its value ; let us be realistic in this matter. We expected under this directive that all the Member States would directly adapt their legislation to bring it into harmony with the principle to which I referred earlier. Two years later Commissioner Vredeling informs us — and we are not criticizing the Commission for this — that the Member States have not yet answered the questions put to them. Nevertheless the directive clearly stipulated that within two years the Member States will make available to the Commission all the information necessary for it to submit a report to the Council and Parliament on the application of the directive.

We thus find that the principle of equal pay is far from being realized in most Member States and in most sectors. But even though the Commission has still received no replies, I have a small hope that the picture is not as black as it may seem. Certain regulations have been enacted in a number of Member States which hold out promise for the future, even though we regret the delay in implementation. I want also to put a question to the Commission ; my information may be wrong but I read recently about a ruling of the European Court of Justice concerning an action brought by a Belgian air hostess employed by the Sabena company who won her case against discrimination. I should like to know on what legal basis the ruling was founded which gave this lady her rights. Was it Article 119 of the Treaty ? I ask this because I suppose that it is not sufficient to refer to a directive to win a case in international law against national authorities. Can the Commission then confirm the fact that there has been a ruling by the European Court and on what legal basis did the Court find in favour of this lady in her complaint against discrimination ?

The Commission cannot give us an answer on the more general issue as yet, but I am well acquainted with the stubborn persistence of Commissioner Vredeling.

I welcome his assurance that everything will now be done to obtain the national answers as quickly as possible.

Just one more point, Commissioner : should we not also contact the Economic and Social Committee ? In that body all the partners concerned sit around the same table and when we speak about the harmonization of legislation to force through the application of the principle of equal pay, we must surely also call upon the social partners to engage in serious discussions and explain such real difficulties as may exist.

Finally, the report to the Council referred to in the directive does not seem sufficient. I would press for a promise that a report will very soon be presented to Parliament on the results achieved. When I look at the Third Report which was recently distributed and contains a chapter on 'Employment and equal pay for men and women', I see that the Commission is only able to point out that the desirability of a new Community instrument to promote better occupational training has been given consideration. That is of course important, but it reflects a certain lack of initiative and I therefore hope that the Commission will not only record what is being done in the Member States but also act as the motive force in bringing it home to them that we do not view the directive in question as a worthless scrap of paper and that the whole Parliament is pressing for a very rapid and clear answer to the questions put by Mrs Dunwoody.

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

Mr De Clerq. — (*F*) Mr President, when considering the application of the directive on equal pay for men and women it seems to me that the judgment of the Court of 8 April 1976 on Article 119 is of the very greatest importance. This was in the Defrenne versus Sabena Case. In its judgment the Court states that the principle of equal pay for men and women laid down by Article 119 is an integral part of the Community's fundamental principles. The Court rules that Article 119 has binding force and may be invoked before the national courts responsible for ensuring the protection of the rights conferred thereby on the individual. In the opinion of the Court, too, the principle must be obligatorily respected not only by the public authorities but also in any collective agreement and contracts between private individuals. Since the Court has, moreover, declared that Council Directive No. 75/117/EEC cannot detract from the force of Article 119 or diminish its applicability at some time in the future, it means that, since this judgment was delivered, that is, since 8 April 1976, there has existed a simple and effective way of dealing with discrimination between men and women in the matter of pay : to ask the national courts to declare automatically void any clause in an individual or collective contract which is contrary to the principle of equality.

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This is a very effective measure in view of the fact that, in the case of pay, automatic annulment means that the pay referred to in the affected clause is automatically replaced by the higher remuneration payable to male workers. In law, therefore, the application of this directive is assured; but there exist a thousand ways in which the principle of equal pay can be contravened *de facto*. One only has to read in this connection a report drawn up in 1970 which showed that certain categories of job which were poorly paid and required no qualifications were reserved for women. The problem of equal treatment of men and women is not simply therefore a question of finance, but of social equality and opportunities for training. In this respect the directive of 9 February 1976 on the implementation of the principle of equal treatment of men and women in regard to jobs, training and professional promotion is of major importance. There would be every justification for making its application the subject of a debate in this Assembly in the near future.

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

Mr Yeats. — Mr President, I am afraid I must begin by saying that I found the Commissioner's reply to this Oral Question of Mrs Dunwoody's profoundly disappointing, and this for two reasons: firstly, because he had to tell us that not one single one of the member governments had replied to his questionnaire, and secondly — and I think the disappointment here is even greater — because he said — I hope I am not misinterpreting him but it seemed to me that he said — that in effect, in the absence of replies to this questionnaire, he had very little idea as to what was going on in the Community with regard to the implementing of equal pay.

There are two questions I would like to ask about the questionnaire. Firstly, I should be interested if he could tell us later on what date it was sent. This is an extremely elaborate questionnaire. It is addressed, as I understand it, to governments, but also there are replies to be given by trade unions and employers' organizations. The exact wording of it was certainly still under consideration very late in November last; I do not know when it was sent, it must have been at the earliest some time in December, and I suspect that the relatively few weeks allowed were simply not sufficient. I am not in any way excusing the governments concerned, who should have had their answers ready long since, but nonetheless it is a pity that this questionnaire was not sent at an earlier date, in order to ensure that at least they would have an opportunity of giving an answer in time. I suspect that the governments, when the Commissioner gets after them, will simply say, we did not have enough time.

My second question about the questionnaire is: Will the Commissioner give an undertaking that he will

publish the replies? He may be tempted to say that this is confidential material. I cannot myself see why replies by government organizations on the extent to which they are carrying out Community law could possibly be confidential; it might be undesirable for practical reasons to publish the entire replies, but I do feel that, in respect of each of the nine member countries, we must be given the questions themselves with summaries of the answers given by each State. We are entitled to this. This directive has now, in theory, been part of the law of the Community for more than two years, and whatever is being done or, more particularly, is not being done to carry out Community law, we are entitled in this Parliament, and more particularly in the Social Affairs Committee, to this information. I would ask the Commissioner to give us an assurance that as soon as he receives the replies, he will at the very least give us full summaries of the position under each heading of the questionnaire.

Now it is quite clear to anyone who takes an interest in this matter that the equal pay situation is not satisfactory. As other speakers have said, everyone, not merely the Commission but to some extent this Parliament, seems to have the impression that once, as Mrs Dunwoody puts it, the scaffolding was created, once the law was enforced, automatically equal pay would follow. It simply has not followed. It has certainly not followed in my country.

In Ireland, the effect of equal pay is still relatively small. Even in the public service which, after all, is controlled by the government and is a relatively simple matter to deal with, it was only finally settled on July 1977. Before that, there had been a sort of specious system which may or may not have been in conflict with the precise terms of the directive but was certainly in conflict with its spirit. This was brought in and was protested against by the Irish Congress of Trade Unions, who described it as a subterfuge; a formal complaint was sent to the Commission; so far as I know that complaint has never been replied to, and it was only after the general election when a new government came in that equal pay was introduced into the public service on 1 July 1977 — though even there the question of retrospection is not yet settled.

But with regard to the private sector, equal pay in many cases — in most cases, I should perhaps say — does not exist. Even as recently as last month I was looking at a newspaper report of a certain factory in the west of Ireland where there was a dispute as to whether men or women should do a particular operation. About 140 were involved, and it was alleged, rightly or wrongly, that the factory was proposing to replace the men with the women. The details do not concern us here, but the point that struck home to me was that the reason for the problem arising at all was that in that factory the men were being paid £ 46 per

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week, the women £ 34 per week, for doing the same work, and that is two years after the equal pay directive allegedly came into force.

That is the kind of problem we face, and one wonders, over the past two years, what has been done to enforce this directive which is now the law. It would seem — I may be unfair — that the Commission have merely waited for the two years to be up so that they could get their questionnaire back, and one wonders what has been done in the meantime, one wonders to what extent they know. I know that in Ireland even the trade unions themselves, those people who are directly concerned with equal pay, do not know: I have asked them on many occasions, and they cannot tell me to what extent equal pay is being introduced, how many people are receiving equal pay who did not have it before. I suspect that the Commission's information is even less clear on this subject. Two years have gone by, and I do not think I am being unfair in suggesting that the two years have been to a considerable extent wasted.

So I feel that we must in this Parliament continue as a watchdog to try and ensure that the directive is not merely made law, but is actually enforced, and becomes a fact. We must insist on an undertaking from the Commission that as soon as these questionnaires are answered, we shall be given an idea as to what the position is.

President. — I call Mrs Kellett-Bowman to speak on behalf of the European Conservative Group.

Mrs Kellett-Bowman. — Mr President, I must say that when this debate was tabled, I felt very much that it was premature not perhaps as glaringly premature as last month, when the information asked for was not due to be given, but nevertheless premature, since the information was only due to reach the Commission two days ago. Although it might have been hurriedly stuck in some computer and something come out the other end, no clear view could have been taken of the matter, still less policy formed upon it. But I must say, it has had the very useful purpose, for which I thank the framers, of bringing forth this appalling state of affairs that not one single reply has been received. Now, I understood the Commissioner to say — *pace* my honourable friend here — that in fact the questionnaire was sent out only in November. Now, he did admittedly have to consult many people when drawing up this extremely interesting and detailed questionnaire, of which I managed to get hold of a copy; but good heavens, why should it take him up to last November to bring out this questionnaire, which was clearly quite vital if we were to make any progress whatsoever in this particular sphere?

I hope the Commission will take note that the day has long since passed when women in any of the Community countries could afford to work for pin-

money. In the United Kingdom women's earnings now amount to no less than 25 % of family incomes, and no fewer than 1 in 5 heads of household is in fact a female. It was way back in 1955 that women in the United Kingdom achieved equal pay in local-authority work and teaching, and yet even now there is a startling gap of no less than 64 % between the full-time pay of women and of men, and this gap is in no way against the existing law.

Mrs Dahlerup said that a strong trade-union movement helps to bring about equal pay. Does it? I wonder. It seems to me that it is just as likely and most regrettable that, on the contrary, the trade unions and employers may well gang up on women and see that men keep their preferential position. This is something that may well come out in the questionnaires.

When we debated the subject on 17 June 1976, I drew the attention of the Commission to its own sins of omission. On that occasion the Commission did at least do us the courtesy of placing two women on the bench for the purposes of that debate. I see none there today. At that time the Commission had the following miserable record: only 2.4 % of the staff in the A 4 grade and 4.7 % of the staff in the A 5 grade were women, whereas there was a massive 83.38 % in the C 3 grade. Now, perhaps, the Commission will be good enough to readjust these figures. These figures at least it has and does not require a questionnaire to the Member States to ascertain them. If these figures are as lamentable as I fear they are, we should be grateful if they would do something about it.

But our own home civil service does not exactly cover itself with glory, with the Department of Industry employing a miserable 2.8 % women in the higher grades and the best of the lot, the Department of Educational Science, only 8.3 %.

When it comes to overdiscrimination, we have employment appeals tribunals which decide very successfully on individual cases and their decisions, moreover, are binding on all similar cases, so over the years case-law is building up. Some ingenious methods have been tried in various Member States. We have heard of one from my honourable friend from Ireland, and there was one quite ingenious one in the United Kingdom when a firm of normally excellent employers, who employed many hundreds of waitresses and only one waiter, decided to promote the waiter to be banqueting manager and paid him accordingly. This was ruled to be discriminatory, and the pay of the women had to be adjusted accordingly.

It is impossible, as honourable Members have said, to separate the issue of pay from that of job opportunities. It is a sad fact that, although in many Community countries girls are catching up with boys in universities, they are miles behind in apprenticeships. In the United Kingdom, only 7 % of apprenticeships

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go to girls and most of these, you will not be surprised to learn. Mr President, are in hairdressing. This sex-stereotyping is continuing. In France, to their great credit, one in every 50 engineers is a woman: in the United Kingdom, it is only 1 in 500. How can the French achieve this when other Member States cannot do so? The Manpower Services Commission, in evidence before a Select Committee, admitted openly that special anti-unemployment measures taken recently in the United Kingdom have been vastly more beneficial to boys than girls and indeed 76 % of the resulting places have gone to boys and not to girls. Now it is true that various engineering and industrial training boards have done their best to even out the situation, but the girls are still absolutely miles behind the boys in this regard.

It would greatly assist skilled training if girls were allowed to do their training on a modular system — that is to say, to do it in packets; do a few packets at a time, then perhaps get married and be able to hold the rest over until they return to work.

But progress is so slow that in our country 80 % of full-time wage-earners in the bottom 10 % are, I regret to say, women. With wage-related pensions, this inevitably carries forward into retirement and 64 % of pensioners on supplementary benefit are women.

But we really must not concentrate only on whole-time workers. At least 38 % of women workers in the United Kingdom are part-time, and recently there has been an outcry against sweated labour in these classes, especially in sub-contracted clerical work, assembly work such as stuffing dozens and dozens of tax-forms into boxes.

I sometimes wonder whether it is better to ban such practices or simply seek to improve the conditions. I very much feel that the latter is the case. For example, this practice in the United Kingdom may be compared with a very interesting experiment in France, at Lyons. There a factory doing light metal and woodwork employs mainly women on flexi-time, but if they wish they may do precisely the same work at home at the same rate.

Sometimes I wonder if all the efforts to provide equal pay and equal opportunity for women have so far succeeded in adding to the sum of female happiness. To date, I very much doubt it because unemployment among girl school-leavers has risen, as a proportion of total youth unemployment, from 35 % in January 1976 to 40 % in January 1977. I wonder if it is any consolation to this additional 14 % to know that if they were in work they would in fact be getting equal pay.

Women need the money they earn to keep their families, but they also want the variety and the companionship outside the home which a job can provide. We

must find some way of providing this without pricing women out of the market, and we certainly have not found the answer yet. The best and probably the only way is to provide them with a scarce skill or advanced training, and this we shall be discussing later in the evening. Only thus will they be able to get and keep the sort of job they want. It is unlikely, Mr President — and I say this with the deepest regret — that we shall succeed with the present generation, but we must not, we dare not, fail with the next.

IN THE CHAIR : MR BERKHOUWER*Vice-President*

President. — I call Mrs Squarcialupi to speak on behalf of the Communist and Allies Group.

Mrs Squarcialupi. — (*I*) Mr President, colleagues, the lack of response of the Member States to the questionnaire regarding implementation of the directive on equal pay for men and women is a matter for serious concern. It is a silence which we can interpret as we wish.

As a result, we know nothing at all about how the nine Community countries are applying this directive, which directly concerns a large number of female workers. We fear, unfortunately, that women are still being subjected to the greatest injustice. We must ask ourselves, then, if women have ever been informed of their rights and whether they have the necessary confidence to stand up for them. When we think of our own institutions — the European Parliament, our national parliaments, local authorities — we cannot help but conclude that, at least as far as our representative bodies, the political parties, trade unions and cultural organizations are concerned, not enough has been done to put women, in public life and in industry, on the same footing as men.

As for the directive on equal pay, the Communist and Allies Group, while considering it to be an important piece of legislation, feels that it should be considered merely as a staging post on the road to female emancipation. Equality of pay between men and women actually only solves one of the problems that women workers have. All too often women — and I refer here to the figures which Mrs Kellett-Bowman so expertly provided — are employed in low-grade jobs, often as unskilled workers. In Italy, the principle of equal pay now forms part of all labour contracts; nevertheless, women continue to be employed in jobs which are euphemistically assessed and defined as 'female', jobs where virtually no professional skill or qualifications are needed. Women work in low-investment industries such as textiles, clothing, bottling and canning of fruit and vegetables, in the service industries — all

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sectors which use a lot of black labour and homework and in which, as for example in the textiles sector, salaries are 23 % less than those in other industrial sectors.

Our group considers that the specific policies regarding the employment of women should be based on fundamental economic options; this means giving the advantage to social rather than private consumption. Moreover, we must avoid the danger of equality of pay becoming a trap; a legal trap for working women. Far-reaching action has to be taken to provide women workers with better qualifications, and it is on this point that I appeal to the Commission. The redevelopment and restructuring schemes now being implemented in many of our countries during this time of crisis are making it necessary for unskilled female workers to tackle more specialized tasks and to move to different jobs within the same type of industry.

It is a matter of urgency, therefore, that the Social Fund should be able to provide professional training and advancement for women over 25 with a view to providing the basis for a career at a level which properly corresponds to qualifications.

Women are not a labour market commodity to be used or not used depending on the state of the market. We cannot go on for further generations waiting for the realization to dawn that women cannot be simply shunted on to occupational sidings. We go on trying to show that we are equal to men, but we always run into major difficulties when it comes to implementing the law. Every battle for the equality and liberation of women must therefore be accompanied by qualitative progress in the industrial system, in social and interpersonal relationships.

Europe's only wealth is its people: it is thus a total waste to keep more than half of them — the women — in a situation in which they have no choice but to give less, both in quality and quantity, than they are capable of.

President. — I call Mr Albers.

Mr Albers. — Mr President, Mr Vandewiele said just now that the Commission must be the creative force, the motive power in matters of this kind involving the interests of the underprivileged members of our society: women, young people, handicapped persons and migrant workers. He was right to say that the Commission must show a creative spirit and give the lead. I have no doubt that the Commission is the motive force in these matters, but I do have the impression that we must sometimes take the oil-can into our hands to keep the motor turning and to speed it up a little. If a directive says that something must be done in two years, then it should in fact be done in two years. The directive in question is one of great importance. Whenever I address women's organi-

zations in my own country I realize just how important the directive is; it arouses great interest and there is widespread satisfaction that it exists. Let us recognize, however, that equal pay is not the only issue: equal work is also a necessary objective. We have heard today that there are likely to be nine million more workers on the labour market by 1985; this places a great responsibility on us to see to it that women too find new possibilities of employment because we can only speak of equal pay when there are equal job opportunities.

There is another consideration: the right to equal social provisions. I was very surprised to learn that we need a separate directive which still has to be adopted by the Council of Ministers, to cover this aspect. Of course, earnings cannot be viewed in isolation from social rights — which are integrally linked to them — but we find at present that although women have to pay their contributions on the basis of their earnings they often do not benefit from the same rights as men. Examples in my own country are the law on general disability and the old-age-pension insurance scheme. When these matters were debated in our Second Chamber, my colleague, Nel Barendrecht managed, by tabling an amendment, to bring about an improvement, enabling housewives to benefit in the same way as men from the general disability law. I would add that I was particularly pleased to see that the Commissioner has now appointed a woman to join his cabinet: the same Nel Barendrecht. I do not think he could have made a better choice because I am quite sure that she will put her whole weight behind equal rights for men and women.

The Commissioner was asked what difficulties had arisen in the Member States but could not answer because he claimed that statistics were not yet available. That seems to me a bit far-fetched because it is quite clear that there are difficulties. In my own country the recently appointed secretary of state has said that he will have to take another look at the general disability law because it would cost 1 thousand million to implement. Of course what he really means is that 1 thousand million could be saved by not implementing the law. You can look at these issues from the budgetary angle, but you can also see them as vital necessities and make sure that the money is available. It is a pity that we do not have the time to look into the subject further, but I still want to reach out for the oil-can. I would warn the Commission of the need for action. We find the following observation on page 126 of the Eleventh General Report for 1977, on the subject of the financing of social security for women as well as men:

The two concerted action groups of heads of social security departments and independent experts continued to meet regularly. They decided to undertake a study on the financing of security.

Albers

It is gratifying to note that the heads of department continue to meet. But I think we are entitled to expect the Commissioner and the Commission to come up with a policy based on a study of the financing of social security and giving central importance to the position of women.

President. — I call Mr Bouquerel.

Mr Bouquerel. — (*F*) Mr President, I doubt if anyone nowadays would argue against the principle of equal pay for equal work for men and women. This is why the question put by Mrs Dunwoody is of cardinal importance. I hope therefore that the directive on equal pay will be implemented as soon as possible. My group, as Mr Yeats has made clear just now, are all the more concerned about this since the Community's rules require it.

Equal pay should result from three main acts : a provision in the Treaty of Rome, a Council directive of 1975 and a recent judgment of the Court of Justice of the European Communities. Article 119 of the EEC Treaty provides that

'each Member State shall during the first stage ensure and subsequently maintain the application of the principle that men and women should receive equal pay for equal work. Equal pay without discrimination based on sex means (a) that pay for the same work at piece rates shall be calculated on the basis of the same unit of measurement ; and (b) that pay for work at time rates shall be the same for the same job.'

The idea of equal pay has been defined in a Commission recommendation of 1960 and several judgments of the Court of Justice.

Faced with the delays and imperfections in the application of the principle laid down in the Treaty, the Council issued the directive to the Member States in 1975 on the alignment of laws relating to the application of the principle of equal pay for equal work, which provides, in particular, for the possibility of judicial remedy, the annulment of contractual provisions which conflict with the principle of non-discrimination and the proper information of employees.

Lastly, a recent judgment of the Court of Justice has ruled that Article 119 of the EEC Treaty constitutes a 'directly applicable' decision which is not only binding on the Member States but places a direct obligation on private undertakings and organizations. Consequently, private individuals are entitled to ask their national judges to order their partners in a private relationship to respect their obligations as laid down in the Treaty, quite apart from any implementing measures adopted for the purpose by the States.

In the case of a number of Member States national acts existed beforehand which were entirely in conformity with the Community rules. In the case of France, the 1972 law on equal pay for men and women for the same or equivalent work provides for judicial remedy before the competent courts and for penalties in the event of non-compliance. Moreover, it declares void any contractual provision which conflicts with the principle of equality. Nonetheless, in France as in the Community at large discrepancies do exist between the average pay of male workers and of female workers in the same category. This does not necessarily mean that the rule on equal pay for the same or equivalent work is not being respected.

However, I am afraid that the provisions of this directive do not actually make it easier for women who want to concern themselves with their families, which in our view is their natural and primordial role, an admirable role which deserves respect and consideration. For us, the family is still the essential nucleus of our world. Its destruction — particularly in Europe — would inevitably lead to society's decline. This means that the woman, who is the mainspring of the family, must have the social and material means to allow her fully to fulfil her role. We owe it to ourselves to give her all the facilities required to enable her to devote herself to this marvellous task of bringing children into the world and bringing them up in peace and tranquility.

Once again, Mr President, we wish to say that our group wishes to see the directive on equal pay applied speedily in all the Member States while hoping at the same time that this equality will not be used for the purpose of destroying women's special role.

President. — I call Mr Brown.

Mr Brown. — Mr President, I intervene in this debate merely to take my five minutes to remind the Commissioner that it was many months ago now when I intervened in a Question Time to draw his attention to the fact that he had asserted at that stage that he thought that the nine member governments were in favour of equal pay. I wished to draw his attention to the fact that there were 25 upholstresses in my own country to prove that, on the contrary, the British Government were not in favour of paying equal pay for equal work. Since then, I know he has — and I pay tribute to him — attempted to get the British Government interested in discussing this matter with him. I get the impression they have not so far responded. So I think the House ought to know exactly how much we are able to consider encouraging industry as a whole to give equal pay, when our own governments refuse to in the first place. In this case, it is the Ministry of Defence. There are only 25 women involved ; they have been working for the

Brown

Ministry of Defence in three dockyards for a very long time, and when equal pay became the accepted thing in our own country, our government attempted to introduce it and had done so in most of the Departments of State, with exception of the Ministry of Defence. They have obdurately refused to consider giving equal pay to these women. They had negotiated as if they had every intention of listening to the arguments from my union — the Furniture, Timber and Allied Trade Union — but in fact they have been vacillating all the time. For over four years there have been continuing meetings between the Joint Trades Council and the Ministry of Defence, and each time discussions have gone to and fro, each time the Ministry of Defence has produced arguments, each time those arguments have been rebutted by the trade unions, they have come back with further arguments, until we have reached the joint now where the arguments are exhausted. Now they have fallen back on the argument: It would be in conflict with our pay policy, if we paid it. I believe they have been the worst example of a bad employer that we have ever seen. They are using all the vices of bad employers; they are using all the techniques to ensure that they will not pay these women the money that they are entitled to. I could understand it if we were discussing a vast sum of money — but we are talking about £ 8 a week for 25 women. It seems absolutely extraordinary that a Labour government, such as my government is, should obdurately refuse to pay this money which is justly due. I hope that, when the Commissioner again takes this up with my government, he will suggest to it that it has not, as I believe, answered his questionnaire, because it is in breach of the whole of Article 1 of the recommendation made. Its case cannot stand up, and I hope that he will impress on it that the justice of the case of these 25 upholstresses is absolutely beyond discussion. It is very clear they can and ought to implement equal pay for these women as urgently as possible, and I know from the extremely serious way he treats these matters that he will say to them: 'Be honest, be just, and pay these women what they are entitled to have.'

President. — I call Lady Fisher.

Lady Fisher of Rednal. — Mr President, I think what has pleased me most this evening is the number of males that have come forward in this debate. Perhaps the more men we get on our side, the quicker we shall achieve our objects. I would like to join with other Members in saying to the Commission that I would have thought that sending a document out in November for governments to fill in, disregarding a Christmas holiday which intervenes, and then expecting them to fill it in within one month, is really asking a little bit too much. But, bearing in mind that this oral question was on the order paper last month at the plenary sitting and was withdrawn, I think if I

had been in the Commission's shoes I would have done a bit of phoning around to have made quite sure that I would have some answers to give. I might have been able to say that the British Government would be giving me the information at the end of the month and the Dutch Government next week. I think we have had rather a feeble answer from the Commission.

But what worries me is whether this is the kind of information that is normally given when the Commission sends anything out? Is such information always overdue, or has this just happened in this particular case because it concerns women? I think it is important and worth pointing out that this article was included in the Treaty of Rome, not for any egalitarian reasons; but for purely economic reasons; it was intended to ensure that the free competition which the EEC is all about was not distorted by the employment of women at lower rates than men for the same work. Perhaps that principle, because it was in the Treaty for those reasons, has made implementation a little bit more difficult than it would have been if that had been put in for egalitarian reasons.

Another of the difficulties encountered with the introduction of equal pay is that the success of anti-discrimination in businesses and commercial enterprises will largely depend on men who are generally older and many of whom will have inbuilt attitudes to the role of the sexes which, consciously or unconsciously may affect the ways in which they approach discrimination.

In asking our question today, I think it is important for us to emphasize that we are not concerned with statistics on equal pay for women who have had it for a long time — for instance, women in the public services in Member States, such as school-teachers. They already had equal pay before this directive came into force, and we shall not be able to make comparisons if those are the figures that are given to us. What we do need if we are going to judge progress are figures for jobs which, though different from those of men, have been given an equal value to men's jobs under a job-evaluation exercise. These are the kinds of figures that will be showing the progress towards equality, because equal pay for equal work, in my view, does not mean that a woman has got to be doing exactly the same job as a man. It means an equivalent job, whether because she is more dexterous with her hands or whatever. Those are the kinds of figures we are asking for.

I did agree with Mr Vandewiele that it is important for us to have a strong contact with the trade union movements. Many active women in the trade union movements are following this question and the Economic and Social Committee should be asking for greater emphasis on the equality question.

In conclusion, I want to say that opportunities for women at work in the Community have deteriorated

Lady Fisher

very badly with the economic recession. Every month, the Community figures show quite clearly a greater increase in unemployment amongst women workers than male workers. It is important that the Commission should see that equal pay opportunities do not deteriorate in the same way as for job opportunities for women.

President. — I call Mrs Dunwoody.

Mrs Dunwoody. — Mr President, I am all for equality of opportunity. Can I thank everyone who has taken part in this debate, because I think that one thing is very clear: as a question, it has come at the right time because what we need is a new sense of urgency. We have heard today from all of the speakers here that there is actually no disagreement on the principle, but we all know that principles are fine high faluting things and do not always get carried into practice. I do not think, of course, that Mr Yeats was quite fair to the previous Irish Government — he will remember that they were the ones who actually brought in the legislation on equal pay. I have listened with great attention to the various other speakers who have made it very clear where the problems lie in their own countries.

But can I just ask the Commissioner one thing: you may not have adequate powers, it certainly seems obvious that your women's bureau does not have adequate powers, so what are you going to do about that, when are you going to do it? And finally, may I hope that we do not have to have exactly this debate in exactly the same format, with exactly the same problems, a year from now. Come back and tell us what he answers are, what the time scale is, and we will tell you where the difficulties lie. But for heaven's sake, do not go away secure in the knowledge that for once everyone is on your side, and feel that that is all that you have to do. It is an urgent problem, it needs urgent resolution. Please, please come back to us as soon as possible with the answers.

President. — I call Mr Vredeling.

Mr Vredeling, Vice-President of the Commission. — Mr President, it will be particularly easy for me to answer the questions put by the various Members who have spoken today because the purport of their remarks was the same, regardless of their political affiliations. That is my first observation. The European Parliament in which so many different political trends are represented has indicated its complete support for this directive which sets out to abolish discrimination against women in the matter of payment for work identical to that performed by men. That is the political significance of this debate.

I turn now briefly to the difficulties confronting us. Mrs Dahlerup suggested that the Commission should

make its own study of these problems, unfortunately, the fact is that we cannot do so. We cannot ourselves study this complicated matter. It is up to the governments to do so. If women's organizations draw our attention to specific shortcomings in their respective countries, we shall listen to them and take the necessary action. To my mind, however, we still have too little information. If there are specific instances of infringements of the directive or of Article 119, we should very much like to know of them. Bearing in mind what Mr Yeats said, I want to make a further comment on this point. Mrs Dahlerup's remarks about equal access to employment are not the real issue here, but this is of course a problem. Our views on this are much the same. A time limit of two years was set for application of the directive. The Member States are required to report to us by 12 August next. They must indicate what statutory measures they have taken. I was rather surprised that nobody asked us, in the light of Mrs Dahlerup's remarks, whether we had prepared a questionnaire on this matter. That would have been a most relevant question. This debate has drawn my attention to the need to contact the services concerned at once in order to find out whether a questionnaire has been prepared on this point. At all events we have learnt one thing, and I am aware of my own responsibility here, namely that our questionnaire will have come too late; but this is no excuse — as I shall show in a moment by quoting an example — for the Member States not to have replied.

Mr Vandewiele asked about the exact legal significance of a directive. In general a directive is binding in respect of the objective described in it. In this specific instance, the directive is binding in respect of equal pay for equal work. This objective must be achieved by the Member States through whatever means they consider most appropriate, for example by means of a law, statutory provision or collective employment agreement. At all events the Member States are required to attain the objective laid down. That is the legal significance of a directive although the jurisprudence of the Court of Justice has placed the directive in a rather different context, albeit in a most satisfactory manner, by ruling that the provisions of Article 119 are directly applicable. Women can therefore invoke that article directly, as was done by the Belgian stewardess, Mrs Defrenne, who deserves to be congratulated on her action. The Defrenne judgment, in which the Court of Justice ruled that Article 119 is directly applicable, will go down in history. It will serve as a precedent for any woman who finds that she is not receiving equal pay for equal work. She will be able to go straight to the courts. The national judge referred Mrs Defrenne to the Court of Justice for a ruling and the Court found that she was in the right. Mr de Clerq noted this fact as did Mr Bouquerel, while Lady Fisher rightly pointed out that the origin of Article 119 is strictly economic. That in itself is a most interesting point.

Vredeling

I remember the discussions which took place when the EEC Treaty was drawn up in 1957. The French Government took the initiative at that time in stipulating equal pay for women. It did so because of the situation in its textile industry where France had made rather more progress towards equal pay than the other countries and wanted this article to be included in the Treaty to avoid distortion of competition, in other words for economic reasons.

What is so special about this Treaty provision? Despite the fact that this article was included for economic reasons it has come to have a significance of its own. The Court of Justice did not concern itself with the original reasons. It looked at the provisions as they stand and ruled that equal pay for men and women must be generally respected — without reference to economic considerations — and, indeed, that this particular article is directly applicable. That is the interesting aspect of the Treaty and at the same time the answer to those critics — not least in the political circles with which I am myself affiliated — who maintain that this is a liberal Treaty — liberal in the bad, political sense of the term. But they are quite wrong — it is not at all a bad Treaty. Politically, you can make what you like of the Treaty — that is the real point.

I must not, however, digress from the subject. It has been suggested that the Economic and Social Committee should be called in, which brings me to another point. We were asked about the questionnaire. Well, that questionnaire was drawn up in close cooperation with the Member States and finalized in November last. The representatives of the governments were themselves instrumental in adding a number of topics to the questionnaire with which they were perfectly familiar. The directive stipulates that the Member States must submit a report, but it makes no reference to a questionnaire. The fact that the questionnaire was compiled in November is no excuse whatever for failure by the governments to reply on time. Now Lady Fisher says: your defence seems a little vague or weak because you seem to have been slow yourself! You knew that the question would be put here: did you ask the governments when they would be replying? No, I did not do so, I omitted to do so. I do not know whether any apologies have been received from the governments. I do not think so. Perhaps my staff will know. I cannot answer on this point. I have no defence. I should have got round to asking the social attachés of the various national representations in Brussels whether answers could be expected in the foreseeable future. But, as I have already told you, we shall be sending a reminder to the governments. We shall probably do so on the basis of Article 5 of the Treaty which stipulates that 'the Member States shall take all appropriate measures, whether general or particular, to ensure fulfilment of the obligations arising out of this Treaty or resulting from action taken by the institutions of the Commu-

nity; they shall facilitate the achievement of the Community's tasks.' In other words the Member States have an obligation and we shall remind them of it.

I shall revert now to the question put by Mr Vandewiele and Mr Yeats. We shall be compiling a report for the Council and can also submit it to Parliament as a whole or to its Social Affairs Committee, depending on what Parliament thinks proper. I can promise you of that. We want to put the report into a manageable shape and that will take a little time. Mr Yeats also referred to the questionnaire, and I have already commented on this. Mrs Kellett-Bowman also spoke on this matter and said that the questionnaire is very lengthy. I do not know whether she also has the annex to page 22 of the working document. This is a kind of preliminary report compiled by the Commission's services and summarizing the situation in the Member States at a given point in time. Given the interest expressed by Parliament, I am able to promise that I shall forward the full text of the questionnaire — which is in no way clandestine or secret — to the members of the Social Affairs Committee. I shall also find out whether the Economic and Social Committee would like to see it, and I have no objection whatever to its receiving copies. You will see that in the explanatory memorandum we have anticipated the situation in the Member States.

Mr Yeats quoted the example of an undertaking which paid its male workers £ 45 but then dismissed them and took on women whom it only paid £ 35. I would urge Mr Yeats to give us the full details, naming the names; otherwise we cannot take action. Perhaps the case has been reported in the press, but our problem, as I have said earlier, is that it is much easier for us to take action on a complaint made by the persons directly concerned or by a third party than on newspaper reports. We do not have our own investigating department. If you or other people in your country are seriously concerned about equal pay, I would ask you to refer specific cases to us in Brussels so that we can take action.

Mrs Kellett-Bowman made a point which I am able to confirm from my own experience, namely that the trade unions and employers sometimes 'gang up' against women because they attach little priority to the implementation of the principle of equal pay and equal treatment for men and women. I admit that this is often so, but I feel that women are themselves partly to blame because they always tend to be badly organized. Apart from certain exceptions they are always less well organized than men. Of course that is no excuse for unequal treatment but it is a fact that must be noted. Let us then urge all women in the Community to become organized as a means of achieving, through the regular channels, the principle which we all accept.

Vredeling

I think I am the first Commissioner to have a woman as his chef de cabinet. I am pleased that it was possible to make this appointment. It is also worth reporting that Mlle Monod, who has always spoken out in favour of the general interests of women in France, has been asked by the French government to succeed Madame Pasquier — recently appointed secretary of state — as *déleguée pour la condition féminine* in Lyon. I believe this to have been a most judicious appointment. But it is also the reason, Mrs Kellett-Bowman, why I am now assisted on my right and left by men at a time when we are discussing a matter of great interest to women.

Mr Albers said that we should get to work with the oil-can on our machine. He refrained from using the word pepper, but I agree that a little pepping-up would not come amiss. It is good to have a debate like this because it shows us that there are a number of things that we should have done but have omitted to do or done too late.

Mr Albers also referred to equal treatment under social legislation. He mentioned the Barendrecht amendment which is a start towards the achievement of equal treatment for housewives who still fall far behind working women in this respect. It is only a modest beginning but, as Mr Albers pointed out, the cost is already one thousand million gulden. We are also looking into the cost of social insurance and we shall surely come up against the problem of the growing cost of social security if it is extended to many more categories of women. I can see that this will automatically be an obstacle when we come to deal further with this matter.

Mr Brown recalled a case which he had already referred to me. I am glad he mentioned it in public today. I am taking a close personal interest in the problem of the 25 women upholsterers who are being paid too little in the Ministry of Defence. We have already made a serious investigation of this particular case but we must look into it further. I can assure Mr Brown that I shall take another look at the matter and not hesitate to act if it should transpire that there is a genuine instance of discrimination here.

I have already replied in part to Lady Fisher. She rightly drew attention to a phenomenon with which I am acquainted. I know, from experience of job evaluation, about the manual dexterity which is supposed to be a typical qualification of women. But if you understand the jargon of job evaluation you will know that the weighting given to that dexterity was always very low. That in itself constitutes discrimination. It will not be so easy to find a solution, but it is interesting to note that even where equal pay for equal work is apparently respected, the system itself sometimes embodies a measure of discrimination.

Mrs Dunwoody appealed to the Commission to make sure that it does not come back here with the same

story next year. Mrs Dunwoody, I am afraid there is a real possibility of that being the case. I fear so and you surely have enough experience probably to share my concern. I interpret your appeal to the Commission as a strong encouragement for us to progress towards the abolition of discrimination against women. That will not be done in one year; it is a gradual process but one which requires substantial steps forward to be taken. We must move gradually but resolutely towards our goal, and it is my sincere hope that I shall be able to come back to you next year and say that real progress has been made; in the meantime we must keep the whole issue under review.

President. — The debate is closed.

11. *Resolution on the preparation of young people for work.*

President. — The next item is the report by Mr Pistillo (Doc. 513/77) on behalf of the Committee on Social Affairs, Employment and Education on the

Resolution of the Council and the Ministers of Education meeting within the Council of 13 December 1976 concerning measures to be taken to improve the preparation of young people for work and to facilitate their transition from education to working life.

I call Mr Pistillo.

Mr Pistillo, rapporteur. — (I) Mr President, colleagues, the report which I have the honour to present was adopted unanimously by the Committee on Social Affairs, Employment and Education and takes its inspiration from a resolution adopted by the Council of Education Ministers on provisions to improve the preparation of young people about to enter work.

Whilst this resolution concentrates mainly on the contribution and responsibility of the educational systems in preparing young people for their working lives, we would nevertheless do well to consider the entire range of problems concerning youth unemployment since, in the last analysis, it is precisely these that the proposals are intended to solve.

The correctness of this position, moreover, is confirmed by the lively debate taking place throughout the Community on the subject of occupational training for young people, especially in the context of the fight against youth unemployment. The Standing Committee on Employment, for example, has emphasized the need — in the context of support measures for unemployed young people — to give priority to young people who lack proper occupational training. The Confederation of European Trade Unions, for its part, has stated its view that unskilled young people threatened by unemployment should be able to receive occupational training on the same basis as unemployed young people. Finally, the European

Pistillo

Parliament, during a discussion on occupational training for young people, emphasized that the critical employment situation makes rapid and effective help a matter of vital importance. It is worth noting that this view was endorsed by all of Parliament's political groups. In the light of these initial considerations, it is easy to understand that the Committee on Social Affairs, Employment and Education was deeply disappointed by the extremely general tone of the Council's resolution. This document is divided into two main parts, the first of which is addressed to Member States, who are requested to implement a number of measures with a view to setting up study and training programmes to provide a more thorough preparation for working life. The second part of the resolution, by contrast, concerns measures to be taken at Community level between now and the end of 1980. These measures consist mainly of the implementation of a series of three-year pilot projects intended to provide a basis for assessment for possible further measures.

The Committee on Social Affairs, Employment and Education is certainly well aware of the importance of pilot projects and the need for further analysis and assessment, but it deplors the fact that the projects under consideration have not been supplemented by more specific action. After all, it is vital that we should neglect no opportunity to adopt new guidelines and specific measures aimed at effectively combating youth unemployment, which causes so many problems in each of our countries and in the Community as a whole.

Our committee is therefore proposing that the so far very limited measures designed to improve the preparation of young people for their working lives should be replaced (and this is the point we want to emphasize, and which I myself should like to emphasize) by an overall youth policy in the framework of which we would aim to coordinate the activities of the educational, occupational training and employment sectors both at national and Community level.

The European Parliament, in our opinion, should play a leading part in helping young people, and we therefore hope that we can set up a new committee on youth questions to deal with problems arising during the transition of young people from school to working life, as well as with problems concerning education, occupational training and employment. Finally, it must be emphasized that the measures proposed should concern all groups of young people and not be limited — as is the case in the Council's resolution — to the period of compulsory schooling and subsequent general or occupational training.

Since priorities will have to be fixed, our committee feels that attention should be paid primarily to the needs of young people who encounter particular difficulties in finding work owing to inadequate education or occupational training. Since the success of the

measures applied in this sector depend to a large extent on the size of the funds available and on their utilization, our committee proposes that all appropriations granted by the individual Community funds to finance the various education programmes should be coordinated, and that the appropriations themselves — and this is extremely important — should be considerably increased.

Finally, the Committee on Social Affairs, Employment and Education ask that an annual report on what has been done to help young people and on how the funds have been used, should be submitted to the European Parliament. This will enable it to keep a close watch on the progress of the new policy.

As you see, the key word in my report is 'coordination', because the measures so far taken to smooth the path between school and work have missed their target — I think we should recognize this — or have at least been inadequate as a result of the lack of coordination of the policies concerned. What we therefore need is to set up a cohesive youth policy in which the key aspects of education, occupational training and the transition to working life are closely linked.

At national level this means instituting cooperation between the responsible ministers, whilst at Community level closer collaboration between the relevant departments will be necessary. A start should be made by calling a top-level meeting of the responsible authorities with a view to drawing up an effective policy aimed at getting to grips with the vital tasks of effectively combating youth unemployment.

Mr President, honourable colleagues, after so many debates about their situation and their problems, after so many promises and so many efforts, our young people now expect firm action. It will suffice if the action is limited but is aimed in the right direction, which is to consider the problems of young people and, above all, of employment, as matters which can no longer be postponed. The very credibility of European integration is at stake on this decisive issue.

Let us thus give a sign of what we want to do and what we know must be done if we want to make progress in overcoming what must be considered as one of the most serious problems facing us, youth unemployment in Europe.

President. — I call Mrs Dunwoody to speak on behalf of the Socialist group.

Mrs Dunwoody. — Mr President, one of the hazards we face in this Parliament is when we actually find ourselves in agreement. There is such startling lack of venom in the exchanges that people might be forgiven for thinking that the battle is now won. The whole content of the Pistillo report shows very plainly that we are actually facing a very delicate, and a very difficult situation.

Dunwoody

There have been more exciting and important changes in the field of education in my lifetime than in almost any other subject, but it is quite obvious that we still have not got the whole recipe right. There are young people leaving schools, still unable to obtain jobs because they do not have the qualifications that are needed. If there is one thing that the Community must do, it is to concern itself with the practical measures of dealing with that problem. I think it is really very important that we should get industrialists to discuss their attitude towards the sort of work training programmes that they want. Because young people must get the opportunity to do day-release courses, to expand their work on the factory floor, to understand what the entire work process is about. If they do not, and they leave school unable to find employment, they begin instantly to lose faith in their ability actually to do a job, and to do it properly.

From the industrialists' side, it is tremendously important that the new attitudes to education should be explained and expanded. Sometimes we forget that there has been a total change in opportunity for many children. My grandmother, who is 98, spent all her working life as a servant, because that was the only job really open to a woman who was born at the end of Victoria's reign. She lived to see her daughter get into one House of Parliament, and her granddaughter get into another. And that is the time-scale and the extent of the change that has taken place in the life of many working people. It is not an accident: it is because of the educational system that, for example, my daughter is moving on to university training, whereas even 30 years ago, she may have gone straight from school into work. All these are problems that we have to deal with. We have to look at why it is that, even with all these advances in education, sixteen-year-olds can still leave school unfitted to obtain work. We have to look at how, when we have got the statistical base on which we are going to work, we can actually frame measures that are of some use.

There is absolutely no point in the Commissioner expanding the amount of money available under the Social Fund, as he has sought to do, unless we can actually get that money onto the ground where it is needed. And at the moment, all that is happening is that the world is full of pious hopes, but there is astonishingly little result for us actually to show.

Now, I think that this report is a very welcome addition to the thought on this highly delicate matter. The committee really felt that there was a real attempt to bring forward the problems as well as the possible solutions. I am glad that we have already seen a set of pilot projects approved, by the Committee on Education, and I hope that the recommendation that the Commission has issued on vocational training will produce some results before very long. I want to see more action in the field of youth unemployment

because that is what it is all about — youth unemployment. The young look to us not simply for support, they look to us for action. I am sorry if this is my 5-minute-appeal-to-the-Commissioner day, but it is because young people so need our assistance that we need the kind of proposals that have been put forward. It may be too little, it may be too late, but it is one of the only practical hopes we have of offering assistance to the people who most need it.

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

Mr Pisoni. — (*I*) Mr President, we also cannot but welcome this step forward. At long last we have a chance to get to grips with the vast problem of vocational training and preparation, seen not as ends in themselves but as enabling those who have benefited by them to make the breakthrough into the labour market.

We all know how difficult it has been up to now to have a true meeting of minds between the Education Ministers. In fact, they do not enjoy the same powers or exercise the same responsibilities in the various Member States of the Community. There are Education Ministries in some Member States, while in others the powers and responsibilities in this sector are entrusted to the cantons or the regions. In Italy there is a Ministry for Education, but in the vocational training sector, for example, the powers have recently been transferred to the regions.

At a time of particular crisis such as this, it is clear that the Education Ministers could not help giving much serious thought to the problem of vocational training as a precondition for entry into the labour market. We are all aware of the large number of unemployed and we know that amongst them ever so many are young people, for whose talents and educations there are no adequate outlets in the world of work. There are some professions that still offer limited job opportunities, while others have nothing whatsoever to offer. In addition, jobs for those without any vocational training are getting scarcer day by day. I feel that at this particular time it is indeed essential to step up vocational training, but it is also essential to improve relations between academic activities and the world of work and, in particular, to restore dignity to manual labour. This means giving young people vocational training in those sectors that they had been inclined to disregard up till now and which had been manned by illegal immigration, that is to say, by young people from third countries.

Not long ago we were discussing this question of illegal immigration and employment and we discovered that in the Community the figure for illegal immigrants fluctuated between 600 000 and one million. In Italy alone, according to figures provided by the trade unions, there are from 200 000 to

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600 000 illegal immigrants, who move in to take up a whole range of jobs left vacant by Italian workers. It is true therefore that we must step up vocational training, but not to such a point as to discourage those who might elect to devote themselves to manual labour. Vocational training is needed to restore dignity to manual work by enhancing the nature of the work and improving the methods employed in doing it. We feel that this is the right course to follow, both in order to stem illegal immigration and, above all, to make new jobs available.

As far as vocational training is concerned, the Committee on Social Affairs, Employment and Education has always regarded the school as the primary and fundamental instrument. However, we would not like to see the school increasingly alienating those that it prepares from the realities of the factory floor and the realities of work and giving a privileged position to theoretical training at the cost of practical training, to academic instruction at the cost of vocational instruction, thus turning out young people who cannot find outlets for their talents on the labour market. Neither do we want firms, on the other hand, to introduce such a degree of specialization into their vocational training as to shut out entirely that more wholesome formation in human values which enables young people to be integral human beings even at their place of work and, above all, affords the possibility of carrying out relatively speedy vocational retraining programmes.

In this connection we would request the Berlin Centre for the Development of Vocational Training to broaden the scope of its work. We expect great results from it in the shape of information as to new types of vocational training, new ideas on possible courses of instruction, surveys of the jobs available and the forwarding to Member States and to all vocational schools of precise and detailed information and policy guidelines.

One final problem that should be raised is that of a knowledge of languages, which the report merely mentioned in passing. In this connection let us not forget that the report drawn up by the Council of Ministers emphasized the importance of study and improved mastery of languages, which are so essential for migrant workers.

In conclusion I would express some reservations with regard to the proposal to set up a committee on education, vocational training and youth. In the light of past experience it seems to us that a committee of this kind, lacking any clearly defined powers, would only end up beating the air instead of making any worthwhile contribution to the solution of these problems which are so vital to the Community's future.

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

Mr Cifarelli. — (*I*) Mr President, the motion for a resolution tabled by the Committee on Social Affairs, Employment and Education, on which our colleague, Mr Pistillo, has drawn up such an excellent report, is based on the resolution adopted by the Council of Education Ministers on 13 December 1976.

This is the first point that should be stressed; in a world that moves at supersonic speed, we have already been guilty of a serious delay in this matter. However, 'better late than never'. The Education Ministers of the nine Member States have agreed on the adoption of measures that should improve the training of young people for work and facilitate their transition from study to working life.

We are in agreement with this course of action. Nevertheless, we have to take a hard look at the realities of the situation. There is, of course, youth unemployment, just as there are youth problems, but these must be seen as part of the general problems of humanity, which take different forms according to the various ages of man. One point that has still to be clarified is whether 18 or 21 is the dividing line as far as youth is concerned. There are various age levels, just as there are various social levels. In a word, the nub of the entire problem is that we need a strong economic revival.

When we get down to taking a hard practical look at this entire complex of problems, we are at once aware of certain needs and we are left with certain doubts.

I myself have many doubts about the whole idea of setting up a committee. In my own country, of course, when you want to bury a problem, you appoint a committee. However, deep down I share the reservations already expressed by Mr Pisoni and I feel that you cannot solve the problems by setting up a Ministry for Youth.

What is important here is education policy as a whole and economic policy as a whole. We are entirely in agreement on the coordination of the various kinds of aid granted by the Community, that is, on the coordination of the various Funds and the decisions that have been taken with regard to the Social Fund. In this connection we should recall that at its meeting in Luxembourg on 28 October 1977, the relevant Council of Ministers extended the aids provided under Article 4 of the Social Fund from those already existing in favour of the vocational training of young workers to others designed to provide employment incentives, for instance, by means of one-off grants. This was a decision in principle, and we are now waiting for the Commission to submit the necessary implementing proposals.

Cifarelli

There are two points, Mr President, that I should like to stress, and they have been borne in on me as a result of my own personal experience in that extensive underdeveloped region of Italy and of Europe that we call the Mezzogiorno (Southern Italy). In the city of Taranto, which had naval shipyards and a naval base and had been completely transformed and rebuilt in the post-war years, we set ourselves the problem of expanding its industrial horizons and of developing a powerful basic industry. With this in mind we thought of establishing the fourth Taranto steel centre and furnishing it with an efficient steelworks. Now this steel complex was not controlled by the old capitalist masters nor was it controlled by what I call the 'Satan of our time', i.e. the multinationals — because every time you fail to solve any problem you blame it on those diabolical multinationals —, but rather by a semi-State body with all the advanced social ideas and insights that one expects in a democratic State. However, instead of taking the workers from the shipyards, the existing steel works and the maritime arsenal (and not the oldtimers, but those under 30 years of age), this steel complex in Taranto opted instead for the peasants and agricultural workers, who were speedily trained to take their places in the steelworks.

Another experience that I had in the Mezzogiorno was in the matter of public works, the construction of roads, tunnels and so on, which called for special geological expertise. This is probably the case everywhere, but it was particularly true in that region, because the soils and the nature of the terrain presented special difficulties. We indicated therefore that geologists were needed, and young people were sent away to study at schools and faculties of geology. The upshot of all this was that a time came when we had so many geologists in Italy that they could have supplied not only my own country but the entire continent of Europe.

The point that I am trying to make is that just as it is necessary to review the entire position of manual work in the production process, so also it is equally necessary to provide more effective guidance. This is what the Community must be trying to do. It must try to awaken national and regional administrations to the human, demographic and social problems involved, and from the feedback it gets from these sources it will be enabled to draw the appropriate conclusions at Community level. It is obvious that training workers for industries that are closing down and operations that no longer have any future is only making pawns of the younger generation and wasting funds and human energies.

I have also acquired some experience of industrial centres for vocational training. We invited the industries, in the various regions in which they had set up their plants, to tell us their requirements and to help

the State to shoulder the financial burden involved in vocational training, so that young people leaving vocational training centres might find employment and thus be spared the frustration of the trained worker who has no job to go to and the young person with a certificate, who does not know what use to make of it. In any case, not only were these industries not able to absorb the large number of young people emerging from these vocational training centres, but they themselves went into a decline, which was aggravated by the extremely rapid changes in vocational training systems, the extremely rapid takeover of automation in industry, the introduction of the revolutionary process, which we call electronics, in the world of work and the pressure exerted by developments at Community and international level. The revolution that causes most concern nowadays is not that on the streets, but that in ideas, production systems and relations between the various forces involved in production.

Speaking on behalf of my group, I favour a coordination of resources which will be accompanied by a coordination of systems, a coordination of public awareness and a coordination of policies in this entire matter. In bringing this about we must not hope for miracles, but we must stand by our convictions that this is not so much an economic and social problem as an ethical and political problem. In dealing with this problem the young people must be seen as part of the entire social body, all the ills and ailments of which they too suffer in equal measure.

Recently, Mr President, the Italian Government adopted large-scale measures to provide work for young people in particular. One of the measures adopted was to enter the names of young people in certain special job lists. In one area that I know very well, when these young people were asked if they would like to go to work in agriculture, only 17 out of 14 000 names on the list volunteered for this sector. They are quite willing on the other hand to take jobs as bank porters or messengers or other jobs of this kind, as these jobs carry with them a degree of security and a pension at the end of the working period. However, where there is any element of risk, the young people are holding back. I do not wish to cast any aspersions on anybody — after all, these young people are our own sons and daughters —, but we must be aware of this situation.

Many of the young people working in Italy are from Algeria and Eritrea and are prepared to take up work that young Italians will not do. I am speaking obviously of the Italian experience. My colleagues will be able to speak of their experiences in their own countries, but the essential fact is that we in the Commu-

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nity are faced with an extremely grave problem which will have to be tackled with all the energy and seriousness of which we are capable.

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

Mr Nolan. — I would like to be associated with those who have paid a compliment to Mr Pistillo on his report on the resolution of the Council of Ministers with reference to measures taken to improve the preparation of young people for work. I am also very glad that he has pinpointed in this report the very fact that what work they are prepared for is not a question of education. In my country, and I think in most countries, we have primary education, secondary education and third-level education, but we have not the jobs and I think that the rapporteur, particularly in item 2 of the resolution really pinpoints the problem that we have to face. For the record I would like to quote paragraph 2 which says :

Regrets, however, that a matter of such importance, the ultimate aim being to combat the ever-increasing unemployment amongst young people, should be treated in general terms at a time when new guidelines and practical proposals are needed so that young people will not despair of their future and lose all faith in the ability and will of society to implement an effective employment policy.

I think that is the key note of this report, and I quote the word 'despair' from that paragraph. When one thinks of a young person, who starts off at four or five years of age with primary education, then secondary education and third level education, and comes on the labour market and suddenly discovers there is no job — what is the point then of preparing them for the transition from education to employment when there are no jobs ?

There are six and a half million people unemployed in the Community at the present, and between now and 1985, nine million more young people will come on the labour market. In my own country, 50 % of the total number unemployed are under 25 years of age, and I am satisfied, as I am sure every Member of this House is, that this unemployment amongst young people is a major Community problem. In Europe, by the 1920s and the 1930s, we had had a war in which a lot of young people unfortunately were killed, and in the 1940s we had another war where a lot of young people were killed. Thank God we have not had one since then, but because of that one of the major problems facing this Community and Europe, and the world at large, is the number of young people that are unemployed : that is why I quoted the word 'despair'. And those young people will despair and they will not be satisfied with society for not providing them with

jobs. When a young person who has worked hard, who has had his education, who comes on the labour market — no matter the age, be it 18, be it 20 or be it 21 — it must be a terrible shock to discover that the only place to be found in society is signing for unemployment assistance, or depending on parents or brothers or sisters for some little finance to go to local pub or the dance hall, and try and find amusement rather than employment.

I must say that in the past we have had many debates on this problem here ; we have discussed ways and means by which we could find employment for young people, and sometimes the Commission, in replying to proposals that came from Members of this Parliament, were not so receptive. I recall one I made myself, maybe two years ago : I refer to it as voluntary early retirement. I am thinking of people of the age of maybe 60 plus, 61 or 62 who possibly from a health point of view would like to retire. Their retiring age may be 65, but they could voluntarily retire earlier if they had the opportunity to do so in the Member States. That was one proposal. I know that the reply I got from the Commission at that time was : 'Well, there are very few people of this kind, that would not create many jobs for young people'. But if we look at the massive problem we have, then we need that small way of creating a few jobs and some other means to create a few more, because the problem is so big.

We talk of beef mountains, we talk of milk lakes, and all these problems that have to be solved. We must also attack this problem of youth unemployment. And I would conclude this point by suggesting that either a subcommittee of the Committee on Social Affairs, Employment and Education should be set up, or that the Parliament should set up a committee to deal solely with youth problems and employment for youth. Now, it could be done in two ways :

1. Set up a sub-committee of the Social Affairs Committee or
2. Set up a committee solely dealing with the problem of youth.

It is a major problem and one which we have to solve, because the youth of today will be the Members of this Parliament tomorrow.

President. — I call Mrs Kellett-Bowman to speak on behalf of the Conservative Group.

Mrs Kellett-Bowman. — Mr President, in her remarks Mrs Dunwoody said of youth unemployment : 'That is what it is all about'. With respect, I would say she is wrong. The debate this afternoon

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goes far wider than that. We are in fact discussing the resolution 'concerning measures to be taken to improve the preparation of young people for work and to facilitate their transition from education to working life'. We are not simply discussing youth unemployment: that is far too negative an interpretation of the matter before us today. One of the more interesting developments in the Community's social policy recently has been the attempted evolution — I say 'attempted' because we have not got very far — of an education policy. The resolution of the Council of Education Ministers of 13 December 1976, which we are discussing today skates over the question of where education actually comes into the Treaties by stating merely 'having regard to the Treaties establishing the European Communities'. In fact, the Community to date has not given nearly enough attention to this vital subject and it is becoming more vital with every month and year that passes. Owing to the strange working procedures of so many of our committees, Mr Pistillo's report has become forward over a year after the original resolution was adopted by the Council. This works two ways: one good and one bad. It has the disadvantage that our opinion has become somewhat historical but it has the advantage that we can see from various Commission reports that progress is already under way on the Community-level actions that were set out in the original resolution.

Turning to the resolution itself and to that part which deals with the actions to be undertaken by the Member States, I think it is relevant, if I may say so at this point, for a parliamentarian to ask the Commission what the education programme has brought about or is likely to bring about which would otherwise not have happened through the actions of individual Member States. In other words, what have we achieved to date? It is quite clear to me that the part of the original Council resolution which deals with actions by the Member States lists a series of policies of such obvious commonsense value that one would hope that no member government, faced by rising unemployment particularly among the young, would have dared not to undertake them, certainly if it hoped to be re-elected on any future occasion. Whether they would have undertaken all of them without a Community initiative may be questionable, and this is the point to which I would ask the Commission to address its attention. Indeed, it may well be questionable whether all Member States are devoting themselves to all these policies with the vigour that they might, and I would like up-to-date information from the Commission as to which countries may be in default; where the main gaps still are; what, if any, impetus to action they feel that the Community education programme has given to the individual Member States; and more important still, in what way we Members here present can give

impetus to those ideas that have been put forward by the Commission. How can we back you as we expect you to back us?

To my mind the most interesting parts of the education programme were the studies or pilot projects to be undertaken at Community level in a number of areas connected with vocational training. Among the projects outlined there, I would place particular value on the improvement of vocational preparation in the final years of compulsory schooling. It is still the case in the United Kingdom, and some other members of the Community, that we are sending children from school out into the working world with no idea of what they want to do and with no qualifications to help them. I was most interested to hear Mr Cifarelli's comment about the job-lists which children are able to mark and this is something that might be taken up in other Member States.

It is high time that every Member State rejected the false distinction between education and training, which bears no relation whatsoever to the real world into which these children are going out. One difficulty which we have encountered in the United Kingdom is that by lowering the standard of a leaving certificate until it becomes available to virtually all children, its value is diminished in the eyes of employers to such an extent that it is virtually a worthless piece of paper in many cases. There are no failures, therefore there are no successes and no value any longer is attached to this piece of paper.

One of the answers to this dilemma is clearly to provide courses in schools which are more relevant to the needs of non-academic children and whose value is recognized by the employment sector. We have in the United Kingdom a most admirable organization known as 'Youth Aid'. This was set up only relatively recently in 1977, and one of its objects is to persuade policy-makers to give a high priority to the related problems of youth unemployment, education and training and to provide information and act as a resource centre for others sharing the same objectives. It would be very useful — indeed, it may already be the case — if there were similar 'Youth Aids' in other Member States of the Community. If not, I would like to see them established at the earliest possible date and a sort of symposium of 'Youth Aids' getting together to pass on the experience they have gained.

It would be useful if the Commission could tell us how they are going about the pilot projects concerned with the promotion of cooperation between the education and the employment sectors. It is, of course, particularly important to involve private employers in any such projects in addition to government agency, and here work-experience programmes have been of great value in the United Kingdom.

Kellett-Bowman

Another aspect of education for employment which I think needs to be emphasized in those Member States which do not cater well for it, is the provision of day-release facilities. Of course, in a period of economic difficulty day release may not be popular with employers, but this is where some national or Community policies are needed to ensure that it is universally available in the age-group where it matters most.

Here it seems to me that paragraph 9 of the resolution is of crucial importance. Coordination of all the help available, from whatever Community source, is vital if overlapping is to be avoided and gaps filled in. We sometimes treat our young people as though they were counters to be moved around as we please. We must never forget that no amount of training at school or after will be of any use unless more jobs are created by wise investment. Otherwise, all we are achieving is job-substitution. But it is very important, whatever the Community's policies on education are, that they are not exercised away from the public view. Many people in the Community will be extremely interested to see the results of the Commission's pilot projects and studies, and I would like to stress that it is important for the Commission to keep the European Parliament well-informed, as it has done so far, on what it is doing.

In paragraph 8, I think Mr Pistillo puts his finger on one of the more sensitive parts of the Community's whole education programme. As he says there, if the appropriation for education in 1981 is so small, one wonders how on earth the aims of the education programme can possibly be carried out. I would submit to the House that it is dangerous in the light of current opinion about the Community for us to have grandiose programmes with ambitious names and objects which we cannot hope to carry out adequately because we are too mean to provide the cash for them.

I can see that the education programme which was adopted on 13 December 1976 can be, and should be, construed as a potentially very important part of the Community's education-cum-employment policy. But I think it is equally necessary for us not to forget that there are other aspects of education policy where in fact the Community, as a community, can make more progress more easily, and indeed more legitimately, within the framework of the Treaties. I refer, in particular, to the mutual recognition of diplomas and of such things as language-teaching, as Mr Pisoni remarked earlier on. I hope we shall not forget that these are important parts of the Community's education policy and will enable our young people to circulate much more freely in the EEC.

I hope equally that we shall not be disappointed by what is actually done within the framework of the 1976 resolution. It has immense potential, but unrealized potential is a mere tantalizing mirage. Our young

people deserve better than that, and it is up to us to see that they get it, in the form of an expanding and increasingly prosperous Community in which each one of them can find a job and a part to play. Only then can, and will, the Community have real meaning for the young.

President. — I call Mr Price.

Mr Price. — I am sorry, Mr President, that the hour is advanced, but we are discussing a subject which is probably the most important and critical problem facing the Community at the moment, and I think it is right that it be given proper debate. I think it says something about the way we arrange our business that we discuss this at this time of night.

This is the worst problem, I believe, that we are facing this century, because the proportion of unemployed youngsters among the total unemployed, which is now something like 37 %, is still rising, and is likely to go on rising. Even if, as a Community and as Member States, we are successful in tackling this problem, it will almost certainly get worse for purely demographic reasons alone, because so many more youngsters are coming onto the labour market compared with the oldsters who are leaving it. It is also a completely new problem, a situation where most Member States are working in the dark.

I think one thing that all Member States are gradually coming to terms with is that this problem of youth unemployment must be tackled. It is tackled partly in this report, and I congratulate Mr Pistillo. I think his report is very useful. This problem is now recognized as a permanent one. The shortage of jobs for youngsters is not just a temporary phenomenon, it is going to be for ever, and in forming plans to combat it, we have got therefore this dual problem: we must try to have some immediate firefighting equipment to fight the worst of the blaze that faces us; but also we have got to have a long-term strategy to cope with the fact that there are not going to be as many jobs for young people ever again in the future, as there have been in the past, for a whole range of reasons.

Now I am not a member of the Committee on Social Affairs, Employment and Education, but I am chairman of the National Youth Bureau in Britain, and I have just begun to realize how difficult this problem is. I am therefore very concerned that the Community, and the Commission in particular, start from scratch on the long-term element of this problem, and separate it from the immediate, short-term efforts that have been made through the Social Fund to mitigate the worst phenomena as they appear from year to year. These are two completely different problems.

Price

That is why I do not go along fully with the criticisms in this report of limited resources. I think it is far, far more important to spend what resources we have set aside properly, and to make sure we are monitoring them, and spending them properly, than to go in for larger programmes just at the moment. Why this is such a frightening problem for all the Member States is because of something that Mr Nolan and others have mentioned. What seems to be happening is that the whole work ethic which has driven the Western world right through the industrial revolution seems to be collapsing hard among many young people. What we have got to work out is a completely new framework between the end of compulsory education and the beginning of the period over which we can really guarantee some young people work. Orthodox education, many speakers have said, is not the right pattern to offer people, but neither is the sort of orthodox employment that was possible in the boom years some time ago, when youngsters felt that they could walk straight out and work get a job the day they left school. So we have to out something quite new that we have not had any real experience of before. In this context, Mr President what worries me is that our machinery in the Commission is completely split; Mr Vredeling has responsibility for the training element and Mr Brunner, the Commissioner for Education, has responsibility for the education element. I am quite convinced, from my experience in the National Youth Bureau in Britain, that it is quite impossible to tackle this problem coherently unless you bring these two administrations together in a spirit of working together in everything. Because training 20 and 30 years ago was easy. Now, we do not know any longer what to train young people for, because technology is changing at such a pace. There must also be a basic educational element in all training courses and our education sections are the only people who can provide that.

I do not believe that the Commission have really even started thinking hard about the long-term problem, and the first way to start thinking hard about the long-term problem is to get coordination in the Commission to lay the foundations and bring forward proposals for a complete new framework for the 16-18 years old, or the 14-19 years olds — people pick different age ranges — which can, on a Community level, govern the sort of training and education and work-experience that these young people receive.

I am not suggesting any ready-made ways to do this. Perhaps the Commission ought to have a sort of 'think tank', a rapid study group to look at this in depth. But, whatever way they do it, I do hope that we hear from the Commissioner a reply on this which gives some sense of urgency that they are going to get on with something very quickly indeed. Because the measures through the Social Fund at the moment in

terms of the size of the problem are just little bits of wallpaper, papering over an extremely serious problem, and there is as yet, no strategy whatever for solving it.

My plea to the Commission, in what is my last Parliament, because I am departing this place after March, Mr President, is really to set up some machinery so that we can sort this out. I very much hope that my colleagues who remain here will, after say, six months, in September really call the Commission to account and make them report back to Parliament and say what they have done, both in terms of coordinating the education and training sections of their machinery within the Commission, and in terms of working towards a strategic long-term plan to solve what is now a permanent problem.

Now, I am quite sure the Parliament ought to be doing the same thing. At least we have got a united committee, and the committee perhaps ought to have a sub-committee to go into this, but it has got to be done in a coordinated way throughout the Community, and I very much hope we are going to hear from the Commissioner something with a sense of reality and urgency behind it.

President. — I call Mr Jensen.

Mr Jensen. — *(DK)* Mr President, the President of the Commission has stressed the seriousness of the fact that 9 million young people will over the coming years, be released onto the job market. If nothing else, they will be a tax burden on industry.

In the debate on youth unemployment in September 1977, I pointed out that one of the things we should be aware of was the high wage demands of young people. Earlier, there was only seven years' obligatory schooling which meant that young people went on to the job market at the age of 14, thus obtaining four years' experience in commerce or industry before qualifying for adult wages at the age of 18. Today, young people go out into industry at the age of 17, which means that after only one year's practical experience they have to be paid adult wages. Employers are not prepared to pay such wages for an inexperienced man or woman but prefer instead, in times of high unemployment, experienced people. This undeniable fact shows the need to scale down young people's wage requirements. To take account of the high school-leaving age, the qualifying age for adult wages should be raised, or alternatively, authorization could be given for an initial training period outside a normal contract of apprenticeship during which a lower wage rate would apply. This would serve the interests both of young people and of the business community.

In his report, the rapporteur mentions the poor coordination in seeking a solution to this serious problem, while stressing quite clearly the need both for politicians and the business world to improve the motiva-

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tion of young people and yet, at the same time too, for young people in a very real sense to change their attitude and show greater respect for manual labour as opposed to academic studies.

Young people cannot be provided with vocational motivation by the stray selection of schoolteachers and psychologists who, in far too many cases, have taken charge of careers guidance in schools. It would be much more beneficial for careers information in schools to be influenced to a somewhat greater extent by representatives of the business community.

I am not at all sure either that job creation schemes, which, at Community level, are to cost 11 million u.a. over the next three years, are a positive thing. In many countries, these funds are required to be deployed precisely in areas where no investment of labour and financial resources would otherwise have been made. Work of this kind is without any meaning therefore and may distort competition at a time when there is already considerable unemployment; in other words, unemployed youngsters are being given — please excuse the expression — work fit only for idiots, and this is a misplaced investment. It is a shame for the young people concerned for while it is true that they are given a practical job of work to do temporarily at least, they gain in the process a completely wrong impression of working life and of their future job opportunities.

In order to provide youngsters at school with some idea of working life we send them on two one-week courses to gain practical experience in industry. Again, this is quite inadequate. Practical experience of industry is a positive thing, but these courses ought to be extended to at least one month.

But let us not beat about the bush; after all, the central issue in the majority of member countries is the wages demanded by trade unions for young people. Of course, these youngsters must live and they must also have an adult wage when they do not do the work of an adult worker. If only at international level and preferably, in this House we could agree in principle to support the idea of a transitional wage rate then a great deal would have been achieved and a great service would have been done to those countries where it is precisely the high and often unreasonable wage rates demanded for young people by trade unions that are one of the reasons for a company preferring to employ an adult rather than a young person when it can choose, as it must.

Hence we come back to the second major point which I raised at the beginning, i.e. that the age at which a person qualifies as an adult worker should be raised to 19 or 20 to take account of the higher school-leaving age and longer courses of study in general.

I hope that my remarks will contribute to the debate and I would like to close by thanking the rapporteur

for drawing up this report which I have read with great interest and which contains a number of positive new ideas.

President. — I call Mr Vredeling.

Mr Vredeling, vice-president of the Commission. — (NL) Mr President, before making certain comments, I should like to begin by replying to the statement by the last speaker, Mr Jensen. I do so because I wish to dissociate myself entirely from what he said. He spoke about young people in a manner which I cannot approve. He suggested that young people should be given unpaid apprenticeships. I do not know any Danish, but if I understood him correctly he also said we must influence the attitudes of young people.

All I can say, in reply to that, is that fortunately young people are not so easily influenced. I can assure Mr Jensen that that is not the solution. It is not the right approach to young people to tell them that they are demanding too much money. This is not the problem at all.

The problem is not that they are too highly paid, but that there is not any work. This situation involves particularly harsh consequences for young people. However, this brings us to the unemployment issue, and that is not something I wish to debate at the moment. As Mrs Kellett-Bowman said, this debate is not about unemployment but about the problems of training young people, of preparing them for what is known as the working world, and facilitating the transition from school to working life.

I am very grateful to Mr Pistillo for bringing this extremely important problem — and here I fully agree with Mr Price — to our attention by producing this report. In this debate I am deputizing for my fellow Commissioner, Mr Brunner, who apologizes for his absence. I am, however, pleased to have the opportunity of discussing this subject, because as Mr Price rightly pointed out, Mr Brunner and I share responsibility for these matters. In my activity in the field of vocational training, I take up where Mr Brunner, who is responsible for education, leaves off. In some respects our activities also overlap.

Mr President, we are of course all familiar with the measures taken to promote vocational training under the Social Fund, which has been operating for some time now. I should, however, like to remind Parliament that when we last discussed this subject on the occasion of the meeting of the Council of Ministers for Social Affairs in October of last year, we decided that priority should be given, in the context of the Social Fund, to projects designed to promote the integration of young people.

Thus, encouragement was to be given not merely to vocational training in the strict sense of the term but also to the job of initiating young people into

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industry, and preparing them before they begin specialized training. This leads me to encroach somewhat on Mr Brunner's sphere of responsibility, and coordination of our portfolios is therefore all the more necessary.

We are naturally concerned about the future, because the situation is very uncertain. Various speakers have emphasized the fact that there is a danger at present of people being trained for occupations in which there will soon be no vacancies. This danger must not be exaggerated, however, as there is still an exact correlation between people who have had no vocational training and those who are without work. Those who have learnt a job — although there are of course exceptions — can usually still find work. This correlation still applies. Of course, surpluses do sometimes occur, particularly among graduate occupations, but generally speaking a specialist can still find work. It is therefore something of an exaggeration to say that certain occupations are saturated and cannot absorb any more trained workers.

However, we are not talking about the present, but about the future. Making forecasts is a difficult business. It is difficult to forecast economic trends, and consequently it is also difficult to make forecasts about vocational training and about education in general, since we do not have sufficient control over the direction of our economy and cannot yet coordinate the two factors satisfactorily. I would point out in this connection that economic and monetary union in our Community is absolutely essential if there is to be proper coordination between economic development and education, in the broadest sense of the term. I thus come, albeit by a quite different kind of reasoning, to the same conclusion as the Commission and, in particular, its President, namely that, in the light of all the relevant factors, it is extremely important to realize economic and monetary union.

The measures which the Commission intends to take to combat unemployment among young people will shortly be announced, but I think that if I discuss that now, I shall be getting too far away from the subject which is on this evening's agenda.

Reference has also been made to the resolution of the Ministers of Education of December 1976. It has been asked what action has been taken on it. Mrs Kellett-Bowman asked for up-to-date information on the results which have been achieved with the relevant projects, on which 11 million u.a. have been spent. I think the best way to provide you with this information is to draw up a written report. Significant results have been achieved, but I cannot fully convey their import to you at the moment on the basis of some very sketchy notes and in only highly general terms. The projects are underway, and the results which are being achieved will be notified — I can assure you — to the appropriate committee of Parliament.

The programme we are developing, both in the new area of training and in the long-established area of vocational training, and the coordination of these two areas, is necessary in every respect. Mr Pistillo's report emphasizes the need for an integrated policy for the future training of young people. I fully endorse this observation. There is a sort of no-man's land between leaving school and becoming integrated into working life, between education and work. This is the gap which has to be filled. In tackling this problem, there has to be a coherent approach by those who are responsible for education, in the narrow sense of the term, and those who are responsible for vocational training. Mr Price emphasized the need for coherence in this area, and I fully agree with him.

In the present situation, however, there is a complete lack of a coherent approach in almost all the Member States. There is still a considerable discrepancy between the system of elementary education on the one hand, and occupational training on the other. This is no excuse, however. We have here a unique opportunity to rectify, by action at Community level, the mistakes that have been made in this area and the situation which has arisen in the Member States over the years. We have an opportunity of putting the coherent approach which Mr Price rightly urged into effect right from the outset. I was sorry to hear Mr Price say that he will be leaving Parliament. I hope that we shall be able to develop things along the lines he suggested.

It is perhaps not such a bad idea to attempt to ensure that a number of people become more specialized in this area of integration. Of course, we have specialized people running the Social Fund. We also have the Berlin Institute for vocational training. In addition, there are people at the ILO and so on, to whom we can turn. At the Commission, education, for which there is no express provision in the treaty, is the responsibility of one of the Commissioners. The necessary know-how is available therefore, and I think it is extremely important to try to bring together a number of people who are willing to adopt an unconventional approach to these matters, to come up with ideas and develop suggestions for action by the Commission.

Thus the Commission fully approves the motion tabled by the Committee, and believes it can serve as a guideline for our policy. It is extremely important, as stated in the resolution, to avoid transposing at Community level clashes of responsibility between the various departments. I know from my own experience that blood is thicker than water. We are also faced with another major task, that of coordinating the funds which operate in these various fields. The need for such coordination is even more obvious when one considers the work of my fellow Commissioner, Mr Giolitti, who has special responsibility for coordi-

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nating the financial instruments which operate in the Community.

It is suggested in Parliament's report that an annual report should be brought out. I think it is rather difficult for us at this stage to promise to publish an annual report. We shall, however, give the matter serious attention. It will clearly be a good thing if we could adopt this procedure and publish a report every year. This is a suggestion to which we shall give extremely serious consideration.

Mr President, I shall not talk any longer than necessary. I would again express my thanks to the House for the opportunity we have had of holding this debate. The subject has not aroused passionate interest, but at least we have brought it out into the open and I can assure you that the Commission will continue to work along the lines I have described.

President. — Does anyone else wish to speak?

The debate is closed.

The motion for a resolution will be put to the vote as it stands, tomorrow during voting time.

12. *Agenda for next sitting*

President. — The next sitting will be held tomorrow, Wednesday, 15 February 1978, at 10 a.m. and at 3 p.m., with the following agenda:

- Report by Mr Shaw on draft amending budget No 1 for the year 1978
- Joint debate: statement by the President-in-Office of the Council, Klinker report and Corrie report on problems in the fisheries sector, Houdet motion for a resolution on the right of the European Parliament to be consulted
- Patijn report on direct elections to the European Parliament.
- Oral question with debate to the Council and the Commission, on the north-south dialogue
- Oral question without debate to the foreign ministers on human rights
- Joint debate: questions to the Council and the Commission on the common energy policy
- Patijn report on a single designation for the Community.

3 p.m.: Question Time (questions to the Council and to the foreign ministers)

4.30 p.m.: vote on the motions for resolutions on which the debate was closed.

The sitting is closed.

(The sitting was closed at 9.10 p.m.)

ANNEX

Question which could not be answered during Question Time, with written answer

Question by Mr Ryan

Subject: Duty-free allowances for travellers within the Community

What Community measures determine the quantity and value of goods which may be taken duty-free across national frontiers as personal baggage by EEC nationals travelling within the Community; whether these measures specify uniform allowances; if so, what action does the Commission take to ensure that they are observed; if not, what discretion is at present granted to Member States, and if the Commission will take steps to encourage uniform allowances?

Answer

The system of tax allowances granted to travellers within the Community for goods carried in their luggage is presently set out in Council Directive 69/169/EEC of 28 May 1969 as amended by Directive 72/230/EEC of 12 June 1972.

The provisions of these two Directives lay down uniform limits to the value and quantity of the allowances, with the intention of avoiding both non-taxation and double taxation (an exception is made here for the Kingdom of Denmark which was granted a derogation under the Treaty of Accession). However, this uniformity is breached under present circumstances as far as the value of the allowances is concerned. The amount of the Community allowances was originally converted by the Member States into their respective currencies, in accordance with the exchange rates under the fixed parities declared to the International Monetary Fund. The monetary fluctuations of recent years, however, have destroyed the original relationship between these amounts expressed in terms of national currency.

This is why, the Commission presented to the Council on 31. 12. 1976 a proposal to establish the amount of the allowance on the basis of the European Unit of Account. This proposal also provided for a uniform 'increase' in the allowance, as to value, from 125 u.a. to 200 u.a. and an increase in the quantity of wine in the allowance. The adoption of this proposal by the Council would make public opinion more aware of the reality of the Community.

The Commission ensures that the Member States apply the Directives on travellers' allowances in the correct manner, and it may, under Article 169 of the EEC Treaty, open infringement procedures as has already been done in certain cases.

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IN THE CHAIR : MR COLOMBO

President

(The sitting was opened at 10.00 a.m.)

President. — The sitting is open.

1. *Approval of minutes*

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

Are there any comments?

The minutes of proceedings are approved.

I call Mr Price.

Mr Price. — This is really an administrative matter, but I wonder if your staff could look into it. I understand that all the refreshment facilities in this building close down at 8 o'clock. On Monday night in particular, when the sitting had run until 8 o'clock, from then onwards, it was quite impossible for members of the staff to get any refreshment facilities at all. Now obviously, since we do have late sittings, that will create problems, and I wonder if a member of your staff could extend the period when the refreshment rooms will be open.

President. — I shall look into the matter and try to give you a satisfactory answer as soon as possible.

2. *Documents received*

President. - I have received from the Council requests for opinions on the following Commission proposals:

— for a decision empowering the Commission to issue loans for the purpose of promoting investment within the Community (Doc. 546/77),

which has been referred to the Committee on Budgets as the committee responsible and to the Committee on Economic and Monetary Affairs and the Committee on Regional Policy, Regional Planning and Transport for their opinion;

— for a regulation amending Regulation (EEC) No 471/76 as regards the period of suspension of the application of the condition on prices governing the importation into the Community of fresh lemons originating in certain Mediterranean countries (Doc. 549/77),

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

3. *Authorization of reports*

President. — Pursuant to Rule 38 (1) of the Rules of Procedure, I have authorized the Committee on Budgets to draw up a report on the Sixth Financial Report on the European Agricultural Guidance and Guarantee Fund — 1976 (COM (77) 591).

The Committee on Agriculture has been asked for its opinion.

4. *Draft amending budget No 1 for 1978*

President. — The next item is the report (Doc. 547/77) drawn up by Mr Shaw, on behalf of the Committee on Budgets, on draft amending budget No 1 of the European Communities for the 1978 financial year, drawn up by the Council.

I call Mr Lange.

Mr Lange, deputy rapporteur. — (D) Mr President, ladies and gentlemen, in accordance with the agenda we are required to debate the first draft amending budget for 1978. The fact that we have to discuss this is a source of annoyance because the member countries, despite Parliament's exhortations and their own promises, have failed to make arrangements for own resources to be drawn from value added tax as of 1 January 1978. This situation has led to difficulties for the 1978 budget, and some of the member countries believed, on the basis of what we have been told by the President-in-Office of the Council, that there was

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not a sufficiently firm legal basis on which to implement the budget and that the part of the revenue section relating to own resources would have to be adapted to the modified national contributions under the decision of April 1970.

I should like to make it quite clear that we do not see this as a return to the old procedure, but that the national contributions will also have to be included among the Community's own resources. There is therefore no question of abandoning the idea of own resources and of the Community's financial autonomy. Again, to be perfectly frank, we simply expect the member countries to make all the necessary arrangements in 1978 to ensure that the 1979 financial year and the 1979 budgetary procedure are not similarly hampered and to earmark part of their value added tax for inclusion as own resources in the revenue section of the budget.

I should now like to outline the reasons why the Commission has presented a preliminary draft amending and supplementary budget. Firstly, the adjustment to the revenue section, to which I have just referred; secondly, the need to make more jobs available in steel and textiles; thirdly, the Community's financial commitments towards Adriatic fisheries; fourthly, the adjustment of the budget to make it easier to monitor the use made of milk levies; and lastly, the extension of the EEC's guarantee responsibilities to include European Investment Bank loans to the Lebanon.

The Council has therefore separated the expenditure section and the staff structure from the revenue section. This was done in agreement with the Committee on Budgets acting on behalf of Parliament, because after the statement issued by the Council we were also anxious to create, as soon as possible, a firm legal basis for the implementation of the budget.

As far as the figures are concerned, the ratio of own resources to the adjusted national contributions has remained unchanged. The total has therefore stayed the same. The question now arises whether any member countries will benefit or suffer from the changeover to this form of contribution, but since the Eyskens formula on the member countries' payments in EUA which the House discussed in detail last December is still effective, we shall have to wait and see whether advantages or disadvantages arise. If any countries find themselves in a unfavourable position, they should make every effort to resolve their difficulties as soon as possible by applying the Sixth Directive at national level.

The Committee on Budgets therefore recommends that this amending budget, which relates only to the revenue section, should be accepted. However, it emphasizes that for the reasons just given it regrets

that this draft amending budget was necessary. It notes that the Sixth Directive has been infringed by Member States and calls upon the Commission and the Member States to take immediate action to avoid similar difficulties for the 1979 budgetary procedure. For the reasons I have given, finally, the Committee on Budgets approves this draft supplementary budget.

I should like to raise a further point. We in the Committee on Budgets have agreed to ask the Commission and Member States in May — the Member States being represented by the Council — how far work has progressed, because the schedule which applied last year must surely also be valid similarly for the 1979 budgetary procedure, and all decisions should have been taken by the Member States before the summer recess.

We shall therefore do this and also table a question with a debate on this matter.

For these reasons we have omitted everything from the motion for a resolution which could imply time limits for the measures we have called for, because experience has shown that the measures required are always taken at the last, or very nearly the last possible moment.

Furthermore, with regard to the Council decision of April 1970, we wanted to avoid referring to any legal controversy and disagreements on interpretation in the motion. We shall be able to discuss these questions with the Council in the bilateral or trilateral talks and during the conciliation procedure, in which Parliament is more likely to be successful than if we make observations in the House which lead only to time-consuming disagreements. We therefore want to maintain pressure on the Council, the Member States and the Commission on this matter. I call upon the House to approve the proposal of the Committee on Budgets and to reject both of the proposed amendments for the reasons I have given.

Mr President, I should like to wind up by making a personal request: I ask the House to accept, this afternoon, the position of the rapporteur as stated during the vote held by the Committee on Budgets. Unfortunately, I have to be back with my national parliament in Bonn this afternoon, and so I must leave the President to assess the proposed amendments. I have discharged my responsibilities as rapporteur on this matter.

(Applause)

President. — Mr Lange, if you are unable to be here this afternoon, I would ask you, should the rapporteur, Mr Shaw, also be absent, to appoint a representative from the Committee on Budgets to present the committee's opinion on the amendments tabled to the text of this document.

I call Mr Dalsager.

Mr Dalsager, President-in-Office of the Council. — (DK) Mr President, ladies and gentlemen, I should like to thank the European Parliament on behalf of the Council for having taken the time to deal with this draft amending budget No 1 for 1978 as urgent procedure, particularly as it was established by the Council only last Friday. As the honourable Members are aware, an unfortunate situation arose on 1 January this year when it became apparent that only two Member States had up to that point been able to introduce the Sixth VAT Directive. This meant that whereas, under the 1978 budget as published in the Official Journal, the Member States were to transfer revenue to the Community on the basis of the VAT system, we are now obliged under the current legislation to return to the system whereby the contribution of each Member State is determined on the basis of its GNP.

Certain Member States felt that this legal inconsistency should be rectified immediately, and this view was shared by the Council. For this reason, in agreement with the Commission, the Council extracted that section of the Commission's provisional draft supplementary and amending budget which deals exclusively with the change-back from the VAT system to the GNP system and transmitted it to the European Parliament in the express hope that you would be able to assist by adopting it at this part-session. This procedure does not of course mean that the Council intends to relax its work on the rest of the supplementary budget, and I can assure you that the Council also regards this as a priority issue and intends to submit it to Parliament as soon as possible.

On the other hand, I am naturally not yet in a position to say what the rest of the supplementary budget will contain, but I would like to repeat that I am grateful for the cooperation of the European Parliament, not least the Chairman of the Committee on Budgets, Mr Lange, in this matter.

(Applause)

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

Mr Ripamonti. — (I) Mr President, ladies and gentlemen, the President of the Commission, Mr Jenkins, recalled in his speech yesterday that the Commission had the task of supervising the implementation of the Treaties, but above all that it was responsible for measures designed to bring about the prosperity of Europe and the cohesion of the Member States, with a view to balanced development; the Commission was therefore also responsible for ensuring respect for the Treaties with regard to the financial contributions made by Member States under any decisions taken. This statement was, in my view, given a restrictive interpretation by Mr Tugendhat

when he dealt during question time with the very subject of this debate, on which I have tabled an amendment on behalf of the Christian-Democratic Group.

On the basis of the Decision of 21 April 1970, Parliament acted on a proposal from the Commission and the Council in approving the 1978 budget, which provided for expenditure to be met from the Community's own resources after the Sixth VAT Directive had been approved.

The need for the amending budget which we are discussing arose from the fact that the Directive has not yet been adopted by at least three Member States, so that Article 4, paragraph 3 of the Decision I have just mentioned had to be invoked. The text of paragraph 3 concludes: 'This derogation shall cease to be effective as soon as the conditions laid down in paragraphs 1 or 2 are fulfilled'. In my view, and in that of the Christian-Democratic Group, the fact the Sixth Directive will have been adopted by at least three Member States during the 1978 financial year makes it necessary to draw up an amending budget for the revenue, since Article 4, paragraph 2, lays down that, in that case, those Member States which have adopted the Directive must provide revenue accruing from the Value Added Tax, while the balance must be divided among the remaining Member States according to their gross national product.

I should therefore like to call the attention of Members to the amendment I have tabled on behalf of the Christian-Democratic Group, which suggests that, should the need arise, the Commission should take the action incumbent on it under the Decision of 21 April 1970, especially since the Commissioner himself has acknowledged the legality of the procedure, albeit while pleading technical and accounting difficulties which in my view should not be insurmountable in the electronic age, and which, I feel, could be overcome even without using special computer programs. The problem clearly has political aspects, such as the automatic implementation of the Treaty in this context, but I trust that Parliament will take account of this. The Treaties cannot be ignored through majority decisions in committee or even in plenary session of Parliament, and I think that, if the Decision of 21 April 1970, were not interpreted in this logical and consistent way, other procedures laid down in the Treaties to ensure respect for them should be initiated.

It is for this reason that, on behalf of the Christian-Democratic Group, I appeal to the other political groups to ensure that, if a third Member State should adopt the VAT Directive in the course of this financial year, Article 4, paragraph 2, of the Decision of 21 April 1970 will automatically apply.

(Applause)

President. — I call Lord Bessborough to speak on behalf of the European Conservative Group.

Lord Bessborough. — I would like to start by saying how very much my honourable friend Mr Shaw regrets not being here today. I am sure that we would all wish him a very speedy recovery from his indisposition. I would also like to thank Mr Lange, as chairman of the committee, for stepping in on Mr Shaw's behalf, and I would like to say immediately that I agree with everything he said.

This debate clearly should never have taken place. Parliament has been presented with this amending budget because, as Mr Lange and others have said, of the failure of seven Member States to introduce the Sixth VAT Directive before 1 January 1978. Because of this failure, the Commission was, of course, obliged to present this preliminary draft amending budget to provide for a switch-back from own resources to national contributions for the 1978 financial year. The Council have quickly established the draft amending budget, and we are being asked to adopt it equally quickly. Yet it was less than two months ago that the 1978 budget was declared adopted by you, Mr President, as President of this Parliament.

We have been told that there was no question of the Council acting in bad faith towards the end of 1977, because there was always a chance that a third country would be able to introduce the directive in time. Now, my group accepts this, even though it is curious that no other country has introduced the legislation so far — and it is already the middle of February. I have been struck by the fact that the countries to have introduced the provisions of the Sixth Directive in time, Belgium and my own country, the United Kingdom, were two of the last countries in the Community to introduce a system of VAT — Belgium in January 1971 and the United Kingdom in April 1973. Perhaps the Commission or Council could explain how they think this should be so, especially now that Parliament has already been asked to draw up an opinion on the draft Seventh and Eighth VAT Directives.

The draft budget presented to us shows in tabular form the relationship of national GNP to national contributions, as laid down in the decision of 21 April 1970, but there is more to the calculation of national contributions than merely the decision of 21 April 1970. That decision is subject to the Treaty of Accession as regards the new Member States' contributions in 1978 and 1979, and, in practice, to the European Council's unpublished decision of 6 December on the calculation of national contributions in 1978 following the introduction of the new European Unit of Account.

Finally, Mr President, the correcting mechanism agreed to at the Dublin Summit in 1974 could even come into play. This Parliament has never been officially informed of the European Council's decision of

6 December, and my group does believe that this should be remedied forthwith. The choice now before the Parliament is to reject the draft amending budget, to give its approval, or take no action, so that it automatically becomes adopted after 45 days. The European Conservative Group, Mr President, is convinced that approval should be given this afternoon, but attaches the utmost importance to paragraph 3 of the motion for a resolution.

As to the two amendments, we in this group hardly think they are necessary; it does not seem to me that it is for us alone in this Parliament to interpret the terms of the Treaty, and therefore, like Mr Lange, I regret that my group proposes to reject the amendments.

(Applause)

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

Lord Bruce of Donington. — Mr President, my group would like to express the hope that the rapporteur, who would normally have been presenting this report, is speedily restored to health. We all know in the House the degree of personal attention and extremely hard work that he devotes to matters of this kind.

At the conclusion of the plenary session on 20 January, you will recall, Mr President, that in the course of the debate on an oral question I ventured to point out to the House the consequences that would flow from the failure of seven Member States to pass the appropriate legislation in connection with the Sixth Directive by 1 January. I said then that rectifying budgets would inevitably occur: so indeed they have, and the matter has been very adequately dealt with by the chairman of the Committee on Budgets. There are, however, certain questions of principle that arise here. Throughout the proceedings on the 1978 budget, it was quite clear that it had been drawn up on the basis that the system of the Communities' own resources under the Sixth Directive would be operative from 1 January. There was no secret about this. Everybody knew, including the Commission, knew, as from May right up to December, that the entire revenue section of the budget was fundamentally dependent upon this system's coming into operation on 1 January. Nobody was taken by surprise. Now it must have been known by the seven Member States, some time before Parliament finally adopted its budget at the end of December, that it would not be possible for them to pass the legislation through their own parliaments, and I think they were a little less than frank in not saying so at the time; for you will recall, Mr President, that the question of the coming into operation of the Communities' own resources as from 1 January was one of the arguments used by the Council in begging Parliament to come to a speedy agreement with it in regard to the total of expenditure in the 1978 budget.

Lord Bruce of Donington

There was some controversy, in which I myself participated on behalf of my group, and one of the arguments used to secure Parliament's acceptance of the budget as drawn up by the Council was: if you fail to agree, we shall lose the full application of the system from 1 January 1978 and we shall be back exactly where we were before. I sought to rebut that argument, but, on the basis of the good faith of the Council, Parliament ultimately agreed to the 1978 budget substantially in the form in which the Council had put it forward. I do not think in those circumstances it can be said that Council has treated Parliament with full frankness in this matter.

It is not my wish to be unduly censorious of the Commission, who find themselves in trouble in relation to this. Mr Tugendhat has always given these matters his close personal attention and the relations between Parliament and Mr Tugendhat on budgetary questions are very good indeed. Nevertheless, I have to say to him the following: wherever a Member State anticipates that it is not able, or may not be able, by the due date, to pass the legislation required by a directive, it is the custom for that Member State to approach the Commission and ask for a derogation, for some kind of postponement. I understand from Mr Tugendhat, in reply to a supplementary question, that in this case there was no derogation requested by any Member State, and I therefore have to put to him the question: bearing in mind the vital nature of this particular section of the budget: did he in fact, in the concluding months of 1977, make all due approaches to the Member States with a view to checking the progress they had made with their own legislation in order to enable the system of the Communities' own resources to come into operation on 1 January? I shall be glad if he will give some account of what action, what follow-up measures, were taken by him in this regard.

The matter may appear to be a mere technicality; for at least one country the results will be more than technical. I speak of the Italians, who, as a result of the failure to put through their own parliament the legislation required by the Sixth Directive, will be the worse off during 1978 by some 138 million units of account, which is not a small matter. My own country, the United Kingdom, will also suffer marginally as a result of it.

I now pass to the amendment which has been submitted by Mr Ripamonti and others. I observe that it has not been submitted by the Christian-Democratic Group as a whole, but only by a number of individuals, and I am bound to say to him from the commencement that it really does not lie in the mouths of those that break the law to seek to invoke the law. The original error, of course, was in not obeying the law in the first instance. Now it is quite

true that under Article 4 (2) of the Decision of 21 April 1970 there are certain rights of derogation, and those rights of derogation are quite specific. It says that as and when three Member States succeed in passing the appropriate legislation, then VAT and the Communities' own resources can come into operation. You will recall, Mr President, that I questioned the Commissioner on this in the course of Question Time yesterday, and the Commissioner replied that for technical, administrative and political reasons he thought that the clause did not apply; in other words, that it would not be the case that as soon as a third Member State had in fact ratified, then the whole system could come into operation retrospectively in regard to the three Member States. Now, as Lord Bessborough has pointed out, it does not lie in the competence of this Parliament to act as legal interpreters of this matter. I myself incline, although I am not a lawyer, to the legal interpretation which Mr Ripamonti has put upon it; but in the circumstances my group have come to the conclusion that it would be best to follow the advice offered by the Commission and in fact ratify the draft budget that they have put before us. Accordingly, this afternoon we shall support the motion and as a group we shall seek to reject the amendments that have been put forward by Mr Ripamonti and others.

(Applause)

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

Mr Mascagni. — *(I)* Mr President, we do not intend to go into the reasons which led several countries, including mine, to delay a decision on this matter. It is up to our national parliaments to do that. We wish instead to stress that it is both necessary and opportune to apply Article 4, paragraph 3, of the Decision of 21 April 1970. That would mean a return to the Community tax during the current financial year if and when the Sixth Directive has been adopted by at least three countries. Indeed, we regard the exact implementation of the Sixth Directive as extremely important.

We had tabled an amendment, but in view of the fact that the Christian-Democratic Group — not just in part, but in its entirety — has tabled a similar amendment, we have decided to withdraw ours and vote in favour of the Christian-Democratic amendment. I should like to make clear for the record that, since Mr Spinelli had raised the matter clearly and forcefully in the Committee on Budgets, we would have expected an agreement to be reached on the question. We would not have been astonished, irritated or surprised if the Christian-Democratic Group had offered to act jointly with us. But this is a very minor point.

Mascagni

I should like to end this brief speech by recalling that during yesterday's sitting Mr Tugendhat, speaking on this subject, did indeed state that there were difficulties of a technical as well as a political nature — I think he used exactly those words — in implementing the provisions of Article 4, paragraph 3, of the Decision of 1970. However, if I remember correctly, he said that in any case the problem would be dealt with when it arose. We took this to mean that the Commission had not yet finalized its position on this subject, and that it would look closely at the question in due course.

We earnestly hope that whatever the result of today's vote on the Christian-Democratic amendment, the Commission will maintain this view and examine the question thoroughly in the light of the clear provisions of the Decision of 1970.

(Applause)

President. — I call Mr Tugendhat.

Mr Tugendhat, Member of the Commission. — Mr President, as you know, the Commission sent to Council and Parliament last month a preliminary draft of a supplementary and rectifying budget which changed the receipt side of the 1978 budget, and also proposed changes on the expenditure side. The expenditure changes concerned mainly additional staff for the steel and textile sector, the cost of the fisheries agreement in the Adriatic and the milk sector levy. The Commission considered that the expenditure changes were just as urgent as the receipt changes, and therefore preferred that they should all be dealt with as one. The Council, however, thought that the adjustments on the receipt side were not controversial and were more urgent. They have therefore prepared a draft rectifying budget containing nothing but the adjustments to the receipts, and have promised to deal quickly with the expenditure items so that Parliament can consider them at its March part-session.

Although the Commission has certainly not changed its view on the urgency of the proposed expenditure changes, it does not object to dealing separately with the changes on the receipt side, so long as it is clearly understood that the remainder of its proposals will be dealt with by the March part-session. I shall therefore explain today only the changes to the receipt section of the budget which are the subject of the document now before you, and indeed the subject of the speeches that have been made.

You will remember, Mr President, that the 1978 budget was approved on an assumption that the national parliaments of all Member States would have adopted the Sixth Directive on VAT with effect from 1 January 1978. The receipt section of the budget therefore shows that it will be partly financed by the application of the Community rate of VAT, that is 0.64 % to a uniform tax base in each Member State.

In fact, as Parliament is only too well aware — and we very much share the regret that many Members have expressed — only two Member States were able to approve the Sixth Directive with effect from 1 January. The decision of 1970 provides that, in these circumstances, contributions paid by all Member States will continue to be based on GNP instead of on VAT. In practice, all Member States will pay for January and February on the basis of the VAT figures in the budget. These, however, are different from the amounts payable on a GNP basis, and it is therefore necessary to amend the 1978 budget as soon as possible so that the correct amounts can be paid. If, as I hope will be the case, the rectifying budget is approved by Parliament this week, the payments by Member States in March can be on the right GNP basis and can take account of the adjustments necessary to correct the VAT payments made in January and February.

As I said, Mr President, the Commission regrets very much that all the efforts, strongly supported by the Parliament, to bring in VAT as an own resource in 1978, have been frustrated because most Member States were not able to approve the Sixth Directive in time. We strongly urge that there should be no further delay and that all Member States should be in a position to pay a part of their VAT to the Communities next year. It is with considerable disappointment that I have to commend this budget to Parliament, because we have no alternative, and I therefore very much hope that it will be approved this week so that Member States can pay from March onwards on the correct basis.

In other words, Mr President, the motion for a resolution on which Parliament is asked to vote today is fully supported by the Commission. Moreover, the Commission does not support the amendment to the motion now being put forward — nor did it support the amendment which has been withdrawn. As I explained yesterday in answer to a supplementary question arising from Mr Cifarelli's question during Question Time, the Commission's present view is that the situation existing at the beginning of the year should continue for the whole of 1978, and that it would be wrong to have a whole series of rectifying budgets every time another Member State applied the Sixth Directive. In this connection I very much agree with Mr Lange in his opening remarks that Parliament should not seek to interpret the decision of 1970 by way of a resolution, and I hope very much that Parliament will reject the amendment.

If I might now make a few remarks, Mr President, about some of the points which were raised. Lord Bruce asked whether the Commission was satisfied that it had done enough to draw the attention of the Member States to the possible failure to get VAT under way on 1 January. Clearly, as only the United

Tugendhat

Kingdom and Belgium were, in the event, able to reach the starting point — and I think both countries deserve a certain degree of congratulation on this point — one must feel that perhaps more could have been done. But the Commission certainly raised the matter on a number of occasions. I certainly drew the attention of ministers to it in the Council, the attention of the Committee of Permanent Representatives was also drawn to it, and I cannot help but feel that if the will had been there in a number of countries, the legislation could quite easily have been passed. It was passed in the United Kingdom in the middle of the year; it was passed in Belgium very late, but when the Belgians realized that they were coming up against the deadline, they showed that they could move extremely quickly. I cannot help feeling that some other countries might either have been able to pass it more easily at the beginning of the year or to have made a bit of a spur later on when the danger was clear. But certainly we did draw the attention of governments to the matter.

In the situation in which we now find ourselves with seven States failing to fulfil this commitment, we are considering what action would be appropriate, and will certainly inform the House of that as soon as possible. But, as I have already made clear in answer to questions yesterday, our view is that the best thing now would be for all nine Member States to start simultaneously on 1 January next year.

In answer to the last speaker: yes, we will certainly look at the situation in the light of the conditions that apply as and when other Member States pass the necessary legislation. Certainly we will look carefully at the matter, but I must emphasize the point I made yesterday that in our view the technical and administrative problems would be very great indeed, and in our view too, there would be political difficulties. It is always wrong, I think, absolutely to prejudge a situation, but I think I would be less than fair with the House if I did not make it quite clear that in our view the difficulties that would arise in bringing first one country, then another, and possibly yet another into the system as the years progressed would be extremely difficult. I certainly take Mr Ripamonti's point that it is up to the Commission to act as the guardian of the Treaties in matters of detail as well as in matters of principle, but if the Treaty is to be an effective instrument, if the Community is to work effectively and efficiently, then I think we must also pay very considerable regard to the sort of points I have mentioned, and in my view a constant stream of rectifying budgets, a constant series of changes to the tax arrangements would not be in the best interests of the Community. I do not want to sound too dogmatic, I do not want to close off possibilities, but I think that if the relationship between the Commission and the Parliament is to be open and frank, it is always best,

when one does have a particular point of view, to make it quite clear where we stand and the reasons why. I only hope that the fact that such difficulties do occur, and that it would be so difficult to move in the direction that the movers of this amendment would like, will be a real spur and a real encouragement to governments not to drag their feet this year, and to make sure that all nine Member States are in a position to move forward together on 1 January 1979.

President. — I call Mr Lange.

Mr Lange, deputy rapporteur. — (D) I have nothing to add to my introductory remarks, but the comments of the previous speakers, including those of the Commissioner, make it clear that this matter really is a source of annoyance. However, be that as it may, we have no alternative but to accept this situation. It is apparent from the amendment tabled by Mr Ripamonti and others that it was not tabled on behalf of the entire Christian-Democratic Group, but only part of that Group. Just now, however, Mr Ripamonti referred to the Christian-Democratic Group as a whole. It is clear that only a section of the Group is involved, and that that section consists mainly of Italian members.

I urge you once again, Mr Ripamonti, not to disregard the logical requirements of the financial year or of the political and practical exigencies which they entail. I warn you once again not to try to give your own interpretation of the decision of April 1970, as this would only lead to pointless disagreement. I would much prefer you to withdraw your amendment, and this would also be in line with the remarks made by Mr Tugendhat and with the aims of the Committee on Budgets, to which I have already referred.

This would enable us to make greater progress, as we could then begin discussions on a practical level without any built-in discord. This is most important. We must urge the Member States to do as soon as possible what they ought to have done by 1 January of this year. I would therefore be very grateful, Ripamonti, if you could talk the matter over once again with your colleagues, to see whether we can avoid a conflict on the interpretation of the 1970 decision. This should not be included in the motion, and if you cannot withdraw your amendment, then I can only repeat my advice that it should be rejected categorically.

President. — I call Mr Aigner.

Mr Aigner. — (D) Mr President, I have asked to speak in order to tell Mr Lange that this amendment really is my Group's amendment. The Christian-Democratic Group supported it this morning. Therefore it is of course a Group amendment. But I should

Aigner

like to say personally that I fully share the view just put forward by Mr Lange. I think that we are simply becoming unable to exert the necessary pressure to achieve our real aim, namely financial autonomy, and for this reason I personally shall abstain from voting.

President. — I note that there are no more requests to speak. The vote on the motion for a resolution — together with the amendments tabled — will take place this afternoon during voting time.

The debate is closed.

Voting will take place at the same time on the Yeats' report, for which a quorum is required. I would again appeal to the individual Groups to request their Members to attend so that there will be no need to postpone the vote yet again.

5. Procedural motion

President. — I call Mr Covelli on a question of procedure.

Mr Covelli. — (I) Since, as you are aware, we are unable to attend today — at least I am — for reasons beyond our control, I would ask the Presidency once again to postpone the vote on the Yeats' report (Doc. 538/77) to the next part-session.

President. — Mr Covelli, the vote on the Yeats' report has already been fixed for this afternoon. If you are unable to attend, you can always appoint one of your colleagues as a deputy to table a procedural motion requesting that the vote be postponed.

Mr Covelli. — (I) Mr President, I do not wish to appoint anyone to do what I can do or say myself.

I have explained that for genuine political reasons beyond my control I am unable to be present this afternoon to express my opinion, which I believe is shared by others, I again request the Presidency to postpone this vote to the next part-session.

President. — Mr Covelli, you have tabled a procedural motion on which Parliament can vote now or at the beginning of voting time this afternoon; but I cannot arbitrarily change the agenda.

Mr Covelli. — (I) I am not completely in the wrong, since the vote was originally fixed for yesterday, Tuesday, and I must say that the wish to take part in the voting is not the least of the reasons why I came. But the voting was postponed until this afternoon.

I therefore feel that the Presidency should show a minimum of understanding and postpone this vote until a more convenient time.

President. — I can show all the understanding possible, but I cannot depart from our established procedure.

In accordance with the Rules of Procedure, before putting your request to the vote, I shall call one Member to speak in favour and one against.

Mr Hamilton has asked to speak.

I call Mr Hamilton.

Mr Hamilton. — I wish to speak formally against the motion. It is critically important that we take this vote during this part-session, rather than in March, because it particularly concerns the election of Vice-Presidents. It is therefore very important that we get this out of the way before the March part-session.

President. — Does anyone wish to speak in favour?

Mr Covelli. — (I) I do.

President. — But you are the author of the motion!

Mr Covelli. — (I) I must, however, explain my reasons for bringing this motion.

President. — I note that no one has asked to speak in favour.

Mr Covelli, you may speak.

Mr Covelli. — (I) Thank you for allowing me to speak, but it is a favour well suited to the democratic climate which I should like to restore to a decision which, in my opinion, was taken very hastily.

Here we have the situation that amendments are being tabled to the democratic Rules of Procedure of this House to the effect that a Member of this House is deprived, almost as a preventive punishment, of the right to present his own candidature. I wonder if any of the democratic national parliaments have a rule whereby candidates must be nominated by a political group or at least ten Members. This amendment is discriminatory. I do not at all see why an individual Member should be prevented from presenting his own candidature. You know, Mr President, that I am not referring to myself, since I have never and shall never put myself forward, but to candidatures of non-attached Members, whose rights I am defending.

I therefore think that it would be a disservice to the democratic system if Mr Yeats' amendment were adopted.

President. — I would point out to you, Mr Covelli, that you have dealt with the substance of the question.

I put Mr Covelli's request to the vote.

The request is rejected.

6. *Fisheries and the right of the European Parliament to be consulted*

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

- the statement by the President of the Council of the European Communities on the outcome of the Council meetings of 16/17 and 30 January 1978 on problems in the fisheries sector ;
- the report drawn up by Mr Klinker, on behalf of the Committee on Agriculture, on some aspects of the final version of the common fisheries policy with reference to the amendments tabled to the report by the Committee on Agriculture (Doc. 150/77) on the proposal from the Commission of the European Communities to the Council (Doc. 142/77) for a regulation laying down a licensing system to control the fishing operations of non-member countries in the maritime waters coming under the sovereignty or falling under the jurisdiction of Member States and covered by the Community system for the conservation and management of fishery resources (Doc. 466/77) ;
- the report drawn up by Mr Corrie, on behalf of the Committee on Agriculture, on the modified and amended proposals from the Commission of the European Communities to the Council as follows :
 - I. modified proposals relating to Community fishing policy,
 - II. an amended proposal for a regulation establishing a Community system for the conservation and management of fishery resources,
 - III. a modified proposal for a regulation defining for 1978 measures for conservation and management of fishery resources by the establishment of quotas,
 - IV. an amended proposal for a regulation laying down technical measures for the conservation of fishery resources,
 - V. a modified proposal for a regulation laying down certain measures of control for fishing activities by Community vessels,
 - VI. an amendment to the proposal for a regulation laying down technical measures for the conservation of fishery resources,

and on

- a Council Resolution on the common structural policy,
- a communication from the Commission to the Council concerning 1978 management of Greenland, Skagerrak, Kattegat and Baltic stocks,
- a communication from the Commission to the Council on measures applicable in 1978 regarding the management and exploitation of fishery resources (Doc. 543/77),
- the *motion for a resolution* tabled by Mr Houdet, on behalf of the Committee on Agriculture, on the right of the European Parliament to be consulted (Doc. 541/77).

I call Mr Dalsager.

Mr Dalsager, President-in-Office of the Council. — (DK) Mr President, ladies and gentlemen, when my colleague, Mr Humblet, took part in your debates on fishing problems last December in his capacity as President-in-Office of the Council, he said that he was confident that it would be possible shortly to introduce a common arrangement for fisheries within the Community. He based this confidence on the fact that considerable progress had been made in working out the new common fisheries policy, particularly on a number of important aspects such as conservation and control measures.

In spite of this indisputable progress, the Council was unable to reach agreement by the deadline it had set itself for the completion of its work. The press described this as a defeat for the Community in its efforts to work out a common policy in accordance with the objectives of the Treaty.

I have no wish to play down the significance of this in this Parliament. Everyone is disappointed that it was not possible to reach agreement. There can be no doubt that this has created a serious situation for the Community.

I should like, however, to stress, against the background of the deliberations in the Council, that all the Member States are willing to try and establish a common fisheries policy.

So far, however, this willingness has not led to a concrete decision in spite of the many meetings which the Council has devoted to this problem. The main reason, of course, is the internal difficulties arising from this problem in certain countries. You are quite familiar with these difficulties, since Parliament has discussed them on other occasions.

The main problem is overfishing and, in certain cases, perhaps the risk that certain stocks of the most sought-after species may become extinct. This means that we must accept stringent limits on catches.

To these restrictions we must add the loss of fishing resulting from the fact that various fishing grounds in the waters of third countries are now seriously restricted following the extension of the fishing limits to 200 miles.

Restrictions of this kind on a Community scale involve major sacrifices on the part of large groups of fishermen, workers and important processing industries. Naturally, this has led to difficult debates in which each Member State is under constant pressure to defend a variety of national interests.

The Commission's proposals regarding quotas, conservation and control measures, which were submitted in the autumn, nevertheless managed, with a small number of minor modifications, to gain the approval of eight Member States. The fact that it has not yet been possible to reach unanimity is due not least to

Dalsager

the significant differences of opinion regarding the rights and legitimate interests the various Member States can claim on the grounds of being coastal States.

Obviously, only such rights and interests which are not in conflict with the Treaty and its underlying principles can be taken into consideration.

I should like to draw particular attention to Article 7 of the Treaty and Articles 100, 101 and 102 of the Act of Accession in this connection.

It will, however, always be possible to find solutions to reasonable demands made by certain Member States with a view to alleviating the exceptionally difficult problems resulting from their geographical location, as in the case, for example, of Ireland, Greenland and certain parts of the United Kingdom.

This is what we were trying to do at various Council meetings over a period of several months. As I have just said, we made considerable progress in various fields. In others, however, views have not converged and this is what has stood in the way of an agreement. Now we must consider the current situation and future prospects.

Currently there are no detailed Community provisions. What we have to do now is to ensure that a system is introduced which will enable us to prevent a further reduction in fish stocks.

We are not starting from scratch, however. Firstly, there are the general provisions of the Treaty regarding free access to common resources, and in addition all the Member States reaffirmed at the last Council meeting their will to maintain the rules drawn up two years ago in The Hague according to which recourse can be had to national arrangements only in so far as they are strictly necessary to remedy an unfavourable situation, in line with the Treaty and non-discriminatory both in form and content. In addition, the Member States must seek the approval of the Commission.

Furthermore, eight Member States have undertaken to introduce the measures prescribed in the Commission's most recent proposal as national measures. The United Kingdom, which has not been able to agree to this proposal, has stated that the Community provisions and national conservation measures in force on 31 January 1978 will be maintained until further notice in water under British jurisdiction.

I am confident that all the Member States will observe these commitments, one of the effects of which will be to establish a favourable climate for the resumption of negotiations in the Council.

On the other hand, as we know, all we have at the moment is very provisional practical measures. What we need are permanent regulations and guidelines on which the industry can base its future plans with some confidence.

Negotiations must be resumed, particularly on the most difficult points which have hitherto prevented agreement from being reached. The Commission has an important job to do here and I myself will not hesitate to act as mediator, which is naturally the task of the President-in-Office of the Council.

I should like to add, however, that new initiatives are unlikely to lead to progress unless the British Government decides it can change its attitude to the Commission's proposals which have been adopted by eight countries.

As regards extra-Community relations, the Council's failure so far to reach a decision on the common fisheries policy could, theoretically, form an obstacle to the implementation of the framework agreements which have already been concluded with third countries or are to form the subject of subsequent negotiations.

In practice, however, these will only have a slight influence on the activities of Community fishermen in third country waters in the coming year. I should like, in this connection, to distinguish between two types of country.

Firstly, there are those *vis-à-vis* which immediate action is required if we are to maintain important existing fishing rights for Community fishermen. I am referring to the Faroes, Norway and Sweden.

The other category comprises all the remaining third countries. Here the same principle of reciprocity does not apply. Therefore if the current situation were to continue the consequences would not be all that serious for Community fishermen. There could, however, be serious consequences for the fishermen in two of the Member States if the extension of the fishing limits in the Baltic were to become a reality.

In order to maintain current Community fishing in the waters of the Faroes, Norway and Sweden, talks have already been held with some of these countries, and negotiations with Norway are going on at the moment.

Judging from the discussions with these countries, I have the impression that before the end of the month satisfactory results will be achieved, guaranteeing the rights of Community fishermen to fish in these waters in 1978.

These are the bare bones of the situation. I am sorry that I have not, as I had hoped, been able to give you more satisfactory information. I have, of course, not given up the hope of being able to inform Parliament that the Council's deliberations have finally led to a positive result before the end of the Danish Presidency.

Dalsager

In the meantime, your discussions here today will be valuable to the Council and Commission in their attempt to find the just and balanced, solution so necessary to the Community in this difficult question.

I should like to say a few words regarding Mr Houdet's motion for a resolution in which the Council is asked to state its views regarding the consultation of the European Parliament.

Clearly, in cases where consultation of the European Parliament is obligatory according to the Treaty, Parliament will be consulted. The question is the extent to which the Council will consult the European Parliament when such consultation is optional.

As long ago as 1964 a protocol was issued in which the Council declared that it was in favour of extending the European Parliament's right to be consulted to apply in the case of important issues, provided that the Council still retained the right to decide on which problems Parliament might be consulted. The Council still takes this view.

However, the President of the Council drew Parliament's attention to an exceptional situation on 26 November 1968. He stated that in the Council's view, unless otherwise laid down in the Treaty, consultation of the European Parliament was not obligatory in the case of documents relating to implementation of previous decisions. Nevertheless, the Council also reserved the right to examine the possibilities for consultation of the European Parliament in each individual case involving documents of this kind.

These have been and continue to be the Council's guiding principles, and I am convinced that Parliament will acknowledge that the Council has not been narrow in its interpretation of the possibilities for non-obligatory consultation of the European Parliament.

As regards the fisheries policy, I came here today to inform you of the developments in the Council and to listen to your debate. I welcome your decision to hold an exhaustive debate on this question today. I will faithfully report what is said in this debate to my colleagues, and you can rest assured that all the views expressed here today will be taken into account by the Council.

(Applause)

President. — I call Mr Klinker.

Mr Klinker, rapporteur. — *(D)* Mr President, it is my job to give a brief introduction to the report on some aspects of the final version of the common fisheries policy with reference to the amendments tabled to the report by the Committee on Agriculture on the proposal from the Commission for a regulation laying down a licensing system to control the fishing operations of non-member countries in the maritime water coming under the sovereignty or falling under the jurisdiction of Member States.

The Committee on Agriculture was entrusted with this task as a result of three amendments tabled in the course of debate and these amendments have been thoroughly scrutinized by the Committee. The Committee is of the opinion that these amendments form a whole, because if the Member States succeed in creating a Community fishing zone, it is — in the view of the Committee — only logical for the activities of their air and sea patrols in that zone to be coordinated as efficiently as possible in the interests of the Community as a whole. We realize that large parts of the Community waters have been overfished and that modern technological developments are making it more and more difficult to protect young fish stocks. For this reason, the common fishing zone must of course be patrolled as efficiently, rationally and economically as possible.

As a result of its deliberations, the Committee takes the view that it is essential for vessels patrolling the Community fishing zone to carry an emblem to enable vessels from third countries to recognize immediately that these are Community fishery protection vessels not under the jurisdiction of any single Member State. We have therefore proposed — and this is a deliberately political proposal — that a competition be organized to design a Community flag. Indeed, we have gone still further in saying that tenders should be invited for the joint procurement of all equipment necessary for patrolling the Community fishing zone.

The Committee is also of the opinion that the costs at present incurred by the Member States patrolling the Community fishing zone should be reimbursed by the Community as part and parcel of the attempts being made to intensify cooperation between the Member States. There should be discussion of the question whether fishery patrols should be required by law to operate under the Community flag to demonstrate that we are a Community and that we have certain common interests. After all, it is in the interests of all the Member States that the fishing industry should operate as economically as possible not only in the Community's waters but also in other waters, so that the nine — and later on the twelve — Member States can be supplied with fish as economically as possible. And to do this, we must decide as a Community where our central interests lie.

We take the view that every Community patrol vessel should be authorized to inspect fishing vessels belonging to both Community and third countries. We also take the view that any fines payable by vessels from third countries caught operating in the Community's fishing zone should belong to the Community and not to any of the Member States. We also believe that there must be some harmonization of legislation on fines payable for encroaching on the Community's fishing zone, to ensure that British

Klinker

courts do not, for example, reach different verdicts from those of Danish or German courts.

We also take the view that the Commission of the European Communities should be authorized to post observers on board Community ships to ensure that the Community guidelines are adhered to by all the patrol vessels. We also wonder whether — in the light of the experience gained so far — we should not consider the creation of an autonomous fleet of aircraft and ships, which would be able to operate much more rationally and economically than could the nine Member States, especially since not every Member State has the right equipment for patrol duties.

All this is reflected in my twelvemove motion for a resolution and I would ask your support for this motion. After consulting the Legal Affairs Committee, a majority of the Committee expressed themselves in favour of this proposal.

(Applause)

President. — I call Mr Corrie.

Mr Corrie, rapporteur. — Mr President, once again it is my privilege as rapporteur to present this report. I hope this House will adopt it. I do not feel that it is necessary for me to make a long introductory statement. In December we had a full debate on the fishing proposals, and the report we are now considering modifies those proposals, while continuing along the same lines. The present debate can be seen therefore more as a stocktaking exercise and as a major review of the political basis of the Community's fisheries policy.

I am happy to report that in revising its proposals, the Commission has taken into account the reports drawn up by Mr Kofoed, Mr Hughes and myself in the past year. This has resulted in the proposals being strengthened in a number of essential aspects. I do not want to go into the details here; these are laid down in the report, and on pages 12-14, a table has been included to show the main changes and where those changes represent an adoption of a proposal by this Parliament. It is good that the Parliament's voice is listened to by the Commission.

It is sufficient to say that the improvements incorporated by the Commission strengthen the provisions for the control and inspection of fishing operations, firstly by the more precise deadline for the reporting of catches by skippers and the requirement to record landings outside Community territory. This is important, Mr President, as we reach the end of catch quotas for any particular species, particularly when a large amount of fish is being sold to factory ships in our waters that come from third countries. Other aspects are :

- secondly, the more effective coordination between Member States and the Commission of inspection : any EEC fisheries policy will only be effective if there is confidence within the industry that everyone is adhering to the quota system.
- thirdly, the requirement that a certificate for vessels entitled to fish in areas covered by fishing plans should be kept on board the vessel : in this way, we can monitor where stocks and species are.
- fourthly, the requirement that sanctions imposed for infringements should be adequate and uniform and that a system of sanctions shall be established.

Moreover, we can welcome the fact the Commission has agreed to provide both for an annual report to the European Parliament and the Council on the application of the fisheries policy, and for the Scientific and Technical Committees for fisheries to report on the scientific and technical facilities which the Community has at its disposal. A great deal of work has to be done in this field.

On the other hand, I must regretfully inform this House that the Commission appears to be weakening on the Community basis for inspection rather than strengthening it so as to allow inspectors complete freedom to move between national zones. I believe this is vital, Mr President, because without this we will get boats fishing up and down zone boundaries, and if pursued simply moving from one zone into another.

The Commission appears to be moving slowly to a licensing system by requiring that fishing vessels should carry a certificate under certain conditions. A step, no matter how small or hesitant, in the right direction must be welcomed, but we remain fully convinced that the Commission must find the courage to stress clearly that a licensing system is inevitable, and that the sooner it is introduced the more quickly the inevitable political difficulties will be overcome. Quotas are unworkable, Mr President, without licences. Everyone must accept this, and certainly the fishermen do.

There is a number of other important points which I do not feel it necessary to dwell on at this point. These points are all clearly laid down in the motion for a resolution; most of them are now history.

Fishing is important to many regions of the Community. We must all seek ways to reconcile the need to protect communities whose sole livelihood depends on fishing with a policy which will ensure that there would be adequate amounts of fish in the future. We have stressed in our debate the need for conservation measures based on marine biology, and that seasonal closed zones were necessary to protect spawning stocks. Again, the Commission has made a degree of progress along these lines without adopting clearly and decisively the basic principles we advocated here in December; again, I would call on them to do so.

Corrie

On one essential aspect, however, we must be in fundamental disagreement with the Commission. In its proposed basic regulation, the Commission would appear to have deleted all reference to structural policy. This House has always urged that a conservation policy, with the inevitable reduction of the size of the fishing fleet, cannot be implemented without an effective structural policy. The Commission's intentions are now evident from the documents we have available. On the one hand, general provisions for a structural policy have been struck from the main proposals; on the other hand, the Commission has proposed that the Council should take an immediate decision on a structural policy for the inshore fleet, that fish-farming should be developed, that national aids should be harmonized, and the Social and Regional Funds be brought into play in the fishing sector, and that marketing organizations should be strengthened. We have asked for these steps to be taken in our past reports, and we can be grateful for the emphasis placed on them by the Commission. Again, it is good to see Parliament's voice being listened to.

One can only conclude that the Commission is putting to one side for further consideration measures for the restructuring of the deep-sea fleet. I can agree that in some ways the inshore and middle-water fleets are of greater significance to the peripheral regions of the Community heavily dependent on fishing. On the other hand, it seems to be shortsighted and politically dangerous for the prolems of the deep-sea fleet to be shelved, even if for a short period. Many harbours, Mr President, depend on the income from their deep-sea boats to finance the inshore fleets that also are in those harbours.

Turning to another matter, this House will undoubtedly remember the statement by Mr Gundelach in December in which he stated that the basic regulation concerning fisheries, conservation, control, etc. must come under Article 43, which means the compulsory consultation of this House. The Commission has fundamentally revised its proposals, introduced new concepts and abandoned others, and it would seem that on none of the proposals under consideration have the Commission or the Council proposed that this House be consulted. This makes me more sad than angry; I did have a discussion with Mr Gundelach just before this debate took place, and he seems to think that it is not his fault. Perhaps it is the fault of the Council, but whoever's fault it is, I hope this will be fully explained to us today, because I am sure that this House must be consulted. This is especially so when we see that large sections of reports from this House actually finish up as Commission policy. So what we have been saying must have been worth listening to, and this House will have contributed a great deal to what will be the eventual Community fisheries policy.

There is only one other aspect that I am slightly worried about, as far as the Commission is concerned, and perhaps Mr Gundelach can clear this up. It would appear that in the last Council negotiations there were changes as far as quotas were concerned — swapping around of quotas and quantities to be caught between countries, I wonder if he could assure us that in fact the total allowable catch was not exceeded for political reasons and that there was simply a movement of quotas within that total allowable catch. Because in his report in December, he did say that, on the basis of scientific advice available, the Commission would continually follow the situation with regard to fish stocks, with a view to adopting new or modifying existing conservation measures wherever necessary. I hope the Commission is sticking to its principles.

Lastly, might I say this, Mr President: politicians should never get themselves boxed in a corner from which there is no escape. Frankly, this is what has happened in Britain to British politicians of all parties and to the fishing industry. Britain must be given a way out of that situation. The 50-mile limit has become a virility symbol from which no one can get unhooked. The other eight countries have to help Britain off that hook before we can get a fisheries policy for the Community. A line on a map is of little importance in itself. It is what happens within that line that is of real significance, whether it extends to 12 miles, 30 miles, 50 miles or 200 miles. What is important is that the fishing industry in Britain must be seen to be getting a fair share of the fish, with total control of conservation measures on a non-discriminatory basis, as other countries will have in their waters. No one will be happy with the eventual fisheries policy until stocks are once more built up, but I believe they can only be built up under a Community fisheries policy, with the full cooperation of all nine countries. That agreement, I believe, is much nearer than most people think.

This still means concessions all round. Unilateral action by any one country would be a pointless exercise, because, as Mr Silkin has already pointed out, all actions would have to be on a totally non-discriminatory basis, and would be of no advantage to any one nation or its fishermen. There are therefore some tough and difficult decisions to be made in the near future, as Mr Jenkins said yesterday, but it is becoming more urgent for agreement to be reached. Third countries such as Norway are tired of waiting for reciprocal arrangements, and the Community is fast losing goodwill in that country. It is obvious from reading the speeches of my right honourable and learned friend, Mr Rippon, that he was more far-sighted than anyone else on EEC fisheries policy. In 1971, he said on fishing:

We have never sought permanent arrangements. When the time comes, there will be an open review, and the

Corrie

circumstances of the time will be very different from today. The essence of Community practice has always been to recognize the vital national interests of the countries of which it is composed, because otherwise the work of the Community would be rendered impossible, and the Community would fall apart.

That was said when we had a 12-mile limit; now we have a 200-mile limit. Circumstances have changed, as Mr Rippon said in 1971. Now, it is up to the Community in these new circumstances to find a strong and lasting Community fisheries policy.

I feel this has to be said, Mr President. I have always felt that an honest approach to any matter, no matter how politically difficult it is, must be taken as the standard which politicians have to work by. That is the approach I have tried to take today.

(Applause)

IN THE CHAIR: MR BERKHOUWER

Vice-President

President. — I call Mr Houdet.

Mr Houdet, Chairman of the Committee on Agriculture. — *(F)* Mr President, ladies and gentlemen, the motion for a resolution which it is my privilege to present on behalf of the Committee on agriculture, which adopted it unanimously, relates to the essential right of Parliament to be consulted by the Council of Ministers on draft legislative texts.

In the course of 1977, the Committee on Agriculture deplored on several occasions the fact that the European Parliament was not consulted by the Council on a number of interim measures connected with the common fisheries policy. A list of these is attached to my motion. Out of 35 draft regulations put forward in 1977, only one was communicated to us under Article 43 of the Treaty, 17 related only to the Treaty of Rome, and 16 referred to Article 149 under which it is unnecessary to consult Parliament.

At the part-session of Parliament held in December 1977, the President of the Commission, Mr Jenkins, gave us the necessary assurances that the relevant provisions would be respected. He went on to say that the close link between Parliament and Commission was essential for the proper functioning of the Community.

Mr Gundelach, whom I wish to thank for always being ready to appear before my committee, admitted to us that the way in which draft regulations on fisheries were dealt with was sometimes inconsistent in the matter of consulting Parliament. In particular, Parliament was not consulted about the ban on fishing the Norway pout, whereas it was consulted about the ban on herring fishing. In January, Mr Gundelach had another opportunity to deal with the

question of consultation when replying to our committee's comments. However, these assurances given in good faith by the Commissioner were not followed by action on matters referred to the Council of Ministers. Thus the very recent Council Regulation providing for the opening, distribution and method of operation of a Community tariff quota for dessert wines originating in Cyprus and marked under the name 'Cyprus sherry' was adopted by the Council without the Parliament having been consulted. Hitherto Parliament had always been consulted on a renewal of this measure, which has been in existence for several years.

Similarly, Parliament had not been consulted on the proposals referred to in the excellent report which Mr Corrie has just presented. The Committee on Agriculture had to ask the Bureau for permission to draw up this own-initiative report. The Committee on Agriculture is unanimous in thinking that these pinpricks which the Council has inflicted on Parliament's right to be consulted tend to jeopardize the inter-institutional dialogue and European integration. Indeed, can we put up with such treatment when Mr Jenkins promised on 11 January 1977 that the new Commission would anticipate the direct election of Parliament by 'getting used to treating the present Parliament as it will treat the new directly-elected one'?

Is this the way 'to create the climate of mutual confidence which must in future prevail between these two institutions' — Parliament and Council — to quote a statement made by the President-in-Office of the Council on 6 July 1977?

The Committee on Agriculture would like to know the real reasons why the Council forgets to consult Parliament. It wishes to hear the President of the Council explain himself on the matter, and that is the object of our motion for a resolution. I assume that Parliament shares the wish of its Committee on Agriculture.

The President of the Council gave a preliminary reply to our question in his statement just now. I could have wished that this reply were more positive, and that Article 43 were applied more automatically than it was in 1977, when it was applied for one out of 35 draft regulations. I therefore ask him and the Council to reflect on our request once more. This general consultation is essential if we are to strengthen the powers of the European Parliament and ensure the effectiveness of the Community through a frank and loyal exchange of views between institutions, in a word to promote European integration. This is a question of principle to which we attach the greatest importance.

(Applause)

President. — I call Mr Jensen, who has tabled a question on the same subject for Question Time.

Jensen

Mr Jensen. — (DK) Mr President, I have tabled a question for Question Time in order to ask the Commission to explain how the rapid enlargement and development of the Faroese, Icelandic and Norwegian fishing fleets are compatible with the catch quotas allocated in Community waters, particularly those of Greenland, at a time when the fishing fleets of many Community countries are being obliged to cut back on their operations, since it is after all the Commission which draws up the proposals for catch quotas applied to third countries and, as is now overwhelmingly obvious, certain third countries — and I am speaking particularly of Norway, Iceland and the Faroes here — have not been able to reach these quotas with their existing fleets but have been obliged to expand to an extent which could well lead certain Member States to wonder why only their stocks should be protected.

The plan was, as far as I know, to protect the fish stocks in the North Sea, the North-east Atlantic and the waters around Greenland from over-fishing. Conservation measures have been taken for various species of fish and the other species are subject to a strict quota system. Several countries, particularly certain Member States, have been exceptionally hard hit by the conservation measures and quotas — indeed, the fact is that it is only the Member States of the Community which are affected by these restrictions while countries such as the Faroes, Iceland and Norway, which after all are also members of the NEAFC Convention are finding it much easier to play their part in protecting the various species.

It might therefore seem strange that it is these very countries which are expanding and modernizing their fishing fleets so substantially. The three countries mentioned are in fact only involved in the conservation of herring, but they are, on the other hand, in the privileged position of being able to catch herring before they get to the restricted zones. It is, therefore, reasonable to ask whether or not various Member States with a fishing industry — particularly Denmark, for example — have been the victims of a sort of witch-hunt.

It is therefore paradoxical that the three privileged third countries which I have already mentioned are in fact practising industrial fishing every bit as intensively as Denmark, but it is Denmark which has been made the scapegoat.

Danish fishermen can understand the reasons and need for quotas perfectly well, but this fact should not be used as an excuse for unbridled expansion on the part of other countries.

Since virtually all the fishing nations of the North-East Atlantic operate in the same waters, and, generally speaking, all the fish are caught in the same area in waters part of which are known as the Community

Pond, we can perhaps assume that third countries with major fishing interests also agree that the fish stocks should be protected to a certain extent. Does not the Commission therefore think that the massive modernization and expansion programme taking place in countries such as Iceland and the Faroes is intended to take advantage of the Community waters around Greenland because Community interests in this area have not as yet been shared out adequately, and can the Commission explain how this is compatible with the wish to protect fish stocks?

There is currently considerable uncertainty in the North-Sea fishings sector and this is not a good thing for the fishing nations. I should like to make particular mention of the selfishness exhibited in the fishing negotiations at the end of January, where a country such as the United Kingdom for tactical reasons behaved like a little child who had had his lollipop taken away from him.

I do not intend to criticize the British Minister for Fisheries for his sound business sense, but his attitude did not reflect much concern for the interest of the Community as such. There are even those who maintain that since the United Kingdom is only interested in Community aid and Community millions, it should in fact only be associated with the Community on the same sort of basis as the ACP countries. We can hardly applaud the cooperation or willingness to cooperate of the British, or at least of the British socialists.

I was therefore looking forward with a certain impatience to hearing Mr Corrie's report since it is after all a paradox that it should be a British Member who is submitting a report to Parliament on behalf of the Community, when his own country has in fact set out to do what it can to oppose it.

I also admire Mr Corrie for having had the courage to complete this report, and I can therefore say that there is still hope for the United Kingdom, there is reason to hope that the British will be reasonable for once — a positive step would be the withdrawal of the demand for a national 50-mile zone.

On the other hand, I must criticize the Commission for not having made a sufficient effort to find a Community solution at the end of January. To an outside observer it appeared that they were more interested in what could divide the negotiating partners than what could unite them.

Since the Commission was already familiar with the huckstering tactics employed the United Kingdom, it should perhaps have given way to the United Kingdom a little more even if this meant losing a certain amount of prestige. This may sound strange coming from a Dane but I think we should be realistic since it is a fact that the British will, as is their wont, get their way in the end.

Jensen

We could have avoided this transitional period of uncertainty for the fishing sector since it is not only with respect to the fishing industries of our Member States that doubts can now be raised on the legal aspects. The negotiations with third countries, where agreements are now being reached by the eight Member States excluding the United Kingdom, are equally involved.

However, the crux of the problem may just as much be that the Commission — as has been pointed out a number of times this morning — has relied on its own opinions too much and failed to consult Parliament. The Commission's January proposals was not submitted to the Agricultural Committee or Fisheries Sub-Group of this Parliament until after the breakdown of negotiations and I therefore fully support Mr Houdet's motion for a resolution regarding Parliament's right to be consulted.

To take the example of the Pout Box, all the Commission documents from 1977 mention that the restriction on fishing in this protected area off the Scottish coast should be subject to seasonal variations. For example, in the quarter beginning with April it should be open to all. This period is of no interest from the point of view of fishing and both the Commission and the United Kingdom know this — otherwise they would probably have raised their voices in protest before now. However, the entire Danish industrial fleet cannot limit itself exclusively to sandeel fishing in the spring months, and for this reason, the catches of Norway pout in the Pout Box could be a valuable supplement from the purely national economic point of view. There was undoubtedly some bargaining over the question of the Pout Box being moved 1° to the west in return for by-catches of 10 % but it was never made official and public that the Pout Box should now be closed permanently, i.e. in the quarter beginning in April too. For this reason, I am not satisfied with the simple explanation that this will be easier to administer. In any case Danish fishermen are not illiterate.

I should like to ask the Commission directly what Member States such as Denmark have got in return for this piece of horse-trading. At any rate, neither Denmark nor even the United Kingdom would have wished things to go this far, and if I cannot criticize the Commission for its unwillingness to listen to anyone else I must at least criticize the Danish Minister for Fisheries for being too amenable.

One of the reasons for this unfortunate state of affairs, however, is that Parliament was not consulted. The long and the short of it is that we cannot expect the fishing industry to put up for months on end with these enervating delaying tactics whereby it does not know where it stands. It is, therefore, important that Parliament should speak out here and now against

this deplorable development in our attempts to establish a Community fisheries policy and this is why I have tabled an amendment which is intended to form paragraph 12a in Mr Corrie's report. This new paragraph will draw the Council's attention to the need for the nine Member States — i.e. not excluding the United Kingdom — to resume the fisheries negotiations forthwith with a view to ensuring the continued existence of the fishing industry on a serious basis, since it is in fact only very minor points which are dividing the United Kingdom and the other eight countries. Let us hope, therefore, that the British Labour Party will also vote in favour of my positive and necessary addition to Mr Corrie's report and thereby bring their colleague, Mr John Silkin, the Minister of Agriculture and Fisheries to see sense. I am glad, therefore, that Mr Dalsager, the Danish Minister of Agriculture, is prepared to mediate in this matter.

As I said before, this tactical beating about the bush means that the fishing industry is losing valuable months, and we must therefore make a united stand to prevent questions of British internal politics from determining the nature of our fisheries policy, since what we are witnessing here is pure electioneering.

When considering Mr Corrie's report from a Danish point of view, what struck me most was paragraph 9 on page 10 of the English version according to which it will be possible for the Member States to take appropriate measures. It is understandable that the British should be in favour of this paragraph since if a country makes skilful use of this paragraph to the detriment of another country fishing in a non-traditional manner, there is always the excuse that Britain's measures in this case are non-discriminatory and this would be very difficult for the country affected by these measures to disprove.

There is, in my view, a certain danger inherent in paragraph 4 on page 7 of Mr Corrie's report, since an effective licensing system will require that the fishermen, who are not particularly administration-minded will in fact need to have a clerical worker on board. For this reason my colleague, Mr Kai Nyborg, has tabled an amendment deleting paragraph 4 on page 7 and I too urge you to support this amendment.

Finally, a few comments on Mr Klinker's report which, as Mr Klinker himself has said, deals very much with the future. Mr Klinker has done a commendable job in combing the three earlier draft amendments — indeed, I have nothing but praise for the report. It is well thought out, serious and correct since, to put it briefly, no fishermen, whichever country they come from, can have any objections to being treated neutrally. In addition, the ideas put forward in the motion for a resolution are realistic, for example as regard the Eastern bloc countries, so all in all it is a sensible report which we are able to support.

Jensen

Finally, I should like to say that I hope reason will prevail today in our debate and in Parliament's attitude to the Commission and the Council. I hope also that reason will spread outwards like ripples over the entire North Sea and the English Channel.

(Applause)

President. — I call Mr Gundelach.

Mr Gundelach, Vice-President of the Commission. — Mr President, I will first say a few words on the general situation following the failure of the Council to agree upon a Community fishing policy at its recent meetings. Secondly, I will consider the question of consultation of Parliament, which is an important one. Thirdly, I will comment upon the reports which have been submitted today by Mr Corrie and Mr Klinker, and on the comments by Mr Jensen which, I understand, are being submitted instead of his asking a separate question in Question Time tomorrow.

There can be no doubt that the failure of the Council, after six special meetings, to arrive at an agreement on an internal fishing policy is a matter of serious disappointment. It is not the number of meetings that counts; it is the uncertainty which continues to prevail among the fishermen and those people who work in factories processing fish on land in Member States. That uncertainty, in a situation of high unemployment in the Community, is intolerable. Secondly, whilst we are not prevented from continuing our fishing activities, for the time being, in waters of third countries with whom we have reciprocal fishing interests, it is quite evident that, without the firm basis of an internal fishing policy, the conclusion of firmer and longer term agreements with these countries is not facilitated by the inability of the Community to agree on its own affairs. Thirdly, the inability of the Council to decide on this matter has repercussions that go beyond fisheries. In a Community confronted with major structural problems of an economic and social nature, it is more important than ever for the Member States to be capable of taking decisions that show understanding of each other's problems, and lead them to reasonable conclusions with each other. Otherwise, inter-dependent as we are economically, we shall not be able to deal with the vast economic and social problems of the Community, defend our legitimate interests, or to make our contribution to the solution of international problems. If we cannot handle the fisheries issue, then I do not think there is any possibility of our handling issues which may be just as intricate but economically equally or even more important. The fisheries problem is therefore a test of the ability of this Community to arrive at solutions which reflect the most important characteristic of a Community — namely, the sense of solidarity.

I would be the last to say that up till now no progress has been made. I can say first that the Commission was able, with the most active and constructive support of this Parliament to present the Council with comprehensive, dynamic, and reasonable proposals at the end of last year. This applies in particular to the additions made at the beginning of January following principles explained to Parliament in November and December. Taking into account the quota distribution, third country losses and other similar problems, we arrived at a quota distribution which recognized the special needs of coastal fishing interests in Ireland, Scotland, and Greenland, Mr Jensen, to a very far-reaching extent. We took into account the heavy losses which some countries particularly the United Kingdom, had suffered in third country waters. We agreed on a sacrifice for other important fishing nations, like Denmark, Holland, and France, with a solution in regard to quotas which left the United Kingdom with basically the same fishing tonnage as in the average for 1973-76, whilst the average reduction of fishing capabilities for the Community as a whole was about 10 % higher for some of the bigger fishing nations like Denmark and Norway. Denmark and Holland suffered, firstly because they were the biggest and therefore had to take a fair share of the burden, and secondly because the fishing of these countries had been particularly affected by the decisions concerning herring and industrial fishing.

But with the sacrifices, we did arrive at what was, I consider, fair treatment of the substantive problems, the capabilities of fishermen of the various Member States to fish, with due reference to the developing areas in Ireland, Northern Great Britain and Greenland. With due recognition of the losses of the United Kingdom, quota allocations to the United Kingdom put that country in a *de facto* situation of actually having a preference in what they like to refer to as their waters — and I will not quarrel about words. This indicated that it was possible to find ways to meet the legitimate claims and concern of nations like Ireland and the United Kingdom without straying beyond the limits of the Treaty. We were also able, with the very active support of this Parliament, to build up better control measures. I quite agree with Mr Corrie — and I shall return to this point — that we are not yet at the end of the road in regard to these control measures, but we have made a very significant beginning. And I think he will agree with me that we are much further ahead than we were a year ago. With the help of this Parliament we have also built up a consistent conservation policy. Where a year ago this was a dirty word, and it was not considered relevant to conserve fish and maintain fish stock as a valid basis for the economic viability of the fishing industry in all our Member States, it is now recognized, thanks to the help of this Parliament, that fish conservation is

Gundelach

an indispensable element in a Community fishing policy.

On structural policy it is quite evidently necessary, since great changes in the composition of fleets and fishing possibilities have been undertaken or are being undertaken, that a structural policy must be added to the arsenal of weapons of the common fishing policy. I want to assure Mr Corrie that we have reiterated the reference to the structural policy in the basic regulation. This point raised by the rapporteur in his report has been met by the Commission in its latest proposals to the Council.

I think that preference should be given to structural aid to inshore fleets. I do not think that means that we should put off *sine die* dealing with deep-sea fleets, but we had to know on the basis of the decisions of the Council concerning an internal fishing policy what the problems were. It is only when you know how quotas are allocated or changed from one country to another that you will know what fleets are without employment and which fleets have to be redeployed. It is only then that you can move into an effective structural policy for the deep-sea fleet. We certainly have no intention of giving it lower priority: I can assure Mr Corrie on that point.

Going back to the quotas, I would like to answer another very relevant question by Mr Corrie: in reallocating quotas prior to or during the January part-session, did we make political deals inconsistent with the total allowable catches which I had previously told this Parliament were based on sound biological advice? The answer is that we did not do that. We only added to the TACs for one species of importance, namely mackerel, and we did not do that for political reasons but because the scientists in the meantime had told us that there were considerably greater catch possibilities without any biological threat to mackerel. Naturally, therefore, we added a considerable amount of mackerel to the quotas, but on the basis of scientific advice. The various transactions concerning quotas were therefore fully in accordance with biological advice: in no instance did we go against biological advice when making these proposals.

Turning to the question of progress, not only have we been able, with your support, to submit to the Council complete — and I think rather dynamic and innovative — proposals, we have also made progress in the Council. Not only is there agreement among eight Member States in the Council on the whole package, including the innovation of fishing plans in certain waters where biological factors justify it, or where the legitimate interests of coastal fishermen and coastal preferences make it necessary, but I must underline to this Parliament that the major part of this package is also acceptable to the United Kingdom, subject to agreement overall. I have not heard very many words

spoken in the Council by the British Minister concerning their quotas. He has not approved them, but neither has he rejected them. One rather has the impression that, maybe subject to some slight retouching, if everything else is settled, that is settled as well. There may be a few points on conservation where they would like to go a little further.

Here I would like to answer Mr Nyborg. If he thinks that, on the question of the Norway pout, the Commission has been behaving on its own, he is totally wrong. If he thinks that the Commission has gone beyond what the United Kingdom is demanding, I am afraid he is naïve. The United Kingdom has asked for a Pout-Box considerably bigger than the one proposed by the Commission and the Commission's proposals in this regard were debated in this Parliament in the autumn. We have already discussed the question of the Norway put about three times in the last eight months, according to my papers we have proposed a Norway Pout-Box which is smaller than that demanded by the United Kingdom, going to 0° East, in an effort to find a valid compromise. Some measures are necessary, not to save the Norway pout, but to protect whitefish. This is a smaller box, as I said, than that demanded by the United Kingdom, but we have felt it reasonable to make this compromise proposal, because at the same time one is introducing the very important limitation of bycatches to 10 %; it was in the light of this that we felt it possible to propose a smaller Norway Pout Box than we otherwise had had in mind and smaller than what the United Kingdom had in mind.

So there are a few issues which are still outstanding with the United Kingdom in the package as it stands, but that is not what is dramatic. That is to be settled in the negotiations. Quoting the British Minister a little freely, I think I can say that his criticism of the Commission's proposals concerns not so much what is in it as what he feels is lacking. What he feels is lacking is some arrangement concerning zones, no longer, as I understand, exclusive zones, but some zones of preference or control. That is a political issue which we are up against, and it is the political issues, much more than the really substantive issues, which have prevented the Council from coming to an agreement.

It will take imagination and considerable amount of goodwill to find a solution to what, from the point of view of principle, is a very thorny problem; but nothing is ever impossible and this need not be impossible either, because what all the Nine and the Community itself stand to lose if that imagination is not forthcoming cannot just be calculated in fish: it will be a major setback to the Community's ability to deal with the economic and social problems with which we are confronted. But the solution must be found inside the framework of the agreement, on the

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basis of the Treaty. We cannot confront it with conflicts of interest or conflicts of presentation. Start chipping away at the basic principles of the Treaty, and the whole system which we have built up laboriously over the years will start to founder. This is the primary, the absolute condition, and a condition which I think is going to be accepted, because the Treaty also offers possibilities for dealing with problems of solidarity, problems of preference where preference is due. I think what is demanded of the United Kingdom at the present moment is, maybe, a somewhat clearer statement to its partners in the Council, be it Member States or the Commission, about the exact nature of what is needed. Once we know that, then we can start negotiating again and find a solution, but until we know that I cannot promise any new initiatives from the Commission, because otherwise, Mr Jensen, these are the kind of negotiations where you put your hand in your pocket and you put money on the table, the money is taken and you go on and on and you do not really know where you are going. Once we know exactly where we are going, I feel rather confident that we shall also find the road for getting there.

The first task for the Council must be to deal and not on a month-to-month basis with the question of reciprocal with relations third countries. We are nearing a successful conclusion of the negotiations with the Faroe Islands, with Norway and Sweden. The time has come to move away from the system of prolonging unilateral fishing rights between these parties for one month, two months or three months and to conclude framework agreements for a longer period and quota arrangements for the whole of the year. I think the best way to a reopening of negotiations in the Council will be a discussion of the results of the third-country negotiations, and I hope that this will take place in the very near future.

In connection with the relations with third countries, I would like to answer Mr Jensen. Iceland is not fishing in Community waters at all under the present circumstances. Their fleet has been reduced, and if they are planning to increase it for the future, it is not with a view to fishing in Greenland waters, which are not available to them — nor are any other Community waters — before they are willing to conclude an appropriate reciprocal fishing agreement with us. The possible prepared extension of their fleet has therefore nothing to do with fishing in Community waters, and certainly not in Greenland waters. Fishing activities with the Faroe Islands and Norway are on a reciprocal basis. It is a precarious balance, because in terms of value we have fished slightly more with them than they with us. Therefore even in regard to these countries your contention does not stand up. On the whole, we stand to gain at least as much as we are giving away with these countries. They also have had to reduce their fishing in some of our waters, and in particular in Greenland waters, because, following what we are doing in respect of Ireland and Scotland — each case adjusted to the relevant circumstances —

we have introduced very strict rules governing fishing by other Community fishermen and even stricter ones in regard to third-country fishermen in the Greenland waters. The need for precautions in regard to the frail fish-stocks of Greenland and for ensuring room for the development of the Greenland fishing industry, which is one of the few means the Eskimos can live by, has, I can assure you, been taken into account and will continue to be.

On the question of consultations with the European Parliament, I want to refer to the statement I made in this House on 15 December, where I made it abundantly clear that in substance I felt, as I feel today, that only through active cooperation between Parliament and Commission, and thereby with Council, are we capable of solving a series of problems confronting the Community, including the problem of fisheries. But the problem of fisheries is one which sets an excellent example, because the collaboration between Commission and Parliament throughout the year 1977 has become closer and closer and has resulted in the building up of a policy which may not yet be perfect but which nevertheless represents a considerable step forward when compared with the situation prevailing at the turn of 1976 and 1977. There can thus be no doubt that it is the Commission's wish and the Commission's policy to consult this Parliament on all relevant aspects of fishing policy. I stated that in detail on 15 December, and I want to repeat it today without going into legal details. The Commission is of the firm opinion that the basic regulation, be it on inshore or deep-water fishing, has to be covered by Article 43. I stated to this House on 15 December that I had submitted my basic proposals to the Council under Article 43. It is for me a matter of regret that the Council is not unanimous in feeling that the basic fisheries regulations ought to be based on Article 43. As far as the Commission is concerned, there is no doubt.

Here we come to the list, which is attached to Mr Houdet's motion for a resolution, of various measures which have been taken in the course of the year without reference to Article 43. I rather thought we fully discussed what happened in 1973 in our debate on 15 December, where I made the statement of principle, to which I have just referred. Most of the measures mentioned in this list were urgent conservation measures that had to be taken in a confused situation, and taken rapidly, in order to avoid harm being done to our fish stock. This included herring ban and the Norway Pout Box. These matters were, nevertheless, necessary, even if the articles were not appropriate at the beginning. The Court has always recognized that in a situation of urgency articles other than Article 43 can be used, for instance Article 103, and this must continue to be so. The matters were nevertheless discussed with the Parliament. You remember our discussions on herring; you remember our discussions on Norway pout. And furthermore, later in the

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year, we consolidated all these conservation measures — to which reference has been made in a number of titles annexed to this resolution — into one consolidated item of conservation legislation under Article 43, and submitted it to the Council.

I therefore think that that part of the list is taken care of, as we agreed in December of last year. Other items on the list refer to these unfortunate prolongations for one, two and three months of arrangements with third countries. We had to resort to this since there were no bases for long-term agreements in Community policy. It could not be any other way, and cannot be any other way as long as we do not have a general fishing policy. But at part-session after part-session, I have reported to you in this House on short-term arrangements with Norway and Sweden, and we have discussed the question of Iceland. In other words, the Commission — and I count the Council too after what I have heard today will naturally live up to its legal obligations. But I have gone further; I recommended in November to the Council to send the whole package, on an optional basis, since it was inter-related and politically important, to Parliament. The Council followed me and did so. If in the last hectic follow-up this has not been carried out in every detail, I regret it, as I regret that we did not use the opportunity of having a proper debate at the last part-session of this Parliament when I reported to the House. There was time for it; we could have done it, and we could have avoided what I consider to be an unnecessary motion for a resolution, and an unnecessary debate. Because, to my mind, there is no disagreement on the question of the necessity the usefulness and vital importance to the Community of consultation of Parliament.

Certainly, I should answer the three rapporteurs. I have given some of the answers already, in reply to Mr Jensen, and I have answered a number of the points raised by Mr Corrie. Mr Corrie also said other things about control measures with which, in principle that this is a matter of implementation, and it is also a matter of the state of affairs in the Council. There is a reference to the log books of the skippers. I think this should be used for the purposes Mr Corrie is indicating, but there may be legal difficulties in making this obligatory. However, in practice I think it can be brought about.

With regard to coordinating research in the Community, which is an important point in your report, we agree. We have already raised this matter again under Article 43, and hope that the Council will follow us because the whole administration of this fishing policy is impossible unless there is coordinated Community research activity, financed by the Community, in order to ensure its independence of national interests.

When we come to the control question which was raised both by Mr Corrie and Mr Klinker, I would like to say to Mr Klinker that I am heartened and lifted by his European spirit, and I hope the day will come when the proposals he has made can be implemented in their full form. But I must say today, as I said in December, that that day has not yet come. I do not think we can yet fly with the same flag, or have common forces, naval or otherwise. I do not think we have reached this point. In a situation where we have not yet secured agreement on fishing policy itself, realism warns against talking about far-reaching ideas of this kind. I said so in December and I repeat it today.

Having said that, I must however underline, as I did before, both to Mr Klinker and Mr Corrie, that the control function is essential for the credibility of an internal fishing policy. We have just made quotas or rules about bycatches and so on: without proper control, they will not work. And furthermore, the control must be seen to be non-discriminatory. People must be seen to be dealt with in the same way, whether they are fishing in country A's water, or country B's water or country C's water. Therefore, I quite agree with what has been stated both about the necessity of control, and the inclusion of agents of the Community in the control mechanisms of individual Member States and I am happy to say there is agreement with the Council on this.

By a more far-reaching cooperation, organized by the Community and these institutions, on the control activities, physical and otherwise, of the individual Member States, I am quite sure that we will bring about a solution to the problems to which Mr Corrie has referred, including the territorial access for control mechanisms which, I quite agree with him, is essential.

On the question of the fees and the fines, I replied already in the December part-session that it is certainly a matter to which we can give consideration. But to move along the lines indicated by Mr Klinker would require the heavy procedures that are laid down under Article 201 of the EEC Treaty. I do not think therefore it is one of our most immediate problems, but we certainly will not lose sight of it. The question of control with regard to third countries' vessels is, for the time being, resolved in the agreement with individual third countries. Vessels are subject to control in each Member State's jurisdiction, and can be taken to a Community harbour, and are then subject to Community coordination.

As to the future Convention on the Law of the Sea, the Community is working on a clause which will allow it to become a party to this Convention. Appropriate proposals to that effect have been made in the conference, and will be repeated.

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I think, Mr President, I have answered most of the fundamental questions raised in the reports. I will conclude my statement by making an appeal, which I think will also be the appeal of the Parliament to the Council, to show that European spirit, that sense of imagination, that sense of coexistence and co-responsibility which has been there, but where one further effort is needed before we can conclude this business to the benefit of our fishing industry and to the benefit of our Community as a whole.

(Applause)

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

Mr Hughes. — I am sure the House has listened to statements by the President-in-Office of the Council and the Vice-President of the Commission with the seriousness they deserve. It is quite clear that the break-down of the Council and its inability to reach a final decision must be regretted by every Member of this House. The fisheries sub-committee, the Committee on Agriculture and the House as a whole have tried over the last 18 months or more to bring the two sides closer and closer together. When I listen to Commissioner Gundelach outlining with much greater precision and, if I may say so, much more balance than one would get reading the Continental and the British press, the actual nature of the point of difference, I am made much more hopeful. Because it does seem at long last that the parrot cry of 'Fifty miles or bust!' is being abandoned and replaced by the desire to see sense and come to an arrangement.

From the start, both in the Socialist Group and in this Parliament, there has been this key problem of how you reserve certain stocks of fish to certain particular communities that are heavily dependent on those fish for their livelihood and for whom there is no alternative source of employment. That has been a technical, a legal, as well as a practical and economic problem. It applies as much to the Communities of the west coast of Denmark as it does to the Communities round the northern part of Britain or in Ireland. The reality is that the actual fish are now secured to those communities and the real difficulty is, as I think I said in the December debate, how to keep the North British fish for the North British, against other British; that is as much a problem as how to preserve it against our European partners.

It is no good my ministers, my government, pressing the case for an exclusive zone which destroys the fish by our exclusive ability to destroy them, Conservation is not saying whole fleets of trawlers can come and sweep the sea clean off Devon and Cornwall because it happens to be inside a British fifty mile zone. *(Cries*

of 'bear!' bear!') That is not conservation, that is not a fisheries policy at all; that is piracy of the worst sort because it purports to be something better.

If I may turn very briefly to Mr Jensen's speech: if he wants this Parliament to be taken more seriously, I would ask him to be a little more circumspect in some of the phrases he chooses to use. There were passages in that speech which I did not believe helped the discussion at all, as well, as has been pointed out, as certain clear factual inaccuracies. The bandying about of emotive phrases in emotive language at this time can do nothing other than harm. A British-bashing session — which is a fairly frequent activity, though not notably in this Parliament — is very entertaining, but it is about as much use as hitting oneself on the head with a hammer. Because it will not help solve the real problems.

But I was much cheered listening to the speeches of the President-in-Office of the Council and the Vice-President of the Commission at the prospects for an eventual solution. I do not think it is so far off; I think it is much closer than most of our people in the Community realize. Our British people must realize far more clearly than their press allows them to that the Community has gone a very long way in securing fish for British fishermen to fish for a long time to come. I think the British press is grossly unfair about the degree to which the Community partners have made provision of real fish for real British fishermen to go in search of. I think, in parallel, that some of the comments in the continental press about the negotiating tactics of Mr Silkin are a little naïve. Let us leave it at that.

May I now turn to the reports by Mr Corrie and Mr Klinker and the question by Mr Houdet in reverse order. Yes, Mr Gundelach, you have been most cooperative in coming both to this Parliament, to the Committee on Agriculture, to the fisheries subcommittee, to give us information. But, if I may say so, in your speech this morning you gave another example of the legalistic problem we are faced with when you said that the structural policy had been reintroduced in your latest package. On what legal base will we in the Committee on Agriculture see that structural policy reintroduced? Is it the same policy? Has it been changed? We have not been told in a formal sense what the status of that structural policy is. We are very grateful for the information you have just given us to the effect that it has been reintroduced, but that is of itself not necessarily consulting Parliament in a formal sense, It does not enable Parliament to deliver an opinion in the formal sense upon it. It accept the goodwill both of yourself and the President-in-Office of the Council and his staff to help us along the way, but it is difficult for the Committee on Agriculture to do its work effectively without the nasty

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little legal technicalities being tied up. A communication from Commission to Council is not a basis upon which this House can deliver an opinion. Yet we find that frequently we can expect to be consulted on that basis.

I welcome the Klinker report. I fear, like Mr Gundelach, that it is slightly over-optimistic in its sense of timing. I do not believe that dawn is creeping over the eastern horizon at this moment, that we will have a fully integrated Community protection service, a coastguard service, or whatever. But that must be the ultimate aim in order that the distrust existing between fishermen and governments of different countries is reduced. That must be the aim, and there I am in full agreement with the Klinker report.

Equally, I welcome, particularly given the pressures of time under which he had to prepare it, the report by Mr Corrie, and note with interest the amendment tabled by Mr Jensen deploring the fact that the attempts to create a common fishing policy have so far been unsuccessful. I accept that we all deplore the fact; we all recognize the need to clarify the position for those in the fishing industry. But let us not go for clarification if by so doing we hinder getting the real solution. A legal clarification of the precise position may not be the thing at this moment in time that is the most desirable. Therefore, while I accept, and would urge my honourable friends to vote for, the spirit of the Jensen amendment I am not absolutely certain of the appropriateness of the wording.

In conclusion, Mr President, I hope that outside this House the very important statements we have heard in this House this morning are hearkened to. I hope that before many months are over the Council will have found the imagination and the foresight to come to a satisfactory solution.

(Applause)

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

Mr Vandewiele. — *(NL)* Mr President, my Group would like to join in thanking the President-in-Office of the Council for his impressive and fairly optimistic statement. On 15 December last year, Mr Gundelach said most optimistically (and I quote): 'I think that the debate this afternoon has again, on the whole, taken place on a very high level, and has moved us forward towards a basis on which an all-European agreement can be reached.' Everyone was in a buoyant mood, and I recall Mr Humblet's hopes that a favourable result would be achieved after 16 January.

No wonder then that we now all feel somewhat disillusioned. Mr Hughes has just summed up our feelings with his customary realism and courage. We are disillusioned, Mr Andersen, because we had fully believed

that you were going to have the privilege of at last bringing the question of a common fisheries policy to a successful conclusion. Today's debate must in any case have demonstrated to the President-in-Office of the Council that there is a clear majority in this House for such a policy embracing the whole Community.

I therefore express my support right here and now for the spirit behind Mr Jensen's amendment pointing out in effect that we want a common fisheries policy and that we shall make every effort to see that this aim is achieved.

So where is the problem? Mr Gundelach puts his finger on it every time. Our poverty — the poverty in the fisheries sector — must be spread fairly. We are all responsible for this poverty as a result of our greedy exploitation of the sea.

Some Members have referred here today to problems in Denmark or the United Kingdom. I should like to point out the situation in the Netherlands. As a Belgian, I always steer clear of talking about Belgian problems. I take the view that in our debates — while not of course disclaiming our own nationality — we should at the same time not forget to think in terms of Europe. Now the Dutch fishing industry is dependent on herring. In the 1950s, 600 000 tonnes of herring a year were caught in the Nord Sea; in 1965, thanks to industrial fishing, a total of 1 400 000 tonnes of herring were caught. It must be obvious to everybody in Europe that if we go on like this, we shall have fished the North Sea clean in just three or four years time! By 1975, and in spite of industrial fishing methods, the amount of herring caught had plummeted to half a million tonnes. Last year we were down to 150 000 tonnes.

Mr Gundelach has said that if we go on like this, there will be no herring to be found at all next year, except for perhaps a few in a museum, in Nieuport or somewhere in Holland, but the stocks of fish will simply have been exhausted. So we must limit the number of fish caught, although this is fraught with problems.

It is not only the United Kingdom which is faced with the problem of thousands of jobs hanging in the balance. Denmark and the Netherlands are faced with the same problem. We are all in the same boat. It is the same situation as in the steel, textiles and footwear sectors, on whose problems I recently acted as rapporteur. I was overwhelmed by the figures when I realized what was going on in some of the sectors. But we must accept the facts. We must adapt. We must restructure.

I would urge the British Members to read the last two pages of the Corrie Report, where they will find some amazing figures on the average catches in 1978 proposed by the Commission between the end of December and 31 January. The original proposal for

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Britain was for 1 million tonnes. The average catch in the period 1973-1976 was 1 million tonnes. The Commission's proposal for 1978 is 1 036 000. Reduction: nil! Admittedly, Ireland is given 26 % more as a special case. But Denmark gets a reduction of 18 % and Germany a reduction of 11 %, and yet there is still no sign of any concessions on the part of the United Kingdom.

As far as quota allocations are concerned, the quota originally proposed for the United Kingdom was 549 000 tonnes; the new proposal is for 852 000 tonnes, an increase of 300 000 tonnes! The Belgians are allocated 6 000 tonnes less, the Irish 8 000 more, the Italians 1 000 tonnes more, the Dutch 3 000 tonnes more, and the new proposals give the United Kingdom 302 000 tonnes more! The fishermen in the smaller Member States are now of course wondering whether the intention is to give everything to the British and to leave the others to carry the can. You must realize that there's a limit to everything, even the negotiating scope of the European Commission.

On behalf of the Christian-Democratic Group, I should like to appeal to all the United Kingdom Members, although I cannot of course do so quite so eloquently as our former President, Mr Spénale, did some time ago.

We feel that expressions like chaos, crisis and other pessimistic noises should be avoided as far as possible. In view of all the positive aspects, not all our bridges have been burnt as yet. We firmly believe this to be true, but the British must avoid newspaper headlines like the one which appeared in the Sunday Times in response to an article in Le Monde, which of course itself did not pull any punches. To headlines like 'No cooperation please, we are British!' I can only reply: 'Cooperation please, we are Europeans! All together! All together...!' There are sufficient grounds for hoping that there will eventually be agreement on a common policy worked out in collaboration with our British colleagues. On this point, Mr Hughes always sets a shining example and Mr Corrie has the courage to defend a point of view which will not always be received kindly in his constituency. Those who don't agree should stop and ask themselves what the situation would be like if the United Kingdom were not a member of the European Community and were to claim an exclusive 200-mile zone for its own fishermen. The debate would be pretty heated then, too, and no reductions would solve the problem.

Mr President, my Group has frequently pressed for a Community policy on limiting catches and on rationalization to be combined with an effective structural and social policy. Other speakers have already pointed out — and I would go along with what they said — we need a redistribution of the Community fishing

fleet in terms and size and nature of vessel. We realize that the Community's deep-water fleets have been prevented from fishing in various third countries waters. We are grateful for Mr Gundelach's statement to the effect that the planned structural reforms will not simply be ditched and that social measures are indeed envisaged. But we have — and I would draw his attention to this — experienced ugly incidents in the past when it came to implementing the difficult provisions of the Mansholt Plan. We still remember the rowdy demonstrations which took place in Brussels on that occasion. I experienced at first hand the violent demonstrations which accompanied the closure of the Walloon and Flemish coal mines. People died at Zwartberg in Belgium. We must realize that we cannot drastically reduce catches, cause ships to be laid up and simply force large numbers of people to leave the fishing industry unless these measures are accompanied by vigorous action both at national and European level to alleviate the social consequences.

I do not think there is any need for me to plead the case for a programme of social measures. I would simply appeal for the measures to be taken *simultaneously*. I do not think the Commission needs any convincing on this point. It is the Council which must show itself decisive and see to it that the relevant proposals and regulations are implemented as quickly as possible. But we must not allow it to be said that the European Parliament was ineffective and failed to make its views felt to those whose job it is to act. This is a potentially explosive situation. This should not be taken as a threat, but simply as an attempt to see things from the point of view of those who have to bear the responsibility. I would say to the President in Office of the Council that the Council must realize that the painful measures we are now imposing will have equally painful social consequences and we must lose no time in taking steps to alleviate these consequences.

I have just one more word to say, Mr President, in connection with Mr Klinker's valuable report. When I myself, together with Mr Kofoed, tabled a few amendments to the draft regulation on control systems, our aim was first and foremost to stress the Community character of these measures and to try to persuade the Council by way of precise proposals to initiate a debate aimed at giving some of the measures a more explicitly Community character. I am personally highly flattered at the extremely positive report produced by the legal Affairs Committee. I am perfectly well aware that it will take years to implement the proposals as laid down in Mr Klinker's report and resolution. I quite realize this.

But we still call upon the Council to make use of the suggestions contained in this report in the near future to give some of these measures a rather more obvious

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and authentic Community character. My standpoint is — to use the words of Mr Klinker — as follows: 'at a time when the Community is entering into the new field of fisheries policy and the law of the sea, the European Parliament must be in the forefront of political thinking and show the Commission, the Member States and the European Public alike what opportunities it offers for the construction of Europe. It must also invite the Council to be daring for once in implementing this new common policy in order to lay 'the foundations of an ever closer union among the peoples of Europe', one of the solemn declaration in the preamble to the Treaty establishing the European Economic Community.' Mr President, my Group will lend its support to Mr Corrie's motion for a resolution, notwithstanding its objections to some of the phraseology used. We shall hold further consultations on the amendments which have been tabled. Mr Klinker's report will also receive the unanimous approval of the Christian-Democratic Group.

(Applause)

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

Mr Kofoed. — *(DK)* Mr President, I should first of all like to thank the President-in-Office for his contribution here today in which he at least informed us of what the Council has done and what it has so far failed to do. I should also like to take this opportunity of making a few remarks concerning Mr Houdet's motion for a resolution. As I see it, the President-in-Office of the Council, who took a positive view and said that Parliament should of course be consulted, evaded the actual question a little. As things stand it appears to me that the Council has not treated Parliament as one might have expected.

The Council may have been legally within its rights in not consulting Parliament, but since fisheries policy has given rise to such a fraught political situation, the Council should have realized that it was politically vital for Parliament to be consulted. Even though I have thanked the President-in-Office of the Council, I should nevertheless like to say that Mr Houdet's attack on the Commission and the Council must be understood mainly as an attack on the Council's apparent inability to put the various questions before Parliament.

To return to the debate, all I have to say regarding the two reports by Mr Klinker and Mr Corrie is that we in the Liberal Group support them. Mr Klinker's report perhaps deals more with future prospects, whereas that of Mr Corrie deals with the present situation.

I should also like to congratulate Mr Corrie for the courage he has shown in drawing up this report and motion for a resolution.

I should also like to make a few more general remarks of a political nature in the light of the situation in which we find ourselves. As we know, the Council of Ministers could not reach agreement on fisheries policy. All of us in this Parliament greatly deplore this fact, particularly as Parliament was fully aware of the great significance which a Community arrangement would have in this sector. Parliament also regards this as being of great importance from the point of view of trade and basic principles.

We have discussed fisheries policy on innumerable occasions, but if we look back on the debates from 1976 to the present day, we see that Parliament's discussions have gradually led to agreement.

If we consider the report which I had the honour of drawing up, Mr Corrie's report before us today and the debates which have been held in connection with these two reports, it is clear that this Parliament has been genuinely in favour of reaching a compromise. I must compliment our British friends, since if I think back, for example, to the first debates, in which Mr Hughes and Mr Prescott took part, and compare what they said then with their current arguments, I must admit that these two Members are prepared to be convinced by arguments put forward by others and this is commendable.

Thus the current situation is that Parliament was able to reach a compromise but that the Council was not. I perhaps need to speak in slightly stronger terms than is usual. I am working on the assumption that this is a peoples' Europe, not a governments' Europe which would undoubtedly be a little more diplomatic in its choice of words. In my view, it seems clear that the British Government must bear sole responsibility for this failure to find a solution in the fisheries sector. I have no doubts about this.

In order to explain why I take this view I should like to go back a little. When the three new Member States acceded to the European Community there were no fishery problems. We knew that these problems were imminent but, generally speaking, the limits in force were three and twelve miles. We could all fish in each other's waters, with certain exceptions. Basically, however, the various countries agreed in 1972 that the limit should be twelve miles at the most. I should also like to stress that I remember the United Kingdom and Denmark taking the same view at the Conference on the Law of the Sea in Caracas in 1974, namely that three and twelve miles were the right limits and that they opposed the idea of a limit of two hundred miles. True, this changed after 1974, but I must point out that no-one in the three new Member States dreamt at the time of the accession of anything more than a maximum of fifty miles, or perhaps two hundred miles if this should become a reality.

Kofoed

There was no question of a limit between twelve and two hundred miles! Both the United Kingdom and Denmark had accepted this at the time of the accession. In this context, therefore, I must praise the eight Member States for the fact that they are sticking to the principles of the Treaty of Rome, even if they accept a limit of two hundred miles vis-à-vis third countries, thus supporting the idea of the North Sea being a Community pond with a maximum limit of twelve miles for the individual Member States.

Personally, — and my Group goes along with my feelings on this point — I am disappointed at the attitude of the British Ministers simply because they are giving us a completely wrong picture of the United Kingdom. Many of us, perhaps the Danes in particular, have always admired that country.

We have admired it because it was the oldest democracy, because it traditionally stood for cooperation and was inhabited by gentlemen.

I do not think that the British Government has lived up to our ideal image of the United Kingdom with the attitude it has shown recently.

While on the subject of the 50-mile limit I should also like to state that I think it is quite unacceptable, and Mr Corrie says the same directly and indirectly in his report. As I said before, we knew that the maximum limit of 12 miles was to apply when the new Member States acceded. I am therefore astounded that Mr Silkin and the British Government should claim that 60 % of the fishing resources of the North Sea are within British territory. The North Sea has never been British territory except for the 12- or 3-mile zone, and 60 % of the North Sea resources are not found within this zone.

At any rate I have read that the British have always taken the view that national sovereignty extended for a distance of 3 miles from the coast and that beyond this point everyone should have free access to the sea since it did not belong to any particular nation.

If we look at the quotas, however, I cannot understand why the British Government cannot agree to the Commission's proposals. I must also congratulate the other eight Member States for giving up so much for the sake of a compromise. The Netherlands, for example, has agreed to a 30 % reduction compared with the six previous years. West Germany, to give another example, has agreed to a 12 % reduction. In spite of the fact that this country is probably the one which, relatively speaking, has lost most as a result of the restrictions on fishing in the waters of third coun-

tries, it is difficult to understand why it should be the United Kingdom which cannot accept this compromise since it would only involve giving up 0.5 % of the amounts fished hitherto. Instead, the United Kingdom is asking for an increase of its share in the total quota from 22 % to 24 %.

I should like, if I may, to repeat what Mr Vandewiele said — namely that we should not talk about our own countries. I should nevertheless like to point out that Denmark, which is the major fishing nation of the Community, is prepared to accept a compromise in spite of the fact that this entails an 18 % reduction and that the amount Denmark would be giving up would represent over half of the overall reduction. I think this should be pointed out.

The problem is that this fisheries policy has been criticized in certain countries. According to some the European Community is responsible for the lack of decisions in the fisheries sector. I agree, however, with Mr Vandewiele who asks what the situation in the fisheries sector would have been like if the Community did not exist. What would probably have happened is that the North Sea would have been divided up in the same way as the sea bed in connection with oil. If this had been the case, I should like to have seen the consequences for the fishing sector in the fishing nations on the continent. We can safely assume that there would have been a disaster in the fisheries sector whereas there is as yet no question of a disaster. Clearly, we have made some progress — we have not found a solution but I think we are nearer to finding one than we were.

My words here today may perhaps have reflected a certain bitterness and legitimate impatience regarding the British attitude but I hope they will be interpreted in a positive light as an expression of the hope that the British will understand that we are now expecting the United Kingdom to prove that de Gaulle was wrong in saying that that country was not ready for membership of the Community. The United Kingdom must accept the compromise so that we can move ahead to a solution of the fisheries problems.

(Applause)

President. — I call Mr Dalsager.

Mr Dalsager, President-in-Office of the Council. — *(DK)* Mr President, at this afternoon's sitting Mr K.B. Andersen, the Danish Foreign Minister, who wishes to be present at your debate, will replace me. I should like to congratulate Mr Klinker and Mr Corrie on their reports, and I go along with what has already been said by the various speakers on these reports. My desire to speak now arises from certain observations

Dalsager

which have been made in connection with Mr Houdet's motion for a resolution, which was also mentioned by Mr Kofoed. I possibly understand better than many how Parliament feels when faced with a problem of this kind.

The various regulations which have been referred to all deal with interim internal or external measures most of which are applied for one or a few months only.

The European Parliament is certainly aware, as it showed in its Resolution some months ago, of the urgent need to protect Community fish resources in connection with the general extension of the fishing limits of coastal states to 200 miles, which is necessary if we are to remain in a position to bargain with third countries, to take one example.

It is against this background that during 1977, while work was under way with a view to making some progress in the Community fisheries policy, the basic texts of which were submitted to Parliament for consultation, the Commission felt obliged to propose and the Council to adopt urgent interim measures based expressly or implicitly on Article 103 of the Treaty which provides for the possibility of taking short-term economic measures without consultation of Parliament, particularly if difficulties should arise in the supply of certain products.

It goes without saying that both I myself and the Council as a whole hope that after the establishment of a common fisheries policy, which as I said before we naturally hope can be introduced in a few months, there will no longer be any need to apply Article 103, and that Parliament will be fully consulted on all further developments in this policy. It is therefore important that no one in this Parliament should be in any doubt as to our intentions in this matter. I also hope you will understand that in certain situations one must take very swift action for the sake of the Community itself, and that there are situations in which we cannot act in conformity with the normal procedures which otherwise should, of course, be observed. The Council also agrees on this point.

(Applause)

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

(The sitting was suspended at 1.05 and resumed at 3.00 p.m.)

IN THE CHAIR : MR COLOMBO

President

President. — The sitting is resumed.

7. Question Time (continued)

President. — The next item is the continuation of Question Time (Doc. 542/77). We start with questions to the Council of the European Communities.

I call Question No 44 by Sir Geoffrey de Freitas :

Will the Council, when acting as a legislature, invite the public to attend their legislative meetings, since it is not the practice of any other legislature in the Community to debate legislation in secret?

Mr Andersen, President-in-Office of the Council. — *(DK)* I am fully aware of the importance attached by Members of the European Parliament to this question, which has been asked on repeated occasions — most recently at the sitting of 12 October.

According to the provisions governing its proceedings, meetings of the Council are not public. Furthermore, the Council makes no distinction between legislative and other meetings.

The fact that Parliament is involved at an early stage in the decision-making process within the Community gives the public an opportunity to follow the course of Community legislation.

I might add that, although plenary sessions are public in all our national parliaments, the extremely important committee work is in many of them not public, so that the difference is not so great.

Sir Geoffrey de Freitas. — Now that we are moving towards direct elections, is it not very important that the public in our countries should be encouraged to follow all the legislative processes of our Community, and even if it is inconvenient — and I fully understand that — to have public sessions, could we not have one, at least, as an experiment?

Mr Andersen. — *(DK)* I must repeat that the rules are quite clear, and I therefore think that all of us here, as experienced politicians — and I include myself, as I have been in parliament for many years — know that there are times in any question when results are desired that cannot be achieved in public.

Mr Edwards. — Would not the President-in-Office accept the fact that there is a growing demand from Members of this House for a more open government? The Council of Ministers is the one area in all our organisms that does not seem to be properly accountable. After all, it is not a cabinet, it is a Council, and I agree with my friend, Geoffrey de Freitas, that perhaps one meeting a year, as an experiment, might be very useful indeed.

Mr Andersen. — (DK) I cannot completely agree with this, since the Council is in fact a cabinet in many matters, in the sense that it can approve measures which are binding upon the Member States. I am in favour of the greatest possible degree of openness, but if we want European cooperation to achieve results, it is difficult to call for more openness than we are in a position to grant in our own countries.

Mr Price. — It must be very galling for a good guy like the President-in-Office to have to give, on orders from his colleagues, such equivocal and unforthcoming replies as the one we have just heard. Could he tell us what is the fundamental argument which prevents the Council of Ministers from separating its legislative and deliberative functions?

Mr Andersen. — (DK) Despite the friendly demand from my good friend, I myself am not in a position to change the procedures governing the Community's work. I can only repeat what I said a few moments ago — the day all nine countries can show they have complete openness at all stages of the legislative procedure I think we shall have an extremely strong argument for calling upon the Council to do the same.

Mr Albers. — (NL) Even though the deliberations take place in secret, I would ask the President-in-Office what objection there is in fact to holding the legislative meetings in public, as is done in the parliaments of the Member States.

Mr Andersen. — (DK) We cannot do this as the rules stand.

Lord Bethell. — The President-in-Office has three times mentioned the fact that the rules of the Council prevent legislative sessions of the Council from being held in public. Cannot these rules be changed? Will the President-in-Office make representations after this debate and explain the feeling in this House — and what, I am sure, is the overwhelming feeling among the people of the Community — that this is a rule which ought to be changed?

Mr Andersen. — (DK) It is obvious that, whenever I have had discussions such as the one I have listened to here today, I inform my colleagues of them. What I am a little surprised at — and I say this as a politician of many years standing — is that everyone who has spoken today appears to believe that all stages of government — committee meetings, party meetings and so on — are public in their own countries. This is surprising, and it is certainly new to me.

Mr Evans. — Would not the President-in-Office agree that, if this Parliament is serious about the question it is putting to him, it could set a very good example to the Council by opening its own committees to the press and public?

Mr Andersen. — (DK) It is not for me to pronounce on that, but it would be a logical consequence of the question put to me.

President. — I call Question No 45 by Mr Edwards:

Can the Council give further details of the project announced at the most recent meeting of the European Council to establish a system of loans for investment projects in the Community, to be managed by the Commission and the European Investment Bank, with particular reference to the possibility of using these loans to reduce unemployment in the member countries?

Mr Andersen, President-in-Office of the Council. — (DK) In December 1977 the European Council declared itself to be in favour of developing the Community's financial resources when it approved the principle of creating a new instrument for Community loans on an experimental basis, the loans being managed by the European Investment Bank in liaison with the Commission. It instructed the Council to examine the proposal which the Commission would be putting forward. On 31 January 1978 the Commission transmitted to the Council a proposal for a Decision on this subject, based on Article 235 of the Treaty, and the Council forwarded this to the European Parliament for consultation.

The Council has not yet been able to express its views on the practical arrangements for implementing the new system of loans. It is, however, obvious that, as the economy stands at present, it is essential to take all possible measures to reduce unemployment. To this end, investment must be increased as a matter of priority, and the proposed instrument is designed to contribute towards this objective.

Mr Edwards. — May I thank the President-in-Office for that very useful and constructive reply, and express the hope that the committees that are responsible for expressing their views in this Parliament will expedite their work so that this experiment can go forward?

Mr Andersen. — (DK) Thank you. I do agree.

Sir Brandon Rhys Williams. — Does the President-in-Office agree that in the world currency market there are very large volumes of finance looking for viable projects in which to invest, that in the European Community there is a large number of viable public and private projects needing finance, and that what, therefore, we have to look to the Council to do is to find a way in which we can borrow in dollars but repay in a European Community currency, or basket of currencies, in a way which will be satisfactory for the lenders, but will also provide attainable terms of borrowing for the borrowers? Is this not an urgent problem in the field of European currency cooperation which only the Council of Ministers can solve?

Mr Andersen. — (DK) It is first and foremost not a question of monetary policy, but one of creating — at a difficult moment in time — a new opportunity for investment in extremely important projects on which the Council and, of course, the Parliament lay great weight. Let us now try it out as an experiment and see how it works.

Mr van Aerssen. — (D) Can the President-in-Office give us an assurance — even though the guidelines for distributing the funds are not yet laid down — that a large part of this money will be earmarked for investment projects of small and medium-scale undertakings in the Community, since this is the classical starting point for combatting unemployment?

Mr Andersen. — (DK) This is not a priority we have yet laid down, but we are aware of the problem, and I shall make this view known to the Council.

President. — As the authors are not present, Question No 46 by Mr Dalyell and Question No 47 by Mr Blumenfeld will be answered in writing.¹

I call Question No 48 by Mr Seefeld, for whom Mr Albers is deputizing:

The Commission has made proposals for priority action in the transport field (COM (77)596). At its meeting of 20-21 December 1977, the Council stated that it would 'endeavour to take account of these priorities in its future proceedings'. Why has no formal resolution been adopted by the Council, as a solid commitment to put the programme into effect?

Mr Andersen, President-in-Office of the Council. — (DK) The Council feels that there is no real difference between a formal resolution of the kind referred to by the honourable Member and the action which the Council intends to take in accordance with the Commission communication.

As regards the first half of this year, the Council has already begun work on almost all the priority measures in the Commission's communication on the Council's programme of action up to 1980. I have no doubt that when drawing up its timetable for each coming six-month period it will continue, as far as possible, to try to take into account the list of priorities recommended by the Commission.

Mr Albers. — (NL) I am grateful to the President-in-Office for that answer. I am relieved that no resolution is needed, but I am not fully satisfied, since decisions will have to be reached on 12 major points in 1978 alone.

My supplementary remark is that, if it is the intention to hold one meeting of this Council of Ministers under the Danish Presidency, it will be impossible to bring this decision-making process to a favourable conclusion. I therefore call for an increase in the number of meetings. I myself believe that three to four meetings will be needed in the first six months of the year to ensure an effective decision-making process. That is what I wanted to suggest to the President-in-Office.

Mr Andersen. — (DK) I do not disagree with the honourable Member on the importance of these matters or the need to push ahead with them. There is perhaps only one point on which I disagree. Even my brief experience in this field tells me that it is not the number of meetings which is decisive, but the political resolve. However, as I said, I shall make the honourable Member's views known to the transport ministers.

(Applause from certain quarters)

President. — I call Question No 49 by Mr Noè:

Does not the Council think that a start should be made at the earliest opportunity on some of the demonstration projects in the field of energy-saving proposed by the Commission, especially those related to the combined production of power and heat?

Mr Andersen, President-in-Office of the Council. — (DK) The Council acknowledges that demonstration projects in the field of energy saving within the Community must be implemented as quickly as possible. However, the Council has not yet reached agreement on the proposal for a Regulation which the Commission submitted on this matter, particularly on the need for Community aid in this field and the types of project which would be eligible for such aid. The question is the subject of thorough and intensive discussion in the Council, with a view to finding solutions to the outstanding problems, and the whole matter is expected to be dealt with at the first meeting of energy ministers under the Danish Presidency. This is a matter to which the Presidency attaches great importance.

Mr Noè. — (DK) I should like to thank the President-in-Office for his precise reply, but does he not nevertheless feel that the Council is taking rather a long time to reach a decision, and that, instead of being solved promptly because of the serious energy situation, this problem is being tackled more as a simple administrative question?

Mr Andersen. — (DK) If I were able to speak freely, untrammelled by my position, I would say I agreed with every word. As it is, I shall only say that I will pass on these justified views to my colleagues.

¹ See Annex

Mr Brown. — Is the President-in-Office aware that when the Committee on Energy and Research examined this problem under the budget heading it was given an assurance by the Commission that, provided the Council gave their approval, these contracts could be let by January of this year, and there would therefore have been one whole year of work undertaken? Do I now understand that before we can actually get a judgment by the Council on authorization, we shall be more than halfway through the year? If so, the money that was earmarked for this purpose will not in fact be spent, so could I ask the President-in-Office whether it is not possible for his colleagues and himself to decide on those elements in the proposals for energy saving that they regard to be of high priority and authorize those to be undertaken immediately?

Mr Andersen. — *(DK)* I very much hope that we can approve the programme at the Council meeting in March, and I think the honourable Member will agree with me that we shall not then be half way through the year. As long as Denmark's six-month term of office is running, I personally might wish we were already half way through the year. At any rate, March is not June, and we hope to get this important programme approved at the March meeting. That is our aim.

Mr Osborn. — Would the President-in-Office bear in mind that there is still urgency in this field, because the whole Western world, and the EEC in particular, is so dependent on imported oil that unless projects, whether devised nationally or on a Community basis, are approved urgently, we are putting at risk the very way of life that we understand? I very much hope that the President will urge on his fellow ministers to make a decision rapidly, and not give us unsatisfactory replies, such as we have had at the present time because the Council of Ministers have not been able to reach a decision.

Mr Andersen. — *(DK)* All I can say is yes, but I might add that, of all nine Member States, Denmark is probably the one most sensitive — and hence most beset by difficulties — in this sector. For that reason alone, I hope you will believe me when I say that we are doing everything in our power to settle this problem quickly.

President. — I call Question No 50 by Mr Normanton.

What representation has the President-in-Office of the Council made to the Government of the United States of America concerning the conditions which that Community intends to apply to enriched uranium supplied to the Community?

Mr Andersen, President-in-Office of the Council. — *(DK)* The Presidency has not, as yet, made any repres-

entation to the Government of the United States of America concerning the conditions which that Government intends to apply to enriched uranium supplied to the Community. The United States authorities have asked the Community to agree to a renegotiation of the cooperation agreements concluded between Euratom and the United States with a view to adapting the provisions of these agreements to the new requirements of United States legislation on nuclear exports which are currently being discussed by Congress. The Council is at present considering the reply to be given to this request.

Mr Normanton. — When the Community does come to make its representations, will the President-in-Office of the Council inform the government of the United States of America that the Community is not prepared to negotiate under the threat of a suspension of uranium supplies, since the Community's economic viability, not unrelated to the strength of the dollar, is a matter which is of crucial importance to the Community? And will the President-in-Office also press upon his energy ministers the importance of the Community adopting common policies and common measures to achieve greater independence in this important field?

Mr Andersen. — *(DK)* I can tell the honourable Member that we do not have the impression we are negotiating under threat when we are discussing these sensitive matters with the Americans. I appreciate the reasons why the American Congress is extremely circumspect in this question. Among other things, I am thinking of the whole question of non-proliferation, and this is the very reason we agree that we must negotiate to find a solution. As I said, we do not feel we are under threat or pressure.

Mr Noè. — *(I)* In view of the fact that the United States, under the 'Carter theory', have been pressing Europe to discontinue reprocessing irradiated fuel in return for an American guarantee to supply enriched uranium, does the Council not consider that this constitutes an undertaking not to interrupt deliveries of enriched uranium while negotiations are under way?

Mr Andersen. — *(DK)* Without going into details, I would say that I feel this view reflects a lack of appreciation of the extremely responsible position the United States feel themselves to be in in this question. I can assure the honourable Member that I shall bear what he has said in mind when I go to Washington on Monday where, together with the Danish Prime Minister, I shall have an opportunity to meet President Carter and Mr Schlesinger to discuss this and other questions.

Mr Brown. — Would the President-in-Office like to remind the Americans that Europe will shortly have, we hope with the help of the energy ministers, a total capability for fastbreeder reactors? We are about seven years in front of the Americans in that respect, so will he urge his energy ministers to come to a conclusion about the opportunities of developing an atomic energy demonstration project with regard to fast-breeder reactors in Europe?

Mr Andersen. — (DK) I cannot see how the problem raised here affects the considerations any American Administration will have to take into account on the basis of a responsible attitude towards these questions.

Mr van Aerssen. — (D) Even when the relevant legislation has been passed by the American Senate, it is by no means certain that the USA will treat the European Community as one country. Can the President-in-Office give us an assurance that our negotiations with the USA make it an essential condition that the European Community be treated as such — i.e. as one country — in American legislation?

Mr Andersen. — (DK) I cannot give an affirmative reply to this before we have negotiated with the Americans.

Mrs Waltz. — (D) Mr President-in-Office, now that the new American legislation on non-proliferation has been passed by the Senate, do you consider that it is consistent with the official non-proliferation treaty — which after all guarantees all non-nuclear countries the right to use atomic energy for peaceful purposes — or do you feel that, in view of this new legislation, the international treaty should also be renegotiated?

Mr Andersen. — (DK) We have not yet received the new legislation, but we surely all agree on the fundamental interest in non-proliferation — this has nothing to do with American domination. We surely all agree on this point as a basis for negotiation. We shall naturally put forward European views when we go to Washington next week, but I have every understanding — as I am sure all of us here have — for the views on non-proliferation which are a major fact in the considerations not only of the American Administration, but also of Congress.

President. — I call Question No 51 by Lord Bessborough:

What consideration is the Council giving to the possibility of authorizing the European Investment Bank to provide financial facilities, on the existing Yugoslav model, for projects in the People's Republic of China which result in additional sources of raw materials and energy supplies to the Community?

Mr Andersen, President-in-Office of the Council. — (DK) On 3 February 1978 an Agreement was initialled between the Community and China which will allow trade to develop between the two parties in all sectors — I emphasize, in all sectors.

When this agreement was being negotiated, the question of possible European Investment Bank loans was not raised by China.

Lord Bessborough. — Mr President, while expressing gratitude to the President-in-Office for that reply, but regretting that there was no reference in the Agreement between the Community and the People's Republic to the possibility of the European Investment Bank's providing financial facilities, will the President-in-Office nonetheless do everything in his power to see that the Agreement which has been initialled will be endorsed by the Council, and signed as soon as possible?

Mr Andersen. — (DK) The answer is a clear yes, and I hope this can be done in the very near future.

Sir Brandon Rhys Williams. — May we ask the President-in-Office to confirm that the Council of Ministers is very well disposed to an increase in the facilities and establishment of the European Investment Bank, so that it can expand its good work both inside the Community and outside, but will the Council also consider the setting up of an equivalent body to the IDA, which would be constituted specially to handle soft loans, both inside the Community and outside it?

Mr Andersen. — (DK) I cannot risk giving an answer to that question today, but I shall obviously look into it. On the other hand, it must be made quite clear that, as regards the agreement with China, there were no unsatisfied requests in this respect.

President. — I call Question No 52 by Mr Brown:

Will the Council indicate why the observation of President-in-Office of the Council of Ministers Claes given to the Energy and Research Committee on 3 November 1977 as representing the views of the Council of Ministers was rejected by President-in-Office of the Council of Ministers Andersen in reply to the question (H-325/77) of Mr Dalyell on 18 January 1978?

Mr Andersen, President-in-Office of the Council. — (DK) It is rather difficult for me to answer this question. When replying to the question last month, I was not giving any judgement on the statement which Mr Claes made in an entirely personal capacity to the Energy and Research Committee. In the nature of things, I could not do that. What I said in my reply was as follows — and I would ask your leave to quote myself, even though this is normally a sign of senile decay:

Andersen

The duration of the Presidency of the Council of the European Communities is laid down in Article 2 of the Treaty establishing a Single Council and a Single Commission of the European Communities. This Treaty could be amended only by having recourse to the procedure in Article 236 of the EEC Treaty and the corresponding Articles in the other Treaties. There is no plan before the Council for the amendment of the aforementioned Article.

In reply to a supplementary question, I also gave the reasons which I personally felt were in favour of maintaining the existing situation.

Mr Brown. — I thank the President-in-Office for that very full reply, and I assure him that I do understand it, but may I draw his attention this afternoon to an example of the demonstration projects referred to in Question 49? They have been before his Council since about May or June of last year. If we had had one Minister in continuity during that whole time, it would not have been possible for him to have got up and said: I only got it in January, I shall finish in six months' time, so I hope to make my decision by March. Because, as he will understand, whilst he may make his decision by March to authorize these demonstration projects, it will be a further three months before those contracts are let, the six months I am referring to. This means that these energy-saving projects will not be put into train and Europe will be the loser, and we shall be halfway through the year without having spent the money.

Mr Andersen. — (DK) I am sorry, but I understood from the President that we could speak as frankly in this House as we can at home in our own national parliaments. Delaying of a project has absolutely nothing at all to do with the duration of the Presidency. The delay may be due to inadequate preparation or to a lack of political will, but it certainly has nothing to do with the duration of the Presidency. If the Members wish the Presidents-in-Office to survive — and that does not go without saying — I take six months to be the absolute maximum!

(Laughter)

President. — Since the author is absent, Question No 53 by Mrs Ewing will be answered in writing.¹

I call Question No 54 by Mr Hamilton, for whom Mr Brown is deputizing:

In view of the fact that a new Parliament building has already been built in Strasbourg, and that another such building is to be constructed in Luxembourg, will the Council make it abundantly clear that no such initiative by any government will in any way whatever inhibit a decision to site the permanent building of the European Parliament in any other city in the Community?

Mr Andersen, President-in-Office of the Council. — (DK) I am glad that the question of the seat of the institutions has been raised again at this part-session, otherwise I would have gone away with a curious empty feeling.

(Laughter)

As you know, the question of the seat of the institutions is dealt with in the 1965 agreement between the Member States, and it is not a matter for the Council. This agreement, as you know, can only be amended by a new agreement signed by all nine countries, and any such decision cannot be pre-empted by an initiative by any government or institution.

Parliament is quite rightly concerned about the facilities required for the new, directly elected Parliament, but any moves in this context must be made within the framework of the 1965 agreement. Through its President, and by other means, Parliament has furthermore made it known that it in no way intends to change the present situation.

I hope that any misunderstandings which might have arisen have been dispelled, so that the best possible working conditions for the future directly elected Parliament can be ensured within the terms of the 1965 agreement. It is with this in mind that those countries which play host to the European Parliament have taken steps to adapt local conditions to the new situation which will arise with the directly elected Parliament.

Mr Brown. — I thank the President-in-Office on behalf of my colleague for that reply, but I think my colleague was rather concerned that he should have an opportunity to put a supplementary question to the Minister. What he was arguing was, if we now have two sites with very large expensive buildings built upon them, in the end the Parliament will have no rights to make a decision, since it will have been preempted by the fact that a vast amount of money has been spent on these very large buildings. My colleague wanted to draw attention to the fact that Parliament will not be a free agent. Secondly, it is not just the building and the working conditions, but it is the transport problems that have also to be considered, and the impossibility of getting either in or out of Strasbourg, or indeed of Luxembourg, during the daytime. Consequently, we want to ensure that under no circumstances will the fact that two governments have gone ahead and built two different establishments in any way stop this Parliament saying: We want neither, we would prefer to go somewhere else.

¹ See Annex

Mr Andersen. — *(DK)* I have every understanding for the transport problems affecting Members. Provided I am not misinterpreted, I would also say that I have some sympathy for the peripatetic Members of Parliament. But the fact remains that it is the nine governments which must take this decision. What we want are new facilities with room for all Members, since just as we cannot be satisfied with installing facilities in our national parliaments for only those members who are present, we must have facilities for all the Members of this Parliament.

Mr Dewulf. — *(NL)* This agreement resulting from failure to agree among the governments is now 13 years old. Has the Council ever calculated the cost in terms of time, energy and money of the failure to reach a decision on a single seat — which is essential for the prestige of this Parliament?

Mr Andersen. — *(DK)* For reasons known to you all, I can only refer to the 1965 agreement. If it is to be amended, this is up to the nine governments. I suspect that many of the Members have greater opportunities for putting pressure on their governments than I have.

Mr Damseaux. — *(F)* Can the President-in-Office confirm that the Belgian Government has made no approaches to the Council of Ministers to have the seat of the European Parliament transferred immediately from Strasbourg and Luxembourg to Brussels?

Mr Andersen. — *(DK)* This is not something that has ever been discussed within the Council since I assumed office.

Mr McDonald. — Could the President-in-Office of the Council give an assurance that this decision will be taken before the Community is enlarged, because if they cannot make up their mind now, surely, once Greece and Spain are in, the centre of the Community will be changed somewhat?

Mr Andersen. — *(DK)* I cannot give any such assurance.

President. — I call Question No 55 by Mr Corrie:

When does the Council envisage the application in full of the measures laid down in Protocol No 19 of the Treaty of Accession?

Mr Andersen, President-in-Office of the Council. — *(DK)* In its Resolution of 28 December 1972 the Council expressed the view that measures in respect of spirituous beverages obtained from cereals, in particular whisky — which I never drink and on which I am thus no expert — must fit into the framework of the general Community policy for alcohol, and that that policy and the measures in question should be

implemented at the same time. The date envisaged for the adoption of the Regulation and the measures set forth in the Resolution — 1 August 1973 — could not be met because of the complexity of the problems involved, particularly in the wake of Community enlargement.

The Commission submitted an initial proposal for a Council Regulation in this sector as early as 1972. Bearing in mind the need to take into account both the problems created by accession and the position of the European Parliament, which wanted the Commission to make substantial changes to its initial text, the Commission duly submitted amendments to its original alcohol proposal at the end of 1976. The amended proposal was sent to Parliament for consideration, but Parliament has not yet expressed its opinion — which I quite understand, as the subject is so complex.

The Council is aware of the need for the measures in question to be adopted soon and will be able to speed up its work once it is in receipt of Parliament's opinion.

Mr Corrie. — Will the President-in-Office accept that, as there is no alcohol regulation at the moment, whisky firms cannot get the restitution payments on grain-based spirits? And would he not accept, in that case, that there should be a renegotiation of Protocol 19 so that the whisky industry can get its restitution payments? Will these be backdated to 1973 if an alcohol regulation goes through, and if not, why not?

Mr Andersen. — *(DK)* Mr President, it is clear from what I said before that I can certainly agree that, as long as there are people who want to drink whisky, the present situation can be considered unsatisfactory. It is unsatisfactory, and the Council is thus prepared to tackle the question as soon as Parliament gives us the go-ahead by expressing its opinion.

Lord Bruce of Donington. — Is not the President-in-Office aware that the preservation of the integrity of protocol 19 is of far more importance to the Community than whether or not any retrospective payments should be made to any interested body?

Mr Andersen. — *(DK)* No views have been expressed on the period of effect of these measures. We are still waiting for Parliament.

President. — I call Question No 56 by Mr Howell:

Does the Council consider that overall marketing organizations for the principal agricultural products would be a reasonable way to avoid heavy Community expenditure and unacceptable surpluses?

Mr Andersen, President-in-Office of the Council. — (DK) Ever since the introduction of the common organization of markets, the Council has sought to improve the conditions under which agricultural products are processed and marketed. Only last year it adopted a Regulation on common measures in this field. Where it deemed it necessary, the Council set up producer groups for certain sectors such as fruit and vegetables, hops and tobacco or, as in the wine sector, entrusted certain distillation operations to associations of wine producers. The Council is currently studying a Commission proposal concerning producer groups and associations. While the creation and strengthening of the organizations mentioned by the honourable Member certainly constitute important measures, such organizations will not — and this must be stressed — be able to reduce production or the resultant costs for the Community.

Mr Howell. — Although I did not quite grasp the last sentence of the reply of the President-in-Office, I would like to say how much we in Britain appreciate the good sense that the Council has shown in accommodating the continuation of the Milk Marketing boards in Britain. I am sure that the President-in-Office is aware of the great success which these marketing boards have achieved throughout the last 45 years, and I trust that no obstacle will be put in the way of their continuation and the way in which they have been operating throughout that period. May I ask him to keep an open mind to see where such similar institutions can be used to help within the CAP, and to prevent embarrassing surpluses which we have suffered from in the past?

Mr Andersen. — (DK) Since the honourable Member did not fully understand what I said at the end of my reply, I shall repeat it. His question asked whether the Council considered that such marketing organizations would be a reasonable way to avoid heavy expenditure and unacceptable surpluses — that is the exact wording. And it was to that I replied, after expressing my appreciation of the importance of such organizations, that it could not automatically be assumed that, since they had been effective in certain sectors and certain respects, they would improve matters in these two specific fields — i.e. reducing production and saving money. The Council has its doubts about this, although in other respects it finds such organizations useful. This is what I wanted to say, and I think we are in full agreement on this.

Mr L'Estrange. — Would the President-in-Office not agree that, while the present policy may not be perfect, it gives stability and continuity of supplies to consumers without violent fluctuation in prices, which can have such disastrous effects on both consumers and producers? Do you not agree, Sir, that we should be slow in interfering with it until it can be replaced with something better.

Mr Andersen. — (DK) The common agricultural policy is such an important part of overall Community cooperation that it is reasonable for us to constantly consider whether it is operating as well as possible in all respects. In certain respects, speaking from the Danish viewpoint, we do not feel it is doing so, and this is why we are so keen to change the whole system of compensatory amounts — which we debate so often in this context. As far as these organizations are concerned, they will not be introduced where they serve no useful purpose, and this is why we cannot answer with a simple yes. Our general attitude is that we shall study the situation from product to product, from case to case, and this is what we are doing. They will not be introduced as a general principle, but only where they will help to further the common agricultural policy.

President. — I call Question No 57 by Mr Jahn :

Do the Ministers intend to hold talks with the Foreign Ministers of ASEAN in order to put relations between the Community and ASEAN on a broader footing, and does it not consider it necessary to initiate permanent contacts between ministers of other departments (the economy, finance) in order to achieve economic cooperation in the medium term?

Mr Andersen, President-in-Office of the Council. — (DK) The Community attaches great importance to the development of relations with the Association of South East Asian Nations, and I know from a visit to that region that this interest is mutual. The Council has agreed with the countries involved to start a dialogue which is at present taking place at ambassadorial level. The first meeting was held in Brussels on 29 November 1977 and enabled concrete, pragmatic discussions to take place which were appreciated by both sides.

The Council is prepared, in the light of the experience gained, to consider the possibility of a further meeting, at ministerial level, between the ASEAN countries and the Community, and it hopes in this way to create the conditions for wider and more fruitful cooperation between these two regions of the world — cooperation which will be of obvious political, as well as economic importance.

Mr Jahn. — (D) I am grateful to the President-in-Office for his detailed reply. The Council is in possession of a Commission proposal for a so-called Community programme, and in the talks in Brussels the ASEAN countries attached great importance to recognition of the regional identity of their Association in the implementation of this programme and of the programme to promote trade. The Community expressed its readiness to study favourably and with an open mind the possibility of meeting this wish, while taking account of the criteria laid down for the imple-

Jahn

mentation of this joint programme. Has this study now been made?

Mr Andersen. — (DK) This study has not yet been made, but we are now in the process of looking at all the questions raised at the meeting in November.

Mr Müller-Hermann. — (D) Is the European Community prepared to set up a liaison office in South East Asia in order to promote trade relations with the countries of that region, and have any steps been taken to do this?

Mr Andersen. — (DK) No decision has been taken on this particular proposal. I would point out that the first meeting at ambassadorial level took place less than three months ago, but we are working on the specific proposals made. I think the Community has an obvious interest in establishing contacts with these countries.

Mr Price. — Is the President-in-Office prepared, at the same time as developing these very welcome trade links with the five ASEAN countries, to link any agreements that are made to the question of human rights? Is he aware that in the Lomé Convention it now is proposed to include a human rights element, and that it would be logical, if one is to attach a human rights element to the Lomé Convention, also to attach it to agreements with groups of nations in other parts of the world not connected with Lomé, if Europe is to maintain its reputation for its deep belief in human rights, and not to remain indifferent to the very serious breaches of human rights that are going on in all five of these countries?

Mr Andersen. — (DK) Mr President, if it were allowed in Question Time, I would willingly engage in a longer discussion with Mr Price and other Members on this question.

As it is, I shall confine myself to saying that we must champion human rights everywhere and in all possible contexts. However, we in Western Europe should perhaps be a little careful about appointing ourselves as judges of the situation in any country of the world which wants economic, diplomatic or other relations with us.

If I lived in an Asian country and were discussing contacts with Europe, I might ask my government. Can we have contacts with countries which are so remiss in upholding human rights that they cannot, for example, employ the young people looking for work?

President. — As the authors are not present, Questions No 58 by Mr Lemoine and 59 by Mr Meintz will be answered in writing.¹

The time allotted to questions to the Council is over. We turn now to questions to the Foreign Ministers of the nine Member States meeting in political cooperation.

I call Question No 70 by Mrs Walz²:

According to reports published in the German and foreign press on 26 January 1978, world-wide safety measures were set on foot, under great secrecy, after the Soviet spy-satellite Cosmos 954 burnt out on 22 January 1978 over Canada, somewhere between the Great Slave Lake and Uranium City. It was first thought that the satellite was merely equipped with a nuclear battery, whereas urgent representations by security advisers of the American President, Jimmy Carter, revealed that this Cosmos satellite was in fact powered by a nuclear reactor. In the light of these facts will the Foreign Ministers state:

1. How many observation satellites, powered by nuclear reactors, are currently circling the earth, which nation has put them into orbit and which of these nuclear-powered satellites carry the largest amounts of enriched uranium?
2. In view of the most recent technological developments, is the UN Treaty of 1966 on the peaceful use of space, which prohibits the launching of nuclear weapons into space still adequate if accidents to nuclear reactors sent into space can have somewhat less serious but nonetheless highly dangerous consequences?
3. Are nuclear risks which occur in this way adequately covered by the 1971 'Convention on International Liability for Damage caused by Space Objects', and if so to what extent?

Mr Andersen, Chairman of the Conference of Foreign Ministers. — (DK) The problems mentioned in this question on nuclear-powered satellites were not among the subjects we discussed in political cooperation, nor are they covered by cooperation under the Treaties. It is therefore impossible for me to reply to the honourable Member on behalf of the Foreign Ministers or the Council but I would ask the President's leave to say a few words in my capacity as Danish Foreign Minister. I can inform you that, under the UN Resolution of December 1961 and the UN Convention of 14 January 1975 concerning the registration of objects launched into outer space, the launching of such objects is registered with the UN Secretary-General. However, this registration does not provide details of the technologies used in the objects in question.

As regards the particular case referred to in the question, I can inform Parliament that the Soviet Union did notify the Secretary-General of the United Nations of the launching of Cosmos 954.

¹ See Annex

² Originally Oral Question with debate, subsequently amended by enlarged Bureau

Mrs Walz. — *(D)* Mr President-in-Office, even though you have not yet discussed the matter, some countries must have signed the 1967 Space Protection Convention and the 1972 Space Liability Convention, and perhaps I can broaden the scope of the question so that it can be dealt with by the Council. Whereas the United States decided to discontinue launching nuclear-powered satellites into inner space as early as 1966, the USSR has a number of killer satellites, of which eight have already been successfully tested. They could one day fall on us just as easily as Cosmos 954, and this is one reason the Council should concern itself with the question now.

What are the views of the Council on President Carter's call for a renegotiation of the 1967 Space Protection Convention? Article 4 paragraphs 1 and 2 of this Convention contain the conflicting stances of the superpowers. Should not this Convention be extended to include powers of inspection and supervision, and will the Council take steps to achieve this and use its international standing to press for a revision of the Convention? In particular, will it subscribe to President Carter's view that the use of satellites containing nuclear reactors should be discontinued, or even prohibited, unless absolute safety is guaranteed — and since there can be no absolute safety, an agreement to prohibit them is indispensable?

Mr Andersen. — *(DK)* What I was asked was whether the Nine had discussed this question in any context, and I had to reply that we had not. I then added some purely factual information which I assumed might interest Parliament.

In reply to this supplementary question, I can say that I assume although I cannot be certain — that this matter will be raised at next General Assembly of the United Nations. So much interest has been aroused that I cannot imagine it will not be on the agenda of the next General Assembly. Moreover, as Parliament is probably aware, the nine Foreign Ministers prepare carefully for the UN meetings and agree as far possible on a common stance on the questions on the agenda. This means that, although we have not yet discussed the matter in political cooperation, I think it can be regarded as almost certain that we shall be discussing it in the near future with a view to the UN meeting in September.

Mr Brown. — I wonder whether the President-in-Office could then inform us as to how this incident really conforms to the United Nations protocol on nuclear devices in orbit? Secondly, does not this experience tend to justify those of us who in 1969 warned of the existence of FOBS, although the Western governments refused to listen to the warnings we issued? We still only have the assurance of the Soviets that all that the satellite contained was a nuclear

device — but I am not sure we understand what type of nuclear device. Will he therefore, when he is discussing this matter with his colleagues, not raise this matter of FOBS, to see how far this particular bombardment system has in fact been developed?

Mr Andersen. — *(DK)* I cannot answer, on behalf of the Foreign Ministers, a question concerning something we have not discussed. On the other hand, I can say that it is 99 % — if not 100 % certain that we shall be discussing this matter within the next few months before the General Assembly of the United Nations. The problem raised by the honourable Member will naturally also be brought up there, but until these discussions have taken place, you will appreciate that I cannot answer on behalf of the body that has not discussed the matter.

Mr Dewulf. — *(NL)* Mr Andersen, am I right in understanding that this question has not even penetrated to the meeting of the nine Foreign Ministers? Is it not the case that the people of Europe are going to be asking serious questions, e.g. on security and environmental policy? To whom can they turn other than to the Council of Ministers?

Mr Andersen. — *(DK)* I do not disagree with the honourable Member, but I must constantly make it plain that the objective at these meetings and exchanges of views is not for a particular country's foreign minister to express his own personal views, but for him to elucidate the views adopted by the Nine. I cannot do so on this question, as it has not been discussed by the Foreign Ministers. However, all the views expressed here today will naturally be discussed in the talks I am sure we shall be having before the next UN meeting.

Mr Noè. — *(I)* Mr Andersen, since you yourself admitted that the information available to the United Nations on the technology of each of these space devices is incomplete, may I ask whether you do not think it would be advisable for the Community to take immediate steps to ask those countries which launch devices into space to supply, if not all the technical data, at least some information on the quantity and type of radioactive material on board. There is no point concerning ourselves with the disposal or storage of radioactive waste if we do not know that might land on our heads.

Mr Andersen. — *(DK)* I can confirm that the problem has not been solved. I also feel that it is natural for people to turn to the Nine, and I have already said that I can more or less guarantee that it will be discussed by the Conference in preparation for the forthcoming UN meeting.

Mr Ripamonti. — (I) May I ask Mr Andersen whether he does not feel that the Foreign Ministers should be asked to consider the question of steps being taken to supervise the use of air space, so as to safeguard the security of the Member States. Since there may be more events such as the Cosmos accident, and since Europe already has the European Space Agency — in which eight of the nine Member States are involved — I feel the problem should be tackled with measures not just at international level, but also at Community level, so as to achieve supervision of the air space.

Mr Andersen. — (DK) I can gladly give an assurance that the question will be raised with my colleagues at the next meeting of the Foreign Ministers, even if it should not appear on the agenda of the UN meeting — which I am sure it will.

I cannot say whether we will find joint solutions, but if we do not, the individual Member States must continue their work within the UN and other bodies. However, in reply to this and other questions, I shall gladly raise the matter with my colleagues, and convey the interest which Parliament attaches to it, at the next meeting of the nine Foreign Ministers.

President. — I call Question No 71 by Sir Geoffrey de Freitas :

What plans are there for the establishment of pooled consular services in countries outside the European Community?

Mr Andersen, President-in-Office of the Foreign Ministers. — (DK) There are at present no plans to establish joint consular services in third countries. Apart from anything else, the considerable differences in the legal systems of the Member States make it hardly possible in practice to set up joint consular services in third countries. I might add, however, that the Member States' representations in third countries have developed extremely useful cooperation in many fields, and when there is occasion for it, this cooperation could certainly extend to the consular duties referred to by the honourable Member.

Sir Geoffrey de Freitas. — Is the Foreign Minister aware that many of us will welcome the fact that there is such cooperation, but would he consider recommending to his colleagues that there should be one or two experiments in the joint consular services to see if there is anything in the future that we could learn from?

Mr Andersen. — (DK) We cannot give such a promise, but I shall be glad to give this consideration. We must not forget that consular services also have many duties which conflict with the interests even of countries standing very close to them — duties of a

more economic nature — and it is thus a difficult matter to establish joint services. I can tell Parliament that, even among countries so close as the Nordic countries, we have discussed setting up various joint services and have had to drop the idea for the time being, since it emerged that even among the Scandinavian countries it could not work in practice. However, we are constantly giving the matter our consideration — not only in order to save staff and money, but also in order to display a degree of solidarity — but it is more difficult than some might think.

Mr Dewulf. — (NL) Does the President-in-Office not think that at least the head offices of the major multinational concerns should cooperate even more closely with our national diplomatic representations in the external offices of the European Commission?

Mr Andersen. — (DK) In those international contexts in which it is a matter of course, there is already extremely close cooperation of the kind called for here. This applies to a number of international organizations. There is cooperation, and it is improving year by year.

President. — Question No 72 by Mr Edwards is postponed until the next part-session.

Since the authors are not present, Questions No 73 by Mrs Ewing and 74 by Mr Johnston will be answered in writing¹.

I call Question No 75 by Mr Osborn :

Will the Foreign Ministers undertake discussions with the Swiss and French Governments and Civil Aviation Authorities, the Civil Aviation Authority of Great Britain, Eurocontrol, International Civil Aviation Organization, European Civil Aviation Conference and UNIPEDÉ with a view to re-opening the enquiry on the Vanguard which crashed near Basle on 10 April 1973, bearing in mind the opinions published in the Sunday Telegraph of 29 January about the effect of high-frequency transmissions on overhead high-voltage cables on the reliability of radio control beacons?

Mr Andersen, President-in-Office of the Foreign Ministers. — (DK) Since the question of the air disaster in Basle on 10 April 1973 has been put to the Foreign Ministers within the framework of European political cooperation, I am not in a position to answer it, as it concerns a specific case which is outside the scope of foreign cooperation. I might add, however, that it is up to the countries concerned, and their authorities, to decide whether, in the light of new information, there may be grounds for re-opening the investigation into the tragic accident referred to by the honourable Member. It must also be up to the authorities of the countries concerned, after any reconsideration of the matter, to decide whether or not to bring it before any instance they consider suited to deal with it.

¹ See Annex

Andersen

I much regret that I am unable to give a more precise answer to this question, but the honourable Member must appreciate — as I think he does — that, in my capacities as President-in-Office of the Foreign Ministers and President-in-Office of the Council, I can only answer questions which come under the competence of these two bodies.

Mr Osborn. — It is a difficult question, because air safety is international, but would the President-in-Office in his many capacities bear in mind that there are a number of bodies concerned with this as well as the national bodies, including ICAO, IATA and others? Whether this is a matter for the foreign ministers or for the President-in-Office of the Council, it is of concern to us in Strasbourg that as carefully reported in a British paper, it is possible, for communication transmissions at high frequency on overhead power-cables to distort the effect of beacons for landing and I very much hope that he will go back and ensure that this is adequately discussed in a European framework.

Mr Andersen. — (DK) I cannot give an assurance on the last point, as it is not within the competence of the two bodies on whose behalf I speak. I can, however, tell the honourable Member that I admit quite frankly that I was unaware of the serious technical problem involved in this question and, in my capacity as Danish Foreign Minister, I shall try to take steps to ensure that it is raised in some of the international organizations he has mentioned. I agree with him that there may have been some alarming aspects to this incident, and I myself have realized from this question that it is a matter we cannot let lie. I cannot, however, promise to take it up with the Council or the Foreign Ministers, as it does not fall within their scope.

President. — I call Question No 76 by Mr Dewulf:

What is the Foreign Ministers' attitude towards the increase in initiatives taken by the Eastern European countries within the framework of Basket Two of the Belgrade Conference and also outside it, as in the case of the pan-European economic conference proposed by Yugoslavia and Romania during the meeting between Mr Tito and Mr Ceausescu at Turn Severin at the beginning of December 1977?

Mr Andersen, President-in-Office of the Foreign Ministers. — (DK) In reply to this question about the pan-European economic conference, I can say that the Nine are always prepared to consider any move to promote economic relations between East and West. The countries of both Eastern and Western Europe have put forward various proposals at the CSCE follow-up conference in Belgrade. The Nine welcome such proposals, provided they can be expected to produce concrete results and are consistent with Community policy.

As regards the honourable Member's reference to Yugoslavia and Romania, I would point out that, in the joint communiqué after the meeting between President Tito and President Ceausescu on 4 December 1977, these two countries expressed the hope that the Belgrade Conference would promote joint European talks on trade and technology, and in this connection they drew attention to the part which could be played by the United National Economic Commission for Europe and by UNESCO. I would add that, at the Belgrade Conference and ever since the Helsinki Conference 2½ years ago, the Nine have duly stressed the potential of this economic commission, as well as the fact that it must be the main forum for implementation of the Helsinki Agreement by all parties. I therefore agree that the commission in Geneva is a useful means of achieving these objectives.

President. — The second part of Question Time is closed.

8. Votes

President. — The next item is the vote on the motions for resolutions contained in the reports on which the debate is closed.

I put to the vote the motion for a resolution contained in the *Pistillo report (Doc. 513/77): Resolution on the preparation of young people for work.*

The resolution is adopted.¹

We shall now consider the motion for a resolution in the *Shaw report (Doc. 547/77): Draft amending budget No 1 for 1978.*

I put the preamble and paragraphs 1 to 3 to the vote.

The preamble and paragraphs 1 to 3 are adopted.

After paragraph 3 I have the following two amendments:

— Amendment No 1, tabled by Mr Ripamonti, Mr Granelli, Mrs Cassanmagnago Cerretti, Mr Vernaschi, Mr Scelba, Mr Ligios, Mr Fioret, Mr Pisoni, Mr Martinelli and Mr Noè on behalf of the Christian-Democratic Group:

After paragraph 3, add the following new paragraph:

'3a. points out that the adoption by at least three Member States of the Sixth Directive during the course of the 1978 financial year immediately cancels the derogation provided for in article 4 (3) of the Decision of 21 April 1970 and that the financial contributions of the Member States concerned are therefore calculated on the basis of value added tax;

— Amendment No 2, tabled by Mr Spinelli, Mr Mascagni, Mr Leonardi, Mr Masullo and Mrs Squarcialupi:

President

After paragraph 3, add the following new paragraph :

'3a. recalls that under the terms of the decision of 21 April 1970 (Art. 4 (3), last sentence), it is possible to revert to application of Community tax even during the current financial year';

Amendment No 2 has been withdrawn.

What is the rapporteur's position on Amendment No 1 ?

Lord Bruce of Donington, deputy rapporteur. — Mr President, I speak in the absence of Mr Lange, who was taking the place of Mr Shaw as rapporteur on this item. I have to report to Parliament that the principle of this amendment was discussed in the Committee on Budgets on Monday last, and was rejected. I therefore advise Parliament to reject the amendment.

President. — I call Mr Granelli for an explanation of vote.

Mr Granelli. — (I) Mr President, first of all I wish to confirm, contrary to what was said by numerous Members during the debate, that this amendment was officially adopted by the Christian-Democratic Group and not only by those of my Group who signed the amendment itself. It is true that some Members requested a free vote, but this is standard practice in this Parliament.

With regard to the matter itself, I regret that during the debate an incorrect statement was made regarding the intentions of those who tabled the amendment. We are not requesting an interpretation of the Treaties, but its application, and we believe that this is one of the absolute prerogatives of Parliament. Furthermore, in his brief reply this morning during the debate on amending budget No 1, the representative of the Commission expressed the hope that all this would come about in 1979...

President. — Mr Granelli, I would ask you not to depart from the explanation of vote.

Mr Granelli. — (I) ... my explanation of vote, Mr President, can be summed up as follows: we do not request an interpretation, we request application. Since the last sentence of Article 4 (3) lays down that

This derogation shall cease to be effective as soon as the conditions laid down in paragraph 1 or 2 are fulfilled, we consider that it is Parliament's task, as soon as it has checked that these conditions are fulfilled, to take note of them. We hope that Parliament will not deprive itself by its own action of one of its powers.

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

I put paragraph 4 to the vote.

Paragraph 4 is adopted.

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

The resolution is adopted.¹

We shall now vote on the motion for a resolution contained in the *Yeats report (Doc. 538/77): Amendment of the Rules of Procedure of Parliament.*

Since there are 85 Members present and the quorum required is therefore not attained, the vote will have to be postponed to the next part-session.

I call Mr Klepsch.

Mr Klepsch. — (D) Mr President, I should like to propose on behalf of the Christian-Democratic Group that we vote on the Yeats' report on the Tuesday before the constituent sitting of Parliament, i.e. before the appointment of the new Bureau. I am sure that a quorum will be present then.

President. — I call Mr Fellermaier.

Mr Fellermaier. — (D) Mr President, on behalf of my Group, I should like to support this proposal. I think that, out of respect for the months of work put in by the members of the Committee on the Rules of Procedure and Petitions, we should find a way of amending the Rules of Procedure as proposed by the committee before Parliament's constituent sitting. Mr Klepsch's proposal that we do this on the Tuesday of the March part-session before the constituent sitting is definitely a good idea, since the necessary quorum ought to be present, so that the amended Rules of Procedure would apply from the date of the constituent sitting onwards.

President. — I call Mr Yeats.

Mr Yeats, rapporteur. — Mr President, the problem I can see with regard to this proposal is that if the motion is put to the vote on the Tuesday of the next part-session, it cannot come into force, assuming it is passed, until April. On the other hand, it may be possible to put it to the vote on the Monday — that is, at the end to the current session, before the new session begins on the Tuesday. I can see the problems of getting a quorum, but I think we should be clear that if we agree to a vote on Tuesday, this cannot come into force until April.

President. — I note this proposal, which needs to be closely examined from the procedural point of view. It will be studied during the meeting of the Bureau this evening both from the point of view of its acceptability and, in particular, from the procedural point of view.

Since there are no objections, that is agreed.

¹ OJ No C 63 of 13. 3. 1978.

9. Fisheries and the right of the European Parliament to be consulted
(continued)

President. — The next item is the continuation of the joint debate on fisheries.

I call Mr Rippon.

Mr Rippon. — Mr President, I would like to deal with one specific aspect of the fisheries issue. My colleague, Mr Corrie, has dealt with the substance of the general problem, and my colleague Mr Stetter will be viewing matters from a Danish point of view. Commissioner Gundelach recently enquired, in the context of fisheries policy, and he rather repeated this again today: what does Britain want? I can tell him in a sentence. We want the implementation of the provisions of the Treaty. That is today, the provisions of the Treaty of Accession. As Mr Gundelach said this morning, you cannot chip away at the basic principles of the Treaty. I agree. Specifically, Mr President, we are concerned with the implementation of Articles 100 to 103, as set out in Chapter 3 of the Treaty of Accession, and particularly Article 102 and Article 103. Article 102 provides:

From the sixth year after accession at the latest, the Council, acting on a proposal from the Commission, shall determine conditions for fishing with a view to ensuring protection of the fishing grounds and conservation of the biological resources of the sea.

Article 103 provides:

Before 31 December 1982, the Commission shall present a report to the Council on the economic and social development of the coastal areas of the Member States and the state of stocks. On the basis of that report, and of the objectives of the common fisheries policy, the Council, acting on a proposal from the Commission, shall examine the provisions which could follow the derogations in force until 31 December 1982.

Now, this morning Mr President, Mr Gundelach said that conservation really only came up very recently, and that until last year, conservation was a dirty word. In fact, of course, the whole principle of a common fisheries policy based upon considerations of conservation was specifically recognized in the Treaty of Accession.

Now, I think it is important, Mr President, to understand the background to that agreement. Mr Kofoed, speaking for the Liberal and Democratic Group, clearly did not understand a single fact or a single thing about the fisheries issue from start to finish. It is important also to understand that that agreement was not subject to any re-negotiation by the Labour government, for the very good reason that no change is necessary in its provision. As I reminded this House in our debate on 17 June last year, the Community of

six, by introducing the original fisheries regulation in the middle of negotiations to enlarge the Community, nearly wrecked Britain's application and did wreck Norway's. Faced with a fisheries regulation acceptable to a Community of six, and manifestly unsuitable for a Community of ten — as we then hoped, of course, that it would be — we had to deal with the worst crisis of our whole negotiations. Having broken the back of our negotiation in the summer of 1971 and secured an overwhelming House of Commons vote for our entry on the terms then negotiated, we had thereafter to struggle desperately until the middle of December to reach a settlement on fisheries. And anyone, Mr President, who lived through those weary six months and saw British public opinion soured and Norway driven away from the Community, will know that the very last person with a right to reproach Britain for being *non-communautaire* is a Dutch Minister of Agriculture.

Now, we made it clear throughout that we always in Britain favoured a common fisheries policy, but from the outset we made it clear that transitional measures would not be enough. We asked therefore in the first place for continuing arrangements subject to review. We did not ask for permanent arrangements, as it was perfectly clear that conditions were going to change rapidly in the years ahead, both in the context of the forthcoming Conference on the Law of the Sea and in the context of the growing need for conservation measures. At the end of these six months of negotiation, we agreed on a virtual preservation of the status quo for ten years subject to an open review as provided for in Articles 102 and 103. We agreed that would be the best way of meeting the circumstances that would be likely to arise in the decade leading up to 1982. In announcing that agreement to the House of Commons on 13 December 1971, I made a number of things quite clear. First of all, that in substance what we had agreed was that there should be a maintenance of the status quo for a decade, but in the course of that period there would be a fair and open-ended review taking account of all the circumstances of the time. And secondly, asked, inevitably, about the nature of the derogation and the question of a possible veto, I made it clear that this was a vital issue for the United Kingdom and that I was confident that it would be treated as such. I added that, as regards a veto, I should have thought the position had been made fairly clear over the years. It is not wise to talk in terms of a veto. Apart from the provisions of the Treaty of Rome, there exists the Luxembourg Agreement of 1965. Moreover, one can find no occasion in practice where the Community has overridden a major national interest — probably for the simple reason that it could not do it. Subsequently, on 15 December 1971, I went more deeply into the history of the review clause recalling that on 29 November 1971, the Community sought to limit the application of the review to special areas. I rejected that. On 30

Rippon

November the Community said they would be prepared to widen the review to areas essentially dependent on fishing. I rejected that. Then on 11-12 December we agreed on this open review. I made it clear in the House of Commons that the effect of that was that we could either restrict access, or we could seek to extend it in the circumstances of the time. I added that it might well be that we could be talking of more extensive limits.

Subsequently, as I said in our debate on 17 June last year, once Norway was driven away from the Community, it became inevitable and natural that British fishermen would press for the same fifty-mile limit that Norway subsequently claimed. Of course the situation has been changed by the 200-mile limit, and I think, as I explained on 17 January and as Mr Corrie said this morning, national limits have in the changed circumstances become less significant than the other package of measures contemplated. On the other hand, it is important to understand how this claim for the fifty-mile arose in the context of our negotiations and the subsequent events in Norway.

In face of the agreement reached in 1971, and embodied in the Treaty of Accession, it does not lie in the mouth of anybody to allege that Britain is in breach of any Treaty obligations. We are in fact all of us together fulfilling the precise terms of the Treaty of Accession, and the essence of Community practice, as I told the House of Commons in that debate in December 1971, has always been to recognize the vital national interests of the countries of which it is composed, because otherwise the work of the Community would be rendered impossible and the Community would fall apart. No one can have been in any doubt at all about Britain's position from the very beginning. It is a matter of public record. And in the context of fisheries, we specifically relied on, and quoted in that debate, the Joint Declaration made by President Pompidou and Mr Heath on 24 May 1971, when they stated that they were :

in agreement that the maintenance and strengthening of the fabric of cooperation in such a Community requires that decisions should in practice be taken by unanimous agreement when vital national interests of any or more members are at stake.

Mr President, may I say : let *Le Monde* take note of that. We specifically declared that fisheries policy raised such vital national interests, and in that context I concluded my report to the House of Commons by saying :

I wish finally and clearly to say that no future British Government could in practice be forced into arrangements which in their judgement failed to safeguard our vital fishing interests as they then defined them.

Now, as I said in our debate in June, there was no other issue in the whole negotiation for British entry on which I felt it necessary to make such a clear and unequivocal declaration. All this problem originally arose because it really was an act, at the very least, of

folly for the Community to impose that original fisheries regulation at the time that it did. And that is why, although I can very well understand the provocation that has been created by that attitude and the conduct of the present British Minister of Agriculture, I think it was a grave error of judgement to link fisheries policy with the question of devaluation of the green pound. And that is why, Mr President, just in this speech this afternoon, I want to beg my colleagues to understand the background and the nature of the issues at stake, to understand why it was that I said, way back in 1971, that conservation was going to be the issue that would concern us in the course of this decade, and why I said then that a failure to resolve this issue would result in a major crisis involving the coherence of the Community itself. As Mr Gundelach said, this is a test of the credibility of the Community. It is also, if I may say so, as far as the Six are concerned, a test of the good faith that they offered at the conclusion of Britain's negotiations for entry.

Now, having said all that, having I hope, disposed of allegations that Britain is in breach of treaty obligations or not acting in a Community fashion, I would like to pay the warmest possible tribute to the efforts which Commissioner Gundelach has made to promote a fair and equitable agreement, what I always used to call a fair balance of mutual advantage between all the countries of the Community. His efforts have been reinforced, if I may say so, particularly by my colleague, Mr Corrie, most of whose recommendations to this Parliament last December have in substance been accepted. I hope an agreement will soon be reached. I see no good reason why it should not be reached, in an atmosphere, free, I hope, from unjustified attacks on Britain for maintaining a position fully and explicitly declared before the signing of the Treaty of Accession.

President. — I call Mr Pistillo.

Mr Pistillo. — (*I*) Mr President, ladies and gentlemen, the President-in-Office of the Council unfortunately told us little this morning about the present state of the negotiations among the nine countries and particularly with the United Kingdom which aim to arrive at a definitive policy for the fisheries sector, or at least one less temporary and provisional than the present arrangement. The President of the Council probably could not tell us more than he did — and that is understandable — but his very reluctance to go into detail, while reflecting a careful and responsible approach, underlines the seriousness of the situation which has arisen in the Community as a result of the United Kingdom's attitude, which we regard as unhelpful. We learned more from Mr Gundelach's speech : thanks to him, we at last know the real points at issue. As someone rightly remarked, this is a problem which Parliament cannot and must not be prevented from debating.

Pistillo

It is true that we should not over-dramatize an already difficult situation, as some newspapers have done, but this does not mean that we should shut our eyes to its seriousness. Once more in this field the hard national interests are prevailing over the common interest, which is the necessary starting-point for achieving a common policy for the fisheries sector. We feel we must stress this need particularly on behalf of Italy, whose interests appear to be and indeed are being sacrificed in the whole discussion of the general fisheries arrangements.

Up to now the problems and interests of the North Sea countries have prevailed almost exclusively, as the breakdown in negotiations confirms. We wish to reassert forcefully, as we have already done on other occasions in this House, that in this sector the Community is not merely the North Sea! It is about time that the particular interests of individual countries were subsumed in a common overall view of this sector.

The most serious contradiction at the moment is certainly the imbalance between structural policy and market policy, which is entirely in favour of the latter. There is a risk that prevailing attitudes and demands from various quarters may accentuate this imbalance, which is all the more harmful because the fisheries sector is based on self-renewing natural resources.

Unfortunately the lack of a permanent regulation aggravates this imbalance and makes prospects bleak for a number of countries, including my own.

For our part, we wish to use this debate to emphasize a few points very rapidly and simply.

Firstly, structural policy must have precedence over market policy.

Secondly, we need a unified view of fisheries problems not limited, as at present, to the North Sea — a Mediterranean policy is required in this field also.

Thirdly, we need a sense of responsibility in the interests of the Community as a whole, and we must oppose the partial or nationalistic views which still persist.

The fisheries problem has particularly serious implications for Italy, and one cannot say that things are made any easier by the present situation in the Community and the lack of a basic regulation. I should like quickly to review a number of problems existing in Italy, and thereby enlarge somewhat the scope of today's debate.

In our view, we must equip ourselves for a system of rational management of resources. This means a funda-

mental reform of the way in which our fisheries statistics are collected, and the development of fisheries research structures, especially with regard to estimates of resources.

Moreover, it is still entirely feasible in Italy to boost fish consumption and extend the areas where fish is eaten. It is also possible to shift consumption from valuable and overfished species to those which cost little and are at present underfished. To do this one must rely on producers' organizations, which must equip themselves with preserving and processing plant and means of transport. Among the underfished low-cost species, sardines and anchovies — in other words the small pelagic fish — are very important in Italy. But the fishing of these species is subject to marked seasonal and annual fluctuations. It is therefore important to stabilize producers' incomes, which can be done by drawing up fishing plans which relate the annual catch to the actual level of resources and to the average absorption capacity of the market as well as providing aids for the creation of stocks and thereby using refrigeration as a stabilizing factor.

In our view the main features of these aims include the following: they are complementary and interdependent; they are in line with Community structural policy and can be achieved with the means envisaged by it, as we hope we have shown; they can be regarded as the basis of an alternative Community fisheries policy, for which the support of a wide spectrum of groups can be obtained — producers, consumers, research workers, etc. — and which contrasts with the prices policy which is currently the only one being implemented.

Mr President, ladies and gentlemen, we wished to make these brief comments to help solve a problem which is of vital interest to Italy and indeed to other Member States.

IN THE CHAIR: MR HOLST

(Vice-President)

President. — I call Mr Brosnan.

Mr Brosnan. — Mr President, may I say at the outset that, though it may not have appeared so from this debate, we in Ireland have a real, vital, vested interest in this debate, and that we are very concerned about the outcome. We are concerned about the present unsatisfactory situation in fisheries, and we look forward to the future with considerable anxiety.

I want to say that I myself was very disappointed at the failure of the Council of Ministers at their recent meeting to agree on a common fisheries policy for the Community in the years to come. I was hoping that the various conflicts would have been resolved and that the Community would have the basis of a policy

Brosnan

on fishing which would be acceptable to everybody. I can sympathize in a way with the dilemma of the United Kingdom Minister in so far as we in Ireland have a similar problem in many fundamental respects. The present situation is that we have a limited degree of agreement on interim measures, and I emphasize, 'interim' measures. This is primarily based on a temporary fishing plan system. I would like to stress again that this fishing plan is only temporary and is on a trial basis until the end of the current year. It is based on the need for conserving resources and thus, if it is to succeed, it must ensure a substantial reduction of fishing efforts by other Member States in our Irish coastal waters. Such a reduction by other Member States' fishing-fleets must be sufficient to provide an adequate preference in these waters for Irish fishermen, in accordance with the Hague Agreement of October 1976. As you will remember, Mr President, that agreement specified the special position of the Irish fishing industry and it recognized and it was recognized by all the other states that guarantees were to be given for the expansion of the Irish fishing industry and that these guarantees were based on social and economic grounds. In applying this system of fishing plans, these promises must be realized; otherwise, the system of fishing plans will have failed, and Ireland will once again, and must once again, insist on its demand for an exclusive coastal band. The fishing-plan system has, by the end of this year, to produce the required results. If it fails, the Irish position will have been justified in that the only really effective way of ensuring the conservation of fish stocks in the interests of the Community, as a whole, is to have an adequate coastal zone reserved to coastal fishermen; as far as Ireland is concerned, the onus is now on the other Member States and on the Commission to ensure that Irish fishermen have preferential access to fish-stocks off the Irish coast.

The Community is now faced with the situation where there are no real Community conservation measures in operation. This is very serious, because of the depletion of fish stocks in recent years and the threat of further depletions in the future. The national measures which are being introduced will have, of course, to be non-discriminatory and have the approval of the Commission in accordance with the Hague Agreement I mentioned. Ireland has already placed a ban on herring fishing in certain of its waters until the end of this year. The Irish have adopted a credible and responsible attitude. The credibility of the other Member States must now be manifested so that agreement can be reached.

Negotiations for fishing-rights with third countries remain to be solved. However, simple logic dictates that no agreement can be finalized with third countries until the Community has first sorted out its own

internal régime. Thus, many arrangements with third countries must be of an interim and autonomous nature. It is quite clear that we cannot say to the fishermen of third countries that they can have certain fishing rights when we are not in a position to say to our own fishermen what fishing rights they have. Thus, the Community's arrangements with third countries must be of an interim and temporary nature. While this has certain disadvantages, it is the only logical and realistic basis on which we can proceed.

The uncertainty resulting from the lack of agreement on an internal fishing régime has created a serious lack of confidence amongst the fishermen in the Community, and I would emphasize that this is particularly true of fishermen in my own country. Mr Gundelach will, in the next few days, be meeting with those fishermen: he will fully appreciate what I mean, and I hope that the fishermen will be as impressed by his efforts and his sincerity as I am, and all the other Members here are today. Only an early agreement on the Community fishing policy will restore the confidence of the fishing industry. While an early decision is important, the right decision is more important. In the circumstances, all concerned must be patient and work towards a solution which caters for all the essential requirements of the Member States and of the fishing industry in the Community.

I would like to conclude by reminding the House that we in my country, have not abandoned our claim to an exclusive coastal band. It was described this morning by my colleague, Mr Hughes, as a parrot-cry. It is not a parrot-cry; it has been our policy and it remains our policy, and unless these interim arrangements, as I described them, are successful, we shall have to review the position and renew our demand for an exclusive fishing-zone.

President. — I call Mr Cousté.

Mr Cousté. — (F) Mr President, this is an important subject and we really appreciate the effective and Community-minded manner in which it has been tackled by the Member of the Commission with responsibility in this area, Mr Gundelach. This has to be said because the European fishing industry is at a turning-point. For years it has been struggling, and the crisis is not yet over, just as it is not yet over in other industrial and commercial sectors of the Community which are beset by difficulties. If we stand back and look at the situation in perspective, we can see that the problem is one of resources. The various fishing fleets are striving to outdo each other, with the result that there is an intensive exploitation of fish stocks. The blame cannot be attributed solely

Cousté

to Community fishermen; boats from non-member countries are also to blame. This House has constantly stressed the importance it attaches to these problems. On several occasions the Members have spoken out from all parts of the Chamber, and we rightly welcomed the Member States' decision — which in any case was in line with what the rest of the world was deciding — to extend national limits to 200 miles. We then had to work out the rules because, as a Community, we could not avoid having rules for the exploitation of resources within the 200-mile limit.

However, we are sorry — and that is certainly an understatement — that the Council has not yet reached a decision. We hoped we might get one when the Council met on 30-31 January and some progress apparently was made, as Mr Gundelach told us this morning. Ireland, in fact, managed to overcome its own problems and agree to the Community plan. This gives great cause for satisfaction. But what is the explanation for the British response? The Community proposals contained considerable guarantees for the fishermen of the British Isles, thanks to fishing plans designed to control fishing in critical areas and even to ensure a certain preferential access for coastal fishermen. We cannot understand the British reaction at all.

But we must be careful that this attitude does not lead to incriminations. We know only too well that in some circles, French and others, the United Kingdom is always viewed in an anti-Community light.

We have had this feeling on other occasions. And yet we in Europe have always been anxious to believe in the pro-Community attitude of the British. We therefore appeal to the United Kingdom politicians who are responsible for the current situation. Yesterday, when Mr Jenkins was giving his report on the Commission's activities for 1978, I was interested to hear him say on the subject of fishing that catches should be limited and strict measures to conserve stocks should be adopted both for Community vessels and for boats from non-member countries. The Commission is waiting for a decision by the Council. This will require political courage, as we heard from the Council's own representative. Quite frankly, ladies and gentlemen, let us not kid ourselves. Just whom was Mr Jenkins, in his independent role as President of the Commission, speaking to? The answer is that he was speaking to the present British Government. He was telling them to make the effort needed to show political courage. That is what we expect from the British Government.

It was very interesting to hear Mr Rippon speak of 'vital national interests'. This is indeed true for the Member States, but he also said that the United Kingdom had to make an effort and that we could not let things remain as they were. Why? Because we are hearing the same thing about fishing that we heard

about direct elections, or that we are going to hear in the future about the budget, renegotiations, subsidies for consumption and so on. In a Community in which we share joint responsibility, we cannot fail to be anxious about the attitude to the Community of each individual Member State. And this applies equally to the French Government, or to us French politicians who monitor that government's actions. If we want to be heard in our own parliamentary assemblies — be it in the French Senate or the National Assembly — we also have to be heard appealing to the Community spirit of the United Kingdom in circumstances like the present which we deplore. I shall be quite frank in saying that we hope the Commission achieves the success it deserves. We have faith in the Commission; it has made proposals and is anxious for a compromise; and at this very moment it is hard at work in this Chamber and elsewhere in search of this compromise. We sincerely hope that it will be successful.

It has to be said that this problem of the sea's resources applies to everyone who fishes in Community waters, and this includes those who are not members of the Community. I cannot stress this enough. Whenever I feel that there is resistance to establishing a Community policy, I feel at the same time that we are weakening our position and our chance of making it count for something in our relations with non-member countries. The more united we are, the more bargaining power we have. We have to realize that this lies at the heart of the problem of our external relations. I am stating this quite clearly, because I know it reflects the attitude and concern of many of our fishermen with regard to Soviet fleets. We must never underestimate the problems in this connection, for they are vitally important.

However, there is another problem which bothers me. I am wondering whether, during the two months which have been asked for, the United Kingdom might not decide to adopt protectionist measures as a result of internal pressure, which I could enlarge on if necessary. Is this not liable to lead to nasty incidents? Consider what could happen: fishery protection vessels moving in and causing serious difficulties for the fishermen of the other eight Member States, since for example more than 30 000 French fishermen — and that is just the figure for France — take more than 60% of their catch off the coasts of Britain. Never mind the general or theoretical aspects of these problems — these are vital social problems affecting the daily lives of Community fishermen. This is why the Commission has put forward a criterion, to be used in fixing future quotas, based on historical rights established as a result of traditional fishing activities. In this way French fishermen have acquired special rights off Britain's shores which are theirs as a result of their traditional presence and work in those waters.

Cousté

The system consists of allocating catches in accordance with the average catch over a number of years. This criterion of past performance is thus the fairest, as it fully incorporates not only economic factors — the work of the fishermen — but also regional and social factors.

I am sure that the Commission fully agrees with all of this, ladies and gentlemen, and I hope that we shall all have the courage to consider this problem in a Community perspective and adopt a Community-minded approach to deal with it. This means calling on our British colleagues, the United Kingdom's political leaders, to make the necessary effort. After all, Mr Gundelach told us this morning that the British Minister has not rejected the Community proposals. This is a very important point, since as long as the Community decisions have not been rejected, everything possible should be done — and I must sincerely hope that it will — to get negotiations moving. We trust that the Council will be successful.

President. — I call Mr Müller-Hermann.

Mr Müller-Hermann. — (*D*) Mr President, not surprisingly our debate on the fisheries policy is concentrating on the main areas of disagreement. I should, however, like to point out at the outset that there are large parts of the fisheries policy on which agreement has already been reached. Our thanks for this are particularly due, I believe, to Mr Gundelach.

However, Mr Gundelach, in all the debates which we have held on the fisheries policy in the past twelve months you have always painted a very rosy picture of the situation: complete agreement on internal fishing arrangements was always just around the corner. I still cannot fully share your optimism. Today we have witnessed the British Members — from all Groups — in effect resolutely supporting their government's extreme demands. In fact, for that reason I fail to see how the positions can be reconciled in the foreseeable future. Despite the obvious controversies in British political circles the attitude of the United Kingdom representatives seems to be one of complete solidarity with the British Government.

What we find objectionable is the constant uncertainty and the blocking of negotiations with third countries. The previous speakers were right in saying that as long as there is no agreement on internal arrangements for European waters, and as long as we were unclear about the concessions which we can grant to third countries, we shall be unable to conclude any agreements or treaties with such countries, and this will have a very adverse effect on the fishing industries of a large number of Member States.

Mr Rippen was among those who stressed that Britain's vital interests were at stake. He has every right to make such a statement, and I fully appreciate that we should reach agreement where interests are at variance. However, I do find it rather questionable for someone to say that his interests must be respected before anyone else's. The credibility of the Community is at stake, as Mr Rippen says. But our credibility depends on whether we appreciate each other's points of view and try to reach agreement. I regret to have to say that only eight Member States — including our Irish friends, whose problems are at least as great as Britain's — have already come to an agreement on this matter. Our efforts are to no avail at present because of Britain's stubborn and — to put it quite bluntly — obdurate attitude. I believe we are duty-bound to say this quite openly.

However, I believe that there is more at stake. In the last analysis what is at stake is the Council's ability to reach decisions. Although the Treaty makes no provision for this, we have tacitly agreed that on important issues — and basically everything is important — Council decisions should be unanimous. This is an acceptable and reasonable principle to adopt on an interim basis, although in the long-term it can obviously not be reconciled with the principles democracy. But I think that if there is no change in attitude we should consider whether the Council, after making a number of attempts — say three — to reach a decision, should depart from the principle of unanimity and reach its decisions by qualified majority. This is a problem which I think we shall have to tackle if this crisis is not resolved.

Mr President, I don't want to conclude my remarks in anger. I fully appreciate the problems and anxieties of our British colleagues and of the British Government. During this morning's debate I have written a short poem, and I should like to draw my remarks to a close by reading it out:

Fish, fish, fish, fish,
That's all we ever get;
It's not surprising when you think
The world's three-quarters wet.

Chorus: Come on, Britain,
It's getting late.
We've got a lot more
On our plate.

The cod, the hake, the Norway pout
We've chewed on to satiety.
Man does not live by fish alone,
So give us more variety!

(*Laughter*)

President. — I call Mr Ryan.

Mr Ryan. — I am very sorry that I shall be unable to follow up that beautiful poetry: I shall be much more prosaic.

Ryan

I want to make it clear that I differ from my Christian-Democratic colleagues in what I am going to say. I do not join the chorus of condemnation of Britain for the stance which Britain has adopted in relation to fishery matters. In fact, I applaud the British stance, and I believe that the Government of Ireland would not have adopted a role in line with seven other member countries of the EEC were it not of the view that the British were, perhaps, for the first time in history, going to fight for the Irish. Because by maintaining its present stance for the fishermen of northern Britain, the British Government is in fact fighting the battle of the fishermen of Ireland. The reality is that over-fishing of European waters continues, and under the proposals of the Commission, as adopted by eight Members, I believe that the overfishing will continue in 1978. I have a natural instinct to respond to the request for cooperation, but, Mr President, can one seriously contemplate cooperation with somebody who is standing on your foot, who has his hand in your pocket, whose ships are scooping up your fish and depriving you of your livelihood? Quite frankly, I am glad that the Council of Ministers failed to reach an agreement if that agreement was to be on the basis of what was agreed by the Eight. I believe that the proposals, which admittedly are interim and provisional, fail to take sufficient account of the fact that many fishermen in the northern and western islands of Europe have no employment available to them except fishing. And the proposals contain no structural suggestions and no provision for their enforcement. I agree entirely with what Mr Brosnan said when he remarked that to succeed there must be a total respect for the political principles which are set forth in these proposals. I suggest that that is all they are: they are more than political declarations, but they are not accompanied by a technical or administrative or naval capacity to enforce them. We certainly want to see the principles of the Treaty, and of the Treaty of Accession, implemented, but here I share Mr Rippon's views. I say this with the greatest respect, and I trust those who are at the receiving end of my criticism will not take offence, but I am certainly of the view that there was sharp practice on the part of the six members of this Community in 1972 in rushing to make declarations about the waters of Europe before the three applicant countries, who had the greatest share of the waters of Europe, became members. No government should, and I suggest that this Parliament should not either, endanger or imperil vital national interests. And the fishing industry is of vital national interest to Ireland and to Britain.

In relation to the interim proposals, I want to say this — and here I endorse what Mr Brosnan has said. They will not work if others fail to reduce their catches of fish, both inside and outside the 12-mile limit. What worries me is that we have no régime capable of ensuring inspection of the operation of

these provisional proposals. I am glad that as long as these proposals are only provisional, it will not be possible to complete negotiations with third countries; why should a country like Ireland, which has never fished in the waters of third countries, agree to the institutions of Europe giving third countries access to Irish waters? I know this may not get a warm response from many of my colleagues from other countries in Europe, but if I state it bluntly, I state it as the Irish people see the problem, and we must therefore remind this Assembly that any arrangement with third countries in 1978 must be temporary and must be autonomous. We believe, and we have always asserted this belief, that time will prove us right, that exclusive coastal zones are necessary to conserve stocks and to develop the fishing industry for Europe.

One of the many disappointments we have felt in relation to the interim proposals is that, as I understand it, no money will be made available, for the time being at any event, to Ireland to help her police her coastal waters, so we are not even furnished with the means to enforce the provisional regulations. If I am wrong in that I should be very happy to be corrected, but if I am not wrong then I suggest that at least the £30 million which has been suggested, and which I respectfully suggest is not enough, should be made available to Ireland immediately to enable Irish naval vessels and Irish aircraft to enforce the fishing disciplines which have been agreed to by the Eight.

I want to make it clear, Mr President, that I am in total disagreement with the Klinker proposals in relation to Community policing of Irish waters. I am delighted to have heard from Mr Gundelach that, as he says, realism warns against the Klinker proposals. The surveillance of national fishing-zones lies solely within the competence of Member States. No country in Europe has surrendered sovereignty over its seas, and the Community therefore has no competence to assert military jurisdiction over the seas of Member States. The Klinker proposals would appear to assume new Community competences which do not exist and to which, I suggest, there would be no agreement. The seas for some Member States are just as important as the land areas for others. As a neutral country which is not a member of the North Atlantic Treaty Organization, Ireland cannot subscribe to the Klinker proposals, which would entail an interference with Ireland's sovereignty to which the people of Ireland would not agree. I am not expressing any hostility to NATO. I am not at all opposing the tremendous cooperation which exists in Europe for European defence. I am reminding the Members of this Assembly that one Member State is not a member of the North Atlantic Treaty Organization. If Europe is to become a real Europe, it must provide an opportunity of membership for those countries like Ireland — let us say Switzerland, Austria and Sweden — which some day may

Ryan

wish to become members of this great Community, but if we proceed to trespass upon sovereign rights then we are going to imperil the possibility of getting a wider Europe including members which have such a very strong commitment to their own neutrality.

Finally, in relation to the Klinker proposals I would like to say that I think they are premature in the light of the fact that the Law of the Sea Conference has not yet reached a conclusion. I would, with the greatest respect, suggest that it would be unwise for this Assembly on that account to adopt the Klinker proposals, which might assume an area of agreement which in fact has not been reached. It is not a question merely of Community law or of Member States' national law; it also raises issues of international law and possible conflict between the laws of the Community and those of third countries. On that account, Mr President, I hope that there will not be majority support for the Klinker proposals in this Assembly.

President. — I call Mr Tolman.

Mr Tolman. — (NL) Mr President, what we are talking about here today is clearly an extremely complex matter, it is equally clear that we have a large measure of agreement on one point at least, and that is the need to conserve fish stocks. Only on the ways and means of achieving this end do the views differ somewhat, to judge by what we have heard from the various speakers today. This is hardly surprising since there are important economic interests at issue.

The problems in the fisheries sector must be viewed in the light of regional problems. I am pleased to see that a country like Ireland, which — according to Mr Gundelach — has a lot of stake, should be one of the eight Member States which have reached agreement, although the Irish have of course been given a certain amount of preferential treatment.

Mr Gundelach said this morning that eight of the Member States were in agreement and that the United Kingdom went along with the major part of the package. But still the negotiations failed. I must say that I greatly deplore the failure of the negotiations, and had, indeed, not expected them to fail in view of the optimistic noises which had been made beforehand.

I have read quite a lot recently on the first phase of discussions. According to the report of proceedings of 15 December 1977, Mr Scott-Hopkins said that unless we got a Community solution, the whole of the Community action would be soured up. I thought this was a very positive attitude.

I conclude from Mr Corrie's speech that he is very serious in his search for a solution. Mr Hughes, who spoke this morning, adopted a mild tone and gave evidence of a positive approach to the problem. His contribution differed widely from some of the remarks

made by Lord Bessborough this afternoon. There was clear evidence of goodwill and the right kind of approach in the contributions made by the Members I mentioned first. This brought me to thinking that perhaps Mr Silkin has manoeuvred himself into what is, even from the British standpoint, a strangely isolated position.

I should like to go on to ask a few questions of Mr Gundelach. There have been intimations of a compromise in the offing. This being so, we cannot of course expect any of the participants to put all his cards on the table. But can't we be given a little more detailed information? And another question: what deadline has been set for internal consultations?

On this point, I should like to make a few observations from the Dutch point of view, not so much from purely nationalistic considerations as from the realization that a lot is at stake for the Netherlands as well. It is a well-known fact that in the previous phase of negotiations the Netherlands had to accept stringent restrictions. I now get the impression — and this may well cause quite a lot of trouble — that some of the proposed measures do not run parallel to each other.

I stand four-square behind Mr Klinker's proposals. There must be no misunderstanding on this point. However, we are drawing up all kinds of measures, but have certainly not made sufficient progress on the structural measures, on those measures which the fishermen must know about before they can see exactly where they stand. They must be given some assurance that, even if they can no longer go out fishing, they will still be able to earn their living.

While I am on this point, I should like to ask a few questions in connection with certain articles I have come across in the press and which have given rise to discussion, especially among fishermen. On the one hand a number of countries are reducing the size of their fishing fleets quite appreciably, whereas, on the other hand, I have read in various places that the United Kingdom in particular launched scores of new fishing-boats last year with the help of EEC subsidies and that more new shipbuilding orders were placed, again with the help of EEC subsidies. If this is true, it is a highly paradoxical situation, but in any case I should like to know whether it is true. And if it is, it will be interesting to hear the reasons for it.

If, on the other hand, the reports are untrue, it would be reassuring to be told so.

President. — I call Mr Jahn.

Mr Jahn. — (D) Mr President, ladies and gentlemen, today's debate is about the fisheries policy and in particular the situation which arose at the start of this month when Great Britain decided to adopt a unilateral solution to the problem of access to its territorial waters by Community fishermen.

Jahn

I don't want to discuss matters of form or the way in which the British Government's decision was reached, or how its representative on the agricultural ministers' Council notified the other eight member governments of the decision. However, it is time we spoke our minds about the British Government's fundamental attitudes, as I and many other non-Britons understand them. This will serve the interests of frank discussion in the Community, and I am sure it will also benefit the British Government.

Arrangements for the common fisheries policy have been frequently discussed by the House — in recent months at almost every part-session. Over a period of 16 months the Council has held six extraordinary meetings in an attempt to achieve a joint Community solution. Meanwhile, for over a year, the Community has had to be content with provisional regulations. Since 1 February of this year we have been resorting to purely national measures. The Community has entered a new crisis following the collapse of the latest fisheries talks. All this is the result of the stubbornness of one Member State — Great Britain's demands for an exclusive 12-mile zone, a dominant preference in the 12—50 mile zone and the unlimited observance of its so-called historical rights in the area beyond the 50-mile zone shatter the very foundations of the EEC Treaty and the Treaty of Accession.

No other Community country has ever pursued its own interests as ruthlessly as Great Britain. In doing this Britain shows complete disregard for the equally legitimate interests of countries which, for example, help to subsidize its food via European monetary compensation in the agricultural sector. In recent months there have been a large number of incidents which have been directly or indirectly linked to the British Government's decisions and which I honestly believe must be a source of concern to the supporters of European development and unity. I would remind the House of the tug-of-war over the site of the JET project. In the end Britain got its way, and Culham was chosen.

The other governments went along with this. As a member of the German Parliament I have to tell you that there is still considerable controversy in the Federal Republic on this issue.

Soon after this the people of the other eight Community countries became aware of the British Parliament's difficulties concerning direct elections to the European Parliament. Although the British Government has so far not said so in so many words, we can assume that the May-June 1978 deadline, which for years has been the time scheduled for the elections and for which preparations might have been made, can now no longer be met. This has shocked us all, although pessimists — perhaps we should now call them realists — had predicted this.

Now Britain has seen fit to act unilaterally in setting up a 50-mile exclusive zone around the British Isles,

thereby barring access to fishermen from other Community countries. It is unfortunate that so few of our British friends are present today. What I have to say next are the views of someone who, like many others here, was for many years in the Bundestag and in the European Parliament an active supporter of Britain's entry into the Community when the situation was totally different. I thought it safe to assume, as did my political associates, that the European Community would be strengthened by Britain's entry.

We never believed the criticisms, from France and elsewhere, of the United Kingdom's commitment to Europe. However, I must tell you quite plainly that my ideas, and the ideas of many of my friends, have changed. I have the impression that the views which we in the Europe of the Six held on the political objectives of this historical venture — the European Community — are not shared, indeed are actively opposed by large sections — I stress *large* and not *all* sections — of Britain's political leadership, especially in the Labour Party. We gain this impression every day when we read the major British newspapers. Moreover, the correspondence between the British Prime Minister James Callaghan, and Mr Ronald Hayward, the Labour Party Secretary-General, of 1 October 1977, which was mentioned in the House, yesterday, should be very closely scrutinized by this Parliament — that is why I am stressing the political aspect. I can no longer accept that the purpose of Mr Callaghan's letter was to foil the stratagems of Labour anti-Market-eers: on the contrary, I get the impression that the letter heralds a new European policy aimed at reducing the Community to the level of a free-trade area.

I fail to detect in Mr Callaghan's letter — which has to be regarded as a top-level political statement and which was sent by the Foreign Office to all its embassies in the Community — any support for the idea of European political union, which most of us here have been striving towards for 25 years. Unless I am mistaken, this fact is not just unfortunate but downright tragic for the future of this part of the world. The gradual destruction of the political cohesion so far attained — and many colleagues have asked me to raise this point — would inevitably lead to a two-pronged development in the Europe of the Nine, a development tending towards a large free — trade area in an enlarged Community as favoured by the present British Government.

Parallel with this trend a political nucleus might emerge — a phenomenon which is being widely discussed at the moment — consisting of those Member States which wish to pursue the goal of European unity.

I think we are all aware of the dangers of such a development.

Jahn

I hope, Mr President, that my fears prove groundless. If not, troubled times lie ahead.

I would tell my British friends — in an amicable and completely unthreatening spirit — to convince their doubting partners in Europe of their good intentions and convince them soon. Be in no doubt about the fact that our people are getting the impression that you do not take Europe seriously. Show us that we are wrong. Speed up the implementing measures for direct elections to the European Parliament, and treat the elections with the respect they deserve. And please consider your own position too: remember that we are all — without exception — small countries and therefore unable to solve vital problems on our own.

Remember that our people have a right to expect problems to be solved jointly and do not wish to be taken unawares by decisions reached at a few Council meetings. Give us a clear indication that Britain is prepared to recognize and take advantage of its historical opportunity in Europe.

President. — I call Mr Erik Andersen.

Mr Erik Andersen. — (DK) Mr President, I should like to thank the President-in-Office of the Council, Mr Paul Dalsager, for his contribution to this morning's debate and Mr Gundelach for the very down-to-earth observations he made in this Parliament just before lunch.

I should also like to thank Mr Hughes sincerely for his contribution which, in my view, reflected a considerably greater understanding of the need for a Community solution and a considerably greater wish to find one than we have so far seen in the official British viewpoint.

In addition I wish to say how pleased I am that the Council has made some progress in these very difficult negotiations on fisheries, and it was pleasant to learn that the Danish Presidency is determined to try and obviate the remaining difficulties. All the Member States, not least Denmark, have gone to considerable lengths in the attempt to find a Community solution. It has been difficult, and problems still remain, since such a drastic reduction in Danish fishing will not only mean a drop in income for the Danish fishing industry, but also increased unemployment in the processing industry. Of course, this problem is in effect even greater with the high unemployment figures in Denmark, and this is why it is very difficult to create, understanding for the considerable sacrifices Denmark has made for the sake of a Community solution in the fisheries sector.

As we understand it, the problems yet to be solved are the restricted zones, dominant preferences and the right to introduce national measures. These problems are not perhaps many in number but they are fundamental and therefore difficult to solve.

As regards some points, the British attitude, is not, in our opinion, in keeping with the provisions of the Community and in other cases it is contrary to the spirit of the Community. For this reason it will not be possible to find a Community solution for fisheries unless the British change their position.

President. — I call Mr Stetter.

Mr Stetter. — (DK) Mr President, after listening to this fisheries debate I wonder how it is that our nine Member States did not arrive at a common internal fisheries policy a long time ago. The President-in-Office, the Vice-President of the Commission, Mr Gundelach, and the spokesmen for the Committee on Agriculture headed by my British friend, Mr Corrie, have spoken out in favour of reaching a solution through negotiations. Everyone, with the exception of a few individuals, has declared a willingness to negotiate and no-one has rejected Mr Gundelach's appeal to show imagination and awareness of the seriousness of the situation.

In spite of all this, the Community has so far failed to reach unanimity on a common fisheries policy — to the great prejudice of all the families and undertakings which depend either directly or indirectly on fishing for their livelihood. What can be the reason for this indecision and inability to agree? Is Parliament not aware of the facts? Mr Hughes, spokesman for the Socialist Group, made, as did others, a well-balanced contribution to this debate, but I will make no secret of the fact that what he said regarding the British press answered my question to a certain extent.

If I understood Mr Hughes correctly, the the British press — perhaps the European press too — was unfair in its treatment of the very subject we are discussing here today and that this created an atmosphere which was not at all conducive to negotiations.

Unlike Mr Hughes, however, I feel that most journalists reflect the reality and facts they experience. The contrast between the very constructive atmosphere here today and the actual situation may be due to the fact that the political parties and their spokesmen do not always say the same things in this House as they do in the national parliaments. The contrast may stem from the fact that the attitudes political parties adopt to Commission proposals in this House often differ from those they adopt in their national parliaments.

As long as we have the double mandate, and perhaps even after this becomes a thing of the past, it would be desirable if the debates here corresponded with the actual situation in our national parliaments.

If not, the European Parliament will lose credibility and the people of Europe will lose interest in what happens here.

Stetter

In other words, I would like to sound a warning against blaming the press or the other mass media for the lack of results in this field or others. The Member States have hitherto not all shown the necessary political will, and in this case it was the United Kingdom which let us down.

The chairman of my group, Mr Rippon, made no bones about his own attitude and that of this party. He spoke as a British Conservative and put forward the British Conservative viewpoint. It was refreshing to hear such frankness and I should like to congratulate him on it.

I do not go along with his views, but Mr Rippon described the situation as it is and there is no point in trying to draw a veil over this fact. But the British Conservatives alone cannot prevent us arriving at a Community solution. Parliament should repeat in February what it said in December, in order to stress that the situation has not changed. However, I admit that judging by the most recent developments, logic and the facts are not always the deciding factors.

Against this background, but only against this background, it is quite understandable that the Commission should have modified its proposals in important areas, although one can hardly claim that there were realistic grounds for doing so.

This is also the reason why the Committee on Agriculture has adopted the Commission's proposal, which can be regarded as an emergency proposal taken under exceptional conditions to deal with a crisis. This should not, however, prevent the Commission and Council from returning to their original intention, i.e. to establish a long-term effective fisheries policy which takes equal account of the interests of all Community fishermen.

And in this situation it must be the task of the European Parliament to ensure that we do not lose sight of this objective.

I am therefore pleased that the new report by the Committee on Agriculture contains a comparison between the Commission's amended proposals and the committee's proposals in the December report, since the latter comprised a good and genuinely long-term fisheries policy.

However, if the committee wishes to make a comparison of this kind, all the points must be taken into account, not just some of them. I am therefore surprised that one point has been disregarded in Mr Corrie's new report. I am referring to the principles governing the allocation of quotas.

I can well imagine what is behind the Committee's silence on this point. It presumably thinks that this will emerge from political discussions in the Council, and that it is therefore impossible, or at least pointless, to argue objectively for or against it. I cannot,

however, accept that political bargaining, or attempts at political bargaining, of this kind should prevent Parliament from standing by the principles which it has already adopted, and I must insist that these principles be used in future as the basis for the allocation of quotas on all occasions.

The principles as set out in the December report are clear. It is proposed to use distribution key as a basis for the allocation of quotas. It is also suggested, as regards compensation to Member States for loss of fishing resulting from the extension of fishing limits by third countries — and I quote — “that, since there can be no direct compensation in Community waters for losses suffered by distant water fleets, such compensation should be in the form of cash payments or quotas in other distant waters”. In other words, compensation should be given exclusively to the fishermen themselves and not to the Member States.

In my view, this important aspect of the fisheries policy as a whole, which we adopted here in Parliament, should be maintained and I therefore urge the Commission and the rapporteur of the committee to stress that in the longer term this must continue to be the basis for a balanced Community policy. Finally, I should like to say that Mr Erhard Jakobsen and I support the proposals and motion for a resolution by the Committee on Agriculture currently before us, and the ironical thing is that these proposals will presumably be adopted by a unanimous or virtually unanimous European Parliament tomorrow.

President. — I note that there are no more requests to speak. The vote on the motions for resolutions — together with the amendments which have been tabled — will be held tomorrow during voting time.

10. Date of direct elections to Parliament

President. — The next item is the report (Doc. 537/77) drawn up by Mr Patijn, on behalf of the Political Affairs Committee, on the date of direct elections to the European Parliament.

I call Mr Patijn.

Mr Patijn, rapporteur. — (NL) Mr President, we regularly have discussions in the European Parliament on the European elections, and time and again the situation is that we once again have to be patient because nothing is happening. To start with, we talked about ratification in the Member States and made an urgent appeal to a number of States to get on quickly with ratification. Now, in February 1978, the position is that the country which we always expected to take a long time, namely the United Kingdom, may soon become one of the first countries to have completed the whole process. Meanwhile, since we last discussed this, there has been the guillotine motion in the House of Commons, so that we know the length of

Patijn

the debate is limited, and we congratulate our British colleagues on having become the first instead of the last in the European Community with regard to direct elections. That also says something about the situation in the Member States. It is clear — and this is now, in February 1978 all the more apparent — that a number of national parliaments have in fact been taking refuge behind the broad back of the House of Commons in order to do nothing. Here in the European Parliament we are faced, in February 1978, with the fact, after France, Ireland and Denmark, the United Kingdom is the fourth country that will shortly have completed its national legislation and that there are therefore still five countries — Italy, the Federal Republic of Germany, Luxembourg, Belgium and the Netherlands — where preparations for the European elections are still far from complete. I think that as rapporteur I can say here quite clearly that this is an intolerable situation.

We in this Parliament have talked for too often about the United Kingdom without mentioning the fact that it will shortly be other States that are holding things up. What, in fact, is the position? What we are putting before you today is a resolution on the date. The Political Affairs Committee has discussed this, and we can very well imagine that fixing a definite date is something the Council will only want to do once it is clear that there will be implementing legislation in nine countries. The next thing will be that in Copenhagen in April the European Council is to discuss European elections — at any rate we hope so, although we are still waiting for a debate in the Netherlands, Belgium, Luxembourg, Germany and Italy. This is intolerable, since it is these five countries which have always been most in favour of European elections. I recall that the ratification of the Treaty was passed in all these countries by a large majority — much larger than in the House of Commons — and yet, a year and a half after the signing of the Convention on direct elections, there is still no sign of when these countries will be ready. This casts doubt upon the whole business. In April some governments could well say: What do you mean? There are still five laws to be passed — it may be four or three, but there are a number of laws still to be passed. What are you talking about? Must we lay down dates already, before we know what the Italian, Dutch or German Parliaments are going to do? This would be an utterly unacceptable situation, and I think that we should say so here quite clearly. We have talked too long and too often about the House of Commons, we have too often criticized them, whereas we shall soon see that those who are lagging behind are those who were so unanimously in favour.

The Political Affairs Committee has discussed the date at length, and I shall make no secret of the fact that there was some feeling within the Committee that this Parliament ought to propose a date to the

Council today, fixing the time at which, in the opinion of Parliament, the European elections should be held. Finally the Political Affairs Committee decided, after lengthy deliberations lasting two days, not to propose a date to the Council. Why? Because we want to give the Council a free hand to fix a date at its meeting in April, without having to speculate whether the date proposed by this Parliament is really the best one and then possibly cause embarrassment to Parliament by deciding that another date might in fact be preferable.

In any case, under Article 10 of the Act we have to be consulted by the Council about the election date, and we hope that the Council will be content to fix a provisional date, and then discuss it with us before taking a final decision.

I should like to remind you of what was said in this Parliament in connection with the Berkhouwer resolution last autumn. We were then hoping that the date would be fixed at the December Summit. Why? Because we were all still thinking in terms of a decision to hold European elections in the spring of this year. I think that it would now be realistic to state that the European elections will not take place in May/June 1978. But that does not imply a defeat for Parliament. That is by no means the case, for you will no doubt remember that in January 1975, when we approved the report on the elections, the rapporteur proposed that they be held in 1980, but that we had to scrap that plan because the Council decided on May/June 1978. If anyone has been lagging behind it is not Parliament. Indeed, if anyone has been unrealistic, it is the Council that did not know what it was doing when it fixed the date as May/June 1978. Let us simply state that fact. The postponement is not Parliament's fault — it represents a failure by the Council to meet its own commitments.

Why, then, is it still important to seek a decision from the Council? We know perfectly well that the probable outcome of such a decision will be the fixing of a date considerably more distant than June this year. I cannot stress strongly enough that people are gradually getting restless about the fact that no decision has been taken and that there are no signs of a decision in the immediate future. And that there are all sorts of things to be sorted out which we are unable to sort out because we do not know where we stand. And then we are so obliging as to leave the decision to the Council, to avoid getting in the Council's way. But Parliament's patience is running out, and not just Parliament's patience: there are political parties and people who have to provide information, and there are radio and television stations with programmes to plan. They want to know where they stand and they have absolutely no idea what they should plan for and what they should aim for.

Patijn

There is another point which I should like to make, and I am glad that the President of the Council is here today. If 1979 is the year chosen, which seems quite likely, that would be a very good year for the European elections because there will be so few national elections then.

But if the Council defers the elections until 1980, we will end up in the same vicious circle as we have been in for nearly a year now, because after 1979 it will be much more difficult to find a date that suits everyone.

I know that then people will probably say, 'What about the British elections?' Of course we all realize that the British elections are imminent and that they will have to be held by October 1979 at the latest. Of course this is a real problem, and I hope that it will be squarely faced at the Copenhagen meeting in April. But in all other respects 1979 is an extremely suitable and acceptable year for the European elections. For I am assuming — unless the President of the Council has anything to say to the contrary — that the autumn of 1978 is now out of the question. If he does think that elections would be possible this autumn, I shall be delighted. In my opinion the European elections can and should be held some time in the first six months of 1979. Bearing in mind the point already made about the British elections, I hope that the dates I have suggested will at least provide a lead for the Copenhagen meeting.

I should also like to ask the President of the Council what he thinks about this. What does the Council intend to do between now and April? What preparations are to be made for the Summit conference of the European Council? What steps does President Andersen plan to take to ensure that a decision can be reached in April? I would be grateful for an answer on this point.

What we are asking for, and here I speak as the rapporteur of the Political Affairs Committee, is a definitive decision at last, as laid down in the Act; and I think it would be a crowning achievement for the European Council in Copenhagen — as guests in the country where the President of the Council will be acting as host — if this could be one of the decisions taken at the Copenhagen Summit. I sincerely hope that this will be the case, and the Political Affairs Committee, which approved my report by a large majority, hopes so too. I hope that Parliament will adopt this brief resolution, which refers specifically to the Copenhagen Summit, by a large majority.

IN THE CHAIR: MR BERKHOUWER

Vice-President

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

Mr Bertrand. — (NL) I should like to thank Mr Patijn for the force, dedication and conviction with which he is pleading that a definite date be fixed for the European elections as soon as possible. I should also like to say how pleased I am that the Council is now presided by the Danish Minister for Foreign Affairs, whose dedication to the European idea has been clearly illustrated in the past few days, not to say the past few hours, and who is obviously determined to do all in his power to ensure that the European Council fixes a definite date for the elections at its meeting in Copenhagen on 7 and 8 April.

But in my capacity as Chairman of the Political Affairs Committee I would draw your attention to a danger inherent in our rapporteur's line of argument that we are not delivering an opinion in today's debate on the motion for a resolution, as laid down in Article 10 of the Act of 20 September 1976. Although we are not today delivering an opinion as a Parliament, and are not therefore discussing all the contingencies of the particular date fixed, we will do this when we are asked to deliver an opinion on the proposal which the Council will be obliged to submit to Parliament in accordance with Article 10 of the Act of 20 September 1976.

It is extremely important to make that clear at this stage. In today's resolution we are simply expressing our regret that the heads of government and the governments of the various Member States have been unable to keep to the proposed date of May/June 1978 and that they were over-optimistic enough to assume, at the Summit Conference in Paris in December 1974, that the elections could in fact be held earlier than Parliament had originally proposed in its draft convention. We had suggested in the draft convention that the elections be organized in 1980, and the heads of government decided in December 1974 to bring this date forward to May/June 1978. Now they are unable to honour their own undertaking, which I think is most regrettable in view of the likely effect on public opinion.

Our President emphasized this fact in December last year when he tabled his motion to draw attention to the issue. And now we are faced by the fact that May/June 1978 will be impossible and that it will be necessary to fix another date. If the European Council really wants to destroy the impetus that was given by the summit decision in December 1974, which in recent months has resulted in political parties forming groups at European level and in all sorts of organizations holding scores and even hundreds of meetings at this moment to prepare for the elections, then all the Council need do is fail to fix a date on 7 and 8 April. Then all the public's impetus to prepare for these elections will be destroyed.

Bertrand

The primary aim of our resolution is to draw attention to this fact, so that the European Council realizes that if it does not take a decision, it will be as good as betraying the public's trust, and will be nipping in the bud these Community-wide endeavours to prepare for the European elections. This is extremely important if we are to have any chance of maintaining this general enthusiasm and interest in the elections. That is why it is important that the elections are not put off for too long, for if this happens we will be unable to preserve this enthusiasm until the date of the election, and there will be a danger of disillusionment and a slackening of interest in the European elections. Having said this, I should now like to ask the President of the Council a few questions.

At all its meetings from last September onwards, the Council has regularly checked progress in the ratification of the Act in the various Member States. Last December the President-in-Office of the Council stated, after Mr Berkhouwer's speech, that he would ask his colleagues that month to try and fix a date, or at least to investigate the state of affairs. And this was indeed done at the Council meeting in December last year. But, then, at the Council meeting in January, the bombshell came when the British Secretary of State for Foreign Affairs announced that the United Kingdom would do all in its power to complete the legislative procedure for direct elections towards the end of 1978. This declaration by the British Secretary of State for Foreign Affairs at the Council meeting in January thus meant that the elections would definitely have to be postponed until a later date. It was then decided that the subject would be discussed at the March meeting of the Council, and this is stated in the communiqué from the Council. It is hoped that it will then be possible to fix a definite date for the elections at the meeting of the European Council on 7 and 8 April next. The Council has instructed the Committee of Permanent Representatives to take the necessary measures before then, with a view to fixing a new date.

We now know that the Council will be meeting again on 7 March to study the Permanent Representatives' proposals. I presume that they will submit a number of alternatives, together with the reasons for each date proposed, but the Council will have to work out a concrete proposal of its own on 7 March. I assume that the Council will abide by Article 10 of the Act by immediately forwarding whatever proposal it arrives at on 7 March to Parliament for an opinion, so that this House can deliver its opinion before 7/8 April on the final proposal to be made to the European Council. For otherwise Parliament will once again be left out in the cold and presented with a *fait accompli*. That would be intolerable: for it would be tantamount to infringement of an Act ratified by all the national parliaments, which clearly stipulates that we must be allowed to give our opinion before the final decision is taken.

The first question which I should like you to answer, then, is whether you are prepared to give us this undertaking.

My second question is as follows. Is it intended that the European Council — a non-institutional body for which no allowance is made in the Treaty, but whose members can of course, pursuant to the articles of the Council, meet as heads of government within the framework of the Council — should fix a definite date for the elections at its meeting on 7/8 April? Or is it intended that the European Council, as an inter-governmental conference, should decide in principle on the date and leave the implementation to the Council of Ministers of Foreign Affairs? I admit that this is a loaded question, but I hope that we will receive an answer to it. On 9 April, then, we will know whether the European Council has fixed a definite date or, for the umpteenth time, has failed to reach an agreement, so that we are obliged to accept yet another disappointment and take the offensive yet again, because of the indecisiveness and lack of courage of the European Council.

As the rapporteur has so clearly stated, it is not Parliament that has lagged behind. Ever since 1960 it has been pressing for the implementation of Article 138. As long ago as 1960 we submitted a draft convention to the Council on the basis of the Dehousse report, but this was blocked in the Council in 1961 and stayed blocked for 15 years, until December 1974. And now that the block has been lifted, we find that people are still hesitating and cannot abide by their undertakings. That explains the importance of this resolution, which the Christian-Democratic Group sincerely approves, because it fully endorses it and because it hopes that this time, our bold stance will have enough influence to bring about a decision on 7 and 8 April next. At all events, the Christian-Democratic Group will not give the President of the Council any peace. If there is no decision on 7/8 April, he may be hearing stronger language from this Parliament than he has heard today.

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

Mr Mitchell. — Mr President, Mr Patijn ended his remarks by saying that he hoped this resolution would be passed by an overwhelming majority of this House. As I look around the Chamber at the moment, that will be an objective which it will be rather difficult to attain. I keep being told by everybody of course that there is this burning desire amongst the peoples of Europe for direct elections, but it does not seem to be reflected in their elected representatives in this Chamber this evening.

Mitchell

The Socialist Group gives general welcome to the motion for a resolution put forward by Mr Patijn in its present form. In its original form as he introduced it into the Political Affairs Committee, when he laid down a specific date, a large majority of the Socialist members of that committee were opposed to the motion as it then stood, and voted against it. We do not believe it is the job of this Parliament to fix a date. That is a job for the Council of Ministers, and my group would urge one thing here. If the Council meeting in March is going to fix a date, for goodness sake let it be a realistic date, because the worst thing that could possibly happen would be to fix another definite date and then have one nation or another saying that it could not meet that date. That would make the whole thing an object of complete and utter ridicule. So, if we are going to have a date fixed in March, if it is possible to do that, then, for goodness sake make it a realistic date. We do very much regret that it was not possible to keep to the May/June date, but let us not go through that procedure all over again.

Just one other point on what Mr Patijn said. He did seem to give the impression that the bill had already passed through all its stages in the British Parliament. Well it has not. It has still to go before their Lordships. Now, their Lordships are not usually obstructive in this matter, but one never knows quite what is going to happen in that particular Chamber.

Perhaps I could also ask the President-in-Office of the Council of Ministers whether he has any information on the following. I quote from an article in the *Financial Times* of Tuesday, 14 February :

France and Luxembourg have made a secret pact to block the European direct elections unless the Parliament revises its plans to expand its facilities in Brussels.

Could I ask the President-in-Office whether he has any information on this point, or whether it is so secret that they have not yet informed him.

(Laughter)

President. — I call Lord Reay to speak on behalf of the European Conservative Group.

Lord Reay. — Mr President, I would like briefly to give the support of my group to this resolution by Mr Patijn, and to this request that the European Council at their meeting in April, should arrive at a definite date for direct elections to the European Parliament. Mr Patijn did refer to the fact that there had originally been an opinion within the committee which supported the idea of fixing a date ourselves, and at one stage there was actually a majority in the committee, although not provided by his own party. M. Patijn, perhaps not for the first nor for the last time, has found that sometimes his best friends are in parties other than his own. We would have been

willing in our group to have seen that date put in, although of course the fact that it has now been taken out for the reasons stated is also acceptable to us. But what attracted us was the argument. Mr Patijn put forward, that if we were asking for a date in May or June of next year, that was quite a modest request by Parliament.

Mr Patijn referred to a particular difficulty the British might have in meeting a date in May or June of next year. Few of us would know what might be in the mind of the British Prime Minister when it comes to fixing the date in April or June of next year, because presumably the problem will be one of calculations between the relationship of the data for direct elections to the European Parliament and the date of the next British national elections. But in this respect, of course, it is not only the British that can have difficulties. It is a problem that the government of any Member State can encounter — that of a national election coming at an inconvenient time or threatening to come at an inconvenient time in relation to the direct elections to the European Parliament. It would be quite interesting to hear from Mr Patijn if he thought there was a particular respect in which the British might have a difficulty here which other Member States did not have.

Personally, I do not think that the delay until June, or possibly until later next year, is necessarily disastrous. I think that the delay has been more damaging to relations between Member States in the Community than it has to the Parliament itself. I think this Parliament has been able to tolerate the delay that is being incurred, and will be able to tolerate it for a further period to come, provided of course that it is not too long. But we must obviously avoid, as Mr Mitchell said, a situation where another date is fixed which then proves impossible to meet, and where we run into further damaging consequences for relations between Member States.

I must say that the fact that there has been this delay does make one wonder if the summits were originally very responsible when they changed the date, which Parliament itself had suggested should be 1980, and brought it forward to 1978. It is sometimes represented as being the fault of Britain in particular that this date cannot be met, but it is obvious that several Member States have had problems in this respect. It is not an easy matter bringing in the necessary legislation for a great move of this kind, and it might have been wiser if they had paid more attention to the opinion of this Parliament at the time.

However, in conclusion, I would just like to say that we support entirely the notion for a resolution by Mr Patijn and look forward to the fixing of a new date which will be done, we hope realistically, enabling us to meet it sometime next year.

President. — I call Mr Veronesi.

Mr Veronesi. — (I) Mr President, we support the motion for a resolution and shall vote in favour of it, since we realize how important it is to fix a date for the election of the European Parliament. There is little doubt that it would be intriguing to take a close look at the political obstacles which are still holding up direct elections.

I agree with Mr Mitchell when he says that the peoples of Europe are not consumed by a burning desire for direct elections. As far as I can see, there have been signs of support for the elections. One or two groups and organizations have made a move, but the general public is not yet entirely convinced, or even really aware, of what the European Community involves. The simple fact is that the Community has failed to live up to expectations too often, and it has been unable to get anywhere with its political moves. How is public opinion in the Member States going to assess the significance and the value of these elections when it has seen that in practice many important problems are still waiting for solutions after years and years, without any successful outcome in sight?

Public opinion is not interested, and this lack of interest stems from the inherent problems of the Community's political action. What we must do is get rid of these obstacles, so that we can gain the help and encouragement of our fellow citizens for the progress and development of the Community, in the legal sense, too.

We support the motion for a resolution and deplore that no date has yet been fixed, but at the same time we harbour no great illusions. We do not want to see a repetition of what has happened all too often within the Community.

I should like all the Members to think carefully about the real reasons for the difficulties facing us. Having said that, I repeat again that we support Mr Patijn's motion for a resolution and shall vote in favour of it.

President. — I call Mr Brunner.

Mr Brunner, Member of the Commission. — (D) I just want to point out that we too shall benefit from an early fixing of the date. The institutions will suffer if this procrastination goes on for long. And all the institutions will suffer, not only Parliament. You can rest assured that we shall vigorously support all your efforts. We hope that the next meeting of the European Council will produce a decision.

President. — I call Mr Andersen.

Mr K.B. Andersen, President of the Council — (DK) Mr President, I have listened with great interest to this debate, introduced by Mr Patijn, on a motion for a resolution in which the European Council is

urged to fix, at its next meeting in Copenhagen, a definite date for the elections to the European Parliament by direct universal suffrage.

This Assembly is, of course, aware that in accordance with Article 10 of the Act of 20 September, 1976, as indeed the motion itself points out, it is the Council which must fix this date after hearing the opinion of the Assembly, as has been stated, *inter alia*, by Mr Bertrand. You will understand that this can only formally take place once the Act has come into force, i.e. after the last of the Member States has announced its ratification. This is the formal side.

Having said that, I should like to add that it is possible — and in my view desirable and also probable — that the European Council will give what I might call a political guideline on this date, and subsequently this date will naturally finally be approved by the Council.

In order to permit the European Council to provide such a guideline the Council of Ministers is already investigating the various possible dates, and the matter has been put on the Council's agenda for 7 March.

The various possibilities will then be examined, and I agree entirely with Mr Mitchell who said a few moments ago that he hoped that the date selected would be a realistic one. I entirely agree, this is a proper and necessary demand.

I would say to Mr Bertrand that I sincerely hope that I shall be able at the next part-session of Parliament in March to give more detailed information about the work of the Council subsequent to our discussions on 7 March.

I shall, of course, not fail to inform my colleagues on the Council of the views which have been put forward at today's sitting, and in the motion which you are debating.

I should like to add two remarks. Mr Patijn asked about the period of the elections. Having already referred to the formal procedure which must be followed in this matter I do not wish to suggest a date, and I observe the sound principle, which I hope Mr Patijn respects, of never indulging in bets, since I think this is unwise. But if I were forced to take a bet on the date I think that I should probably guess at the spring of 1979. But as I say this is a personal guess. I can go no further than that.

Mr Mitchell quoted from yesterday's *Financial Times* and asked if I knew that there was a secret pact between Paris and Luxembourg to block the date of the elections, and suggested that this might be connected with Parliament's plans in regard to Brussels. I can tell you that I know nothing about any such pact. This may be because it doesn't exist, or because it is secret. I rather think it doesn't exist. If it is secret, then it is the first time that anything has been kept secret in the European Community since I

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have had anything to do with it. But I really don't believe that that is the case.

(Laughter)

President. — I call Mr Patijn.

Mr Patijn, rapporteur. — *(NL)* Mr President, in my capacity as rapporteur I should like to make one or two more comments. First of all, I should like to thank all the speakers for their support for the resolution: Mr Veronesi, Lord Reay, Mr Mitchell and Mr Bertrand and of course the Liberal Group, which is so worthily represented here by our President. If he had been sitting elsewhere in the House, I feel sure that he would have made a fiery speech to underline my statement.

In the second place, I should like to reply to a comment made by Lord Reay. Why should there be particular difficulties in the United Kingdom? Quite simply because the British Prime Minister can call elections at any time before October 1979 and that the elections may be held on any date between February 1978 and October 1979. I hope that this will not happen, nor do I expect that it will happen, but that is the situation, as Lord Reay perfectly well knows.

In connection with the points made by Mr Andersen, I agree that of course we can only fix a date after ratification. From the legal point of view he is absolutely right — you cannot implement a convention which is not yet in force. Of course not — we will not ask for a regulation to be published in the Official Journal. What we want, as was so excellently explained by Mr Bertrand, is for the effective decision to be taken after Parliament has been consulted on it.

Whether it is then published six months later in the Official Journal, and whether the ratifications are completed or not — these are matters which concern us less. As Mr Andersen and I both realize, the point is that we will have to anticipate the application of Article 10 if we are to achieve the object which both Mr Andersen and I agree is necessary.

As Mr Andersen said — and I was very pleased to hear this — a decision at the April meeting in Copenhagen is possible, desirable and probable — and I hope, together with the speakers for the other groups who have taken part in this evening's debate, that when we meet Mr Andersen in this Parliament the week after the Copenhagen Summit, we will be able to say: 'You were right'.

A second point which I, as rapporteur, have noted on behalf of Parliament, is that we will receive information from you in March about the preparations made by the Council. I hope, and I am now addressing our President, Mr Berkhouwer, that the Bureau of Parliament will be able to make the necessary arrangements to give Mr Andersen an opportunity to make a brief

statement on the subject, and that it will be dealt with in a special item at the plenary part-session in March, for otherwise we will have to put oral questions, and draft a new report or whatever. But I hope that it will be possible, under our Rules of Procedure, to give Mr Andersen an opportunity to report on the subject on the Wednesday.

And now a final comment: I am not a gambling man and I am not going to place bets about possible dates. But I was most gratified to note that in spite of the fact that he does not indulge in bets either — although he is a very good politician — Mr Andersen said: 'I am hoping for elections in spring 1979'. I have made a mental note of that. In March we will be hearing from Mr Andersen, and in April we will be hearing from the European Council, also by way of Mr Andersen — and we really must not place bets — we will simply have to see who was right.

I should like to thank the President of the Council for his reply, and I also thank Mr Brunner for the unqualified support he has given on behalf of the Commission. I hope that this House will be able to adopt the resolution without amendment.

President. — I call Mr Bertrand.

Mr Bertrand. — *(NL)* The President-in-Office has made an extremely important statement, but it is not without a certain amount of ambiguity. He has in effect stated that the Council cannot really propose a date formally until the ratifications have been officially notified. It is already clear that the ratification will not have been notified by all nine Member States in March, and we all know it. For one country will certainly not be ready, because it will only be able to announce ratification once its electoral law has been passed.

That means, then, that the President-in-Office of the Council will give us a statement in March about the position within the Council, and will probably be able to tell us what suggestions it will be submitting to the European Council in April.

But he added that the European Council would propose a target date in Paris without taking a decision on the subject, and that it would be left to the Council of Ministers of Foreign Affairs to fix a definite date. That means, then, Mr Patijn, that from the legal point of view, our Parliament cannot deliver an opinion before the Council has formally fixed a date. Only then will we be able to give an opinion because the decision would otherwise be pointless. We cannot deliver an opinion on an official and formal proposition from the Council, whereby a target date is to be laid down by the European Council and the implementation is to be left to the Council of Ministers of Foreign Affairs.

I wanted to draw your attention to this fact in order to avoid confusion in March when we find that we are

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not able to deliver an official opinion. And I also hope, for the reasons outlined by our Communist colleague and by Lord Reay, that we will be able on that occasion to hold a debate on the various political considerations which made it impossible to hold the elections at a normal time. I hope that when we come to give our opinion, we will be able to hold a wide-ranging debate on the subject to make it clear — for the sake of public opinion too — where the responsibility lies. Mr Andersen's statement should not give rise to any confusion. In March he will be able to tell us, informally, about the discussions in the Council on 7 March and the Council's standpoint, but formally he cannot do this. The European Council of Heads of State and Government cannot take any formal decision on 7 and 8 April if the act of ratification has not been deposited. For that reason, the European Council will only be able to issue a guideline decision, and the formal decision will then have to be presented by the Council of Ministers, and can only have legal force if we have been consulted for our opinion. That is the situation at present and it is important that we understand it properly, to avoid confusion later on.

President. — I call Mr Andersen.

Mr K.B. Andersen, President-in-Office of the Council. — (DK) Mr President, there is not really anything for me to add. I have stressed quite emphatically that obviously no final, official decision can be taken by the Council until the Act has been ratified by all the Member States. This also means that the relevant procedure cannot formally take place in this Parliament before the Act is ratified. This is quite clear.

I think it would be reasonable, courteous and in the interests of clarity for me to report to Parliament in March on the Council's deliberations during that month before the meeting of the European Council has its discussion on the guideline in April. I am assuming that Parliament will be satisfied with being kept informed in this way, but I admit that we cannot make the formal, definitive statement you require; this cannot be given until the Act has been ratified by all the Member States. I think this is quite clear.

President. — I note that there are no more requests to speak. The vote on the motion for a resolution will take place tomorrow during voting time.

The debate is closed.

11. North-South Dialogue

President. — The next item is the oral question with debate, tabled by Mr Dewulf, Mr Müller-Hermann, Mr Ripamonti, Mr Deschamps, Mr Martinelli and Mr Klepsch on behalf of the Christian-Democratic

Group, to the Council and Commission of the European Communities on the CIEC — North-South Dialogue (Doc. 527/77):

Can the Commission and Council state what undertakings the Community and the Member States have so far given in the North-South Dialogue and how they are preparing to continue this dialogue?

In particular:

- What objectives are they now pursuing for the purpose of achieving a new international economic order?
- What general and/or sectoral undertakings have they given or do they intend to give to the developing countries?
- What technical and/or financial instruments do they intend to use for this purpose?
- How can and should Community development aid be made more effective for the recipient countries?
- What efforts do they intend to make to ensure that, in the future too, Member States will be able to speak with one voice on these questions?
- What attitude will the Community and the Member States adopt in future to ensure that the United Nations, as a forum for the continuation of the North-South Dialogue, is better able to carry out this great task?

I call Mr Dewulf.

Mr Dewulf. — (NL) Mr President, ladies and gentlemen, in a few moments' time we shall see from the Council's and the Commission's answers how very timely it was to renew our debate on developments in the North-South Dialogue, a subject to which this House has devoted close attention on various occasions in the past. And this is indeed the purpose of this oral question with debate, which is addressed publicly to both institutions on behalf of my own group and with the broad agreement of all the other groups, as may be seen from the motion for a resolution which has been tabled and which will be voted on at the end of this debate.

This debate is particularly opportune, since it comes at the end of the first phase of the North-South Dialogue conducted under the rather limited and restrictive Paris formula and the start this week of the second phase of negotiations following a general and wider-ranging UN procedure. I would say right at the outset, now that we have the necessary critical distance to give an objective assessment of recent events, that the Paris session was an extremely useful and fruitful political exercise for the international community as a whole, and not least for our Community and its Member States. This successful outcome from the Community's point of view was made possible — and I cannot over-emphasize the importance of maintaining this attitude throughout this debate — by the consistent efforts of the Member States and the Community to speak with one voice.

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It is now evident that far more material was collected and more goodwill shown in Paris in July 1977 than the immediate results of the conference would seem to indicate. Material and goodwill too from the bloc of developing countries, who have kept the dialogue going on condition that the industrialized countries — and in particular the B-group — honour their commitments and that the Community pursues a policy of its own aimed at establishing a new international economic order.

The idea has now obviously taken root, and this vital debate has now — thanks to the whole-hearted participation of the developing countries — acquired a genuinely world-wide dimension. Nobody is as yet in a position to predict what form the new international economic order will take. What is certain, however, is that the participation of the developing countries must lead to a new economic structure based on mutual understanding and mutual interests. This means that an honest and — why not? — generous attitude to some basic demands of the developing countries — seen in terms of an overall policy — does not run contrary to the legitimate and defensible interests of the industrialized countries in this increasingly interdependent world.

I said right at the outset that this debate came at a very opportune moment, in view of the fact that the Council met — I think — last week and the Community and the Member States have now attended the first meeting in New York within the new, world-wide UN, framework designed to continue the dialogue, or rather, to give a political lead, and which will be the scene of the ongoing, assessment of progress right up to the eve of a new extraordinary General Assembly of the UN in 1980, to be devoted to the new international economic order and to the development strategy to be pursued in the 1980s.

Perhaps we shall be given some information this evening on this first meeting, on the stance adopted by the Community and the Member States, on the Community's determination to speak with one voice and on the stance adopted by all the other countries, particularly the wealthier developing countries and the Eastern European countries, who were not represented in Paris. We should like to hear a little about this tonight. The decision to speak with one voice in Paris was a political one. In the United Nations, this is much more difficult to achieve since the UN does not recognize the Community as such — allocating it only observer status — and the Member States — in theory at least — could speak with nine voices.

It is not my intention to go into the question of demands and interests here, but rather to stress some political aspects. This is why I said earlier that this highly important debate revolves around two political considerations, namely a new development strategy and what is generally referred to as the new international economic order.

The new international economic order seeks — as I said before — to establish a new international structural framework for major economic international relations, trade relations, monetary and financial relations, etc., as well as the necessary correcting mechanisms designed to increase the developing countries' share of international trade. All the Members of this House are sufficiently acquainted with this question. But there is also an extremely important second question — that of setting out our development strategy for the 1980s. The aim here is to lay down the aims and objectives in terms of growth and development, both for the international community as a whole and for each member of that community, right down to the poorest or most disadvantaged country.

I can only congratulate the Community and the Member States on a document which I got to see quite by chance and which was circulated as a conference working paper in the second committee of the 32nd General Assembly at a time when everyone was looking for a way of getting a dialogue going and keeping it going.

Mr President, it seems to me that the European Parliament might do well to study this document. It is a fine, courageous document, well worth reading and providing much food for thought. The Christian Democrats — in common with all the other groups concerned first and foremost with the human and social aspects of development policy — are particularly appreciative of this kind of initiative. I should like to pay tribute to the Commission, whose stimulating and creative work has enabled the dialogue to be kept going. Parliament or the appropriate committee should now be given the opportunity to go into the various global and sectoral aspects of this wide-ranging question in more detail.

I admit that the dialogue and the negotiations are taking place at a very difficult time for the whole world community, at a time of crisis and recession. But we must all pull together to overcome the crisis and to get the economy going again on a world-wide basis, while at the same time taking the opportunity to bring about a better and more equitable development in third countries.

Mr President, this is, in a few words, the point of this question, which is reflected in our motion for a resolution.

Once we have received information from the Council and the Commission, we in the Parliament committee hope — with the help of existing reports and any new reports — to use the European Parliament as a vehicle for carrying on this extremely important dialogue in the full gaze of European public opinion.

I have one final comment to make on the question of the single authoritative European voice. Putting aside

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for the moment all questions of dogma and theology, and in view of the world-wide problems with which we are faced at the present time, the Community and its Member States can only play a positive part and exert influence in world affairs if it succeeds in speaking with one voice and adopting a unanimously agreed attitude in a true community spirit. This is expected of us, on the one hand because our *de facto* international economic ties make us the most vulnerable and hence also the most reliable go-between, and on the other hand because of our own sense of vocation — not to say of mission — which prompts us to commit the European Union to a creative conciliatory and mediatory role in world affairs.

Furthermore, the experience of recent years — we have only to think of UNCTAD IV in Nairobi and other less successful bouts of negotiation resulting in deadlock — shows that dissension and indecision on the part of the Community and the Member States have repeatedly resulted in confrontation and a tendency for attitudes to polarize at opposite ends of the spectrum.

President. — I call Mr Andersen.

Mr K.B. Andersen, President of the Council. — (DK) Mr President, first of all I wish to thank Mr Dewulf for the very constructive way in which he presented this interesting, complicated and topical question. Mr Dewulf said more than once that this debate was being held at an opportune time, and I agree with him in that, both as regards the Council's discussions and in connection with the work being done internationally on this problem.

The general principles and objectives which guide the Community in the North-South Dialogue have been defined on several occasions by the Community's political bodies, including the European Council. They may be summarized as follows.

A prosperous and expanding world economy is vital to all members of the international community, developing and industrialized countries alike. This means that international economic relations must be based on a better understanding of the interests of each.

The Community wishes to achieve a more just and equitable economic order based on an expanding world economy. We consider that the situation of the poorest countries, and that of the poorest sections of the population in the various developing countries calls for very special attention.

The commitments already assumed by the Community stem from its participation in the numerous negotiations which have been in progress for several years in various international forums. The fulfilment of these commitments is on two levels. First, there is the development cooperation policy which the Community itself conducts and which goes well beyond the

commitments entered into internationally. The most important example is undoubtedly the Lomé Convention.

Second, the Community's commitments are put into practice through its participation in international negotiations. The Community has in many cases played an important part, for example in setting up a common fund, in the United Nations emergency action and in the special action decided on at the Conference on International Economic Cooperation.

The Community attaches the greatest importance to an overall approach to development cooperation. We consider that it is necessary to adapt the various instruments to the wide range of situations in the developing countries in order thereby to achieve the best development effect.

Major progress has also been made of late in the coordination of the policies of the Member States. The resolution on the setting-up of a supervisory committee for continuing the North-South Dialogue, which was adopted at the 32nd General Assembly of the United Nations — the committee which Mr Dewulf referred to — has brought the North-South Dialogue into the UN forum. The Community supported this resolution, which was adopted unanimously and is the result of a reasonable compromise.

The Plenary Committee set up by this resolution will play a very useful role in supervising the work relating to the North-South Dialogue which is to continue in the various competent bodies, particularly those of the United Nations family.

The Council attaches the greatest importance to continuing the North-South Dialogue and to preserving the present climate of cooperation, particularly in view of the importance of the Special Session of the United Nations General Assembly due to take place in 1980. I should like to reaffirm that the Community, while taking account of its present economic difficulties, remains willing to enter into new commitments within the context of solutions which are mutually acceptable to all. I believe everyone is aware that a new economic order can emerge only by the common consent of all partners in the international community.

It is in this spirit that the Council, with the Commission's assistance, will approach the forthcoming meetings on the international calendar, particularly the UNCTAD ministerial meeting to be held in Geneva in March.

From the strictly legal point of view the Nine are bound to respect Community positions or to act in concert as regards matters which fall under the Community's jurisdiction or which are particularly important for the common market. However, going beyond this legalistic interpretation, the Council has always emphasized the importance of a common posi-

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tion in the directives it has adopted for international negotiations.

In the case of the Conference on International Economic Cooperation, the European Council decided that the Community would speak with a united voice, and this unity was largely maintained. There have, however, been other cases, some of them recent, where this unity has not been maintained throughout. Yet experience — and in particular that of the Conference on International Economic Cooperation — shows that a positive unity of view within the Community is very often a *sine qua non* if the Community is to play a constructive role in international negotiations. I can therefore assure Parliament that the Council will continue in future to make every effort to see that the Community speaks with one voice on these questions.

President. — I call Mr Cheysson.

Mr Cheysson, Member of the Commission. — (F) Mr President, Mr Andersen has just made a very clear and concise statement on behalf of the Community and the Member States. The Commission is thus spared the task of dealing with the various points. I should also like to point out that we heard this statement from a Danish speaker, and this too is of particular significance.

The first part of the question tabled by the Christian-Democratic Group concerns the objectives of the new international economic order. I could of course refer you to the UN resolutions, especially the one adopted during the 32nd session, but it is perhaps more interesting to take a look at the political aspects of what this new international economic order means.

It stems from the demand of Third World countries to take part in the decision-making process on an equal basis with the industrialized nations, or 'as adults' as Mr Dewulf put it. The objectives thus become quite clear. We have to enable these countries to develop by making financing possible. This is especially important in the case of the less advanced countries which cannot achieve this on their own. What these countries are seeking is greater stability in economic and monetary affairs and as regards raw materials and so on. In short, like the poor everywhere, the main thing for them is to feel secure in their relations with outsiders.

This catalogue of basic aims shows just how closely the interests of the industrialized nations and the Third World coincide. We all want stability, security and development, all of which are essential for economic revival, as we heard from the President of the Council. And this is of particular significance as the industrialized nations become weaker and more dependent on external relations and thus more important than others for the Community. The various features of our policy were outlined by the President

of the Council, and the question was also based on them. Interregional policy provides the most advanced example we have, and it offers the greatest potential for a contribution to the creation of a new international economic order. This is because we are moving towards a *de jure* system, because we are pledged to avoid interfering in a nation's internal affairs by the very nature of our relations, and because we are making general use of the instruments of cooperation at our own disposal.

It was my privilege to address the United Nations' second committee on behalf of the Community and to tell its members that this policy was the realization of the basic principles which had often been proclaimed before the UN General Assembly, but which had never before been applied with such clarity. These principles are cultural identity, non-interference, overall development and the desire for security, while at the same time we must not forget the fundamental principles of priority for those most in need, the satisfaction of basic requirements, cooperation among developing countries and the stabilization of export earnings.

In addition, the Community has its own means of intervening internationally with direct financial measures. New proposals to encourage investment may eventually turn out to be an important factor in the creation of investment credits, with a generalized preference system and a joint response to the problem of feeding the world's hungry. Today's debate, however, is mainly about our part in the discussion and the worldwide initiatives. Our role must be determined through the United Nations, whose task it is — as I told the UN second committee on behalf of the Community — to plan, organize, promote and direct joint action. This means that UNCTAD meetings and all other meetings of this type organized by the plenary committee will be the forum in which the Member States of the Community will strive to make headway on those issues of which we are all aware and which were mentioned a short while ago by the President of the Council. Mr Dewulf wanted some information about the first meeting of the plenary committee, which has just been held in New York. I can tell him that only matters of procedure were discussed. It very soon emerged, however, that there was an ominous tendency to want to discuss all kinds of problems and to set up some kind of talking-shop. This is not the purpose of the plenary committee, which must not be allowed to supplant other UN committees which have been set up to deal with these problems.

Mr President, there are four things I want to say. The first was also mentioned by Mr Dewulf and the President of the Council and deals with the authority which the Community commands in world affairs when it speaks with one voice. There can no longer be any doubt about this as there has been ample proof

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of it in the past. But as Mr Dewulf quite rightly pointed out, the United Nations is not quite the proper setting for it, as the Nine are represented there as individual members and not as the Community. The temptation to disagree is thus very great. Not only that, but at the very first meeting of the plenary committee one of the member countries was quick to point out that the Community was not to be represented by the President of the Council. This is a sad state of affairs.

My second remark — which Mr Dewulf made before me — is that if the world is going to make any progress in tackling its most difficult economic problems — raw materials, methods of financing, etc. — every country in the world must be involved, including the State-trading countries. This creates a major problem, since these countries do not belong to the international financial organizations which alone are capable at the current time of managing international loans in an adequate manner. This is a very important point. Perhaps this new UN Commission — which was proposed by Mr McNamara and is led by the former West German Chancellor, Mr Brandt — will be able to come up with something on this.

Thirdly, I want to say that if we are going to make any progress, we have to stop barricading ourselves in impregnable fortresses, with all the entrances sealed up, before we have even had the chance to get out in the open and meet each other. Recent meetings between the industrialized nations and the developing countries have been like exchanges of fire between two armies who want to test each other's armour, without getting too close. This is not going to get us anywhere. The problems we have to deal with are in constant flux, and we are going to make progress only if we are willing to discuss things and refuse to set out with any preconceived ideas.

Parliament will have heard my final remark before. The fact is that the Community is obliged to advance in the sector of external relations. And this is possible, because the Community whole is greater than the sum of the single parts, the individual Member States. But this will benefit our economies and be acceptable to the general public — in short, this will make sense — only if we manage to link up external and internal policies. Parliament has a twofold responsibility here, especially as regards internal matters in the Community. We shall undoubtedly find that in various areas we shall have to act together much more quickly than we have done in the past in anticipating just what has to be done in some sector or other of the economy.

Mr President, I should like to thank Parliament for including this item on the agenda. We are seldom able to discuss the problems of the Third World in general terms, but this has been possible today thanks to this question tabled by the Christian-Democratic Group.

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

Mr Price. — Mr President, I find it a great privilege to speak after Mr Andersen and Mr Cheysson. Mr Cheysson is probably one of the most experienced people in the whole world in dealing with this sort of problem, and I think we are very privileged to have his remarks on this occasion. Speaking as a member of the Committee on Development and Cooperation, I hold great hopes of the Danish Presidency in this particular direction, because the Scandinavian countries and Denmark have a good record in this matter of creating a dialogue of equals between Europe and the Third World. Seen from both those points of view, this has been a very useful debate so far.

When considering this question, it is important not to regard the Paris conference last year as being a failure. Sometimes it is written off as such, but in the language of courtship, Mr President, you might say it was the first stage in a developing relationship; all developing relationships need — some people say — five or six stages before they achieve final consummation, and we cannot expect this dialogue between Europe and the Third World to reach concrete conclusions immediately. It is more important that the dialogue is going on than that obvious results should be achieved from each conference, and I very much hope that progress is made towards a second stage in this North-South Dialogue, because I think that this is the direction in which all the efforts of the Community are working in other fields.

I am glad that Mr Cheysson mentioned the Brandt Commission. I think it is important to get it on record that, as a result of the first meeting of the North-South Dialogue, Mr McNamara, the president of the World Bank, invited Willi Brandt to establish this Commission with the job of examining the means to restore international relations in a way that will get support from the greatest possible number of interested countries. Members will know that Mr Heath, not of my own party, but with a great reputation in Britain, Mr Mendès-France, Mr Palmer, Mr Jan Pronk, of Holland, Mr Adam Malik, of Indonesia, and Mr Eduardo Frey, of Chile, have all come together with others to try, through this admittedly informal Commission, to prepare the international atmosphere so that when the UN debate is held in 1980, more genuine progress can be made. I am very pleased that the Brandt Commission has started its work. It has now given itself the job of answering the following question: how is it possible to change the confrontation between the North and the South into a true will for cooperation? It has got this job of attempting to find, through some of the most experienced people in the world, means of turning what after the oil-war looked like becoming a confrontation into a cooperative effort.

Price

I think the European Community has done more to promote this spirit of cooperation than almost any other country or group of countries in the world. Partly this is being done through the Lomé Convention, which has really for the first time established this principle of a dialogue on an absolute basis of equality between the European Community and the fifty-odd States which are members of the Lomé Convention in the Third World. I think that when we look back at this some years ahead, we shall see that this principle of a dialogue between equals is an absolutely essential first step if we are to make any progress at all in this direction. It is here that I believe the principles laid down by the Council and the Commission for the negotiation of Lomé II will become absolutely crucial in the final success of the UN Conference in 1980 and the second round of the North-South dialogue. I think also the Community must make a positive contribution to the negotiations for a common raw-materials fund.

I hope we shall be able to help the Brandt commission with a contribution from this Parliament. I am sorry that the Christian Democrats chose to vote against this last time, and I very much hope that the spirit of cooperation and unity which was shown at the recent Lomé Joint Committee at Lesotho and the unified attitude among the Nine which has been shown for instance towards the problems of southern Africa will be a pattern for the future.

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

Mr Bersani. — *(I)* Mr President, the speeches we have already heard prove that the time was ripe for this debate.

I should like to pay special tribute to Mr Dewulf for his fine presentation of the question tabled by the Christian-Democratic Group. I must also say in answer to Mr Price that I cannot fully agree with his interpretation of what happened in Lesotho.

The European Community, and especially this Parliament, have always felt that these problems were of exceptional importance. We are absolutely certain that they are vital for the solution of the difficulties which beset the world today. This conviction — which is part of our political ethic and has guided our approach to the problem in recent years — has been joined by a whole series of more recently acquired convictions mentioned by Mr Jenkins yesterday when he spelled out for us the growing interdependence between the industrialized nations — with Europe in the forefront — and the countries of the Third World. The links are closer than ever, and more than ever we need to move beyond the stage of the piecemeal approach and get to the crux of the matter.

All the conferences we have had, culminating in the North-South dialogue which has now been taken over by the United Nations, have clearly shown that international organizations, especially the European Community, must tackle the problem anew, with an overall and integrated approach. The new international economic order needs a new strategy and new tactics to deal with the problems of development.

Today's debate is important because we have to review this new problem from time to time to see how things are faring and coordinate our objectives in the light of future action. We were told earlier that a UN plenary commission took up this problem for the first time this week. Suddenly we are at the start of the run-up to the special conference to be held in 1980. The Community has already done a lot. Other Members, including Mr Price who was last to speak before me, have emphasized the contribution — moral as well as in other respects — which has been made to the growing awareness of the problem.

We must all thank Mr Andersen and Mr Cheysson for their statements, but I do feel that the Community should make a move. We have often seen how, even when moving towards a common position, the Member States have managed to disagree quite openly. These differences of opinion have even created considerable difficulty at international meetings. This has unfortunately occurred, even though we realized that it was our job to lead, to show the way.

However, the Community is moving towards more tangible conclusions and more precise objectives, and it is only right that it should have a clearer platform. An additional reason for this is that, as far as the harmonization of bilateral policies is concerned, we have practically come to a dead stop, with no apparent progress recently.

I wonder if it would not be better for the Commission to prepare a memorandum, or for the Council to give it a clearer mandate. We already have a calendar of events that is scheduled to end with the conference in 1980. Would it not be a good idea if we drew up a timetable designed to encourage the acknowledgement of our basic responsibilities with regard to these serious problems?

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

Mr De Clercq. — *(F)* Mr President, the Liberal and Democratic Group is very pleased that this question has been raised by the Christian-Democratic Group. We keenly follow all international efforts for a constructive dialogue leading to a mere equitable distribution of the world's resources — which is the number-one objective of the North-South dialogue.

De Clercq

We give our full backing to this question on what the Community has done and what it is going to do in this sector. This position of ours was illustrated earlier by a question which we tabled in the House in September 1976. In view of the decisive repercussions which the success of the North-South dialogue will have on relations between the industrialized nations and the developing countries, the European Parliament must be kept constantly informed of the main problems which arise from these talks and of the position of the EEC, so that it can comment on the ongoing negotiations.

Thanks to the position which the EEC has adopted in these negotiations, it has appeared to be the most sympathetic towards the developing countries, while for the industrialized nations it acts as a catalyst in the attempts to bring the negotiations to a successful conclusion. This is a role which, in our opinion, the EEC must maintain and develop.

In this connection, what the Community and the ACP countries have learned from Stabex — although we are still to reap the full benefits of the scheme, as it was introduced only a short time ago — could well be a factor in this, since several of the principles of that scheme are similar in aspect to one of the fundamental demands of the developing countries, namely, the setting up of an integrated reserve fund. Stabex is not the answer in every instance, but it does show that the Community has made a genuine effort to improve the lot of the developing countries. The serious nature of the problems examined in the course of the North-South dialogue emphasizes how essential it is for the EEC to devote a significant proportion of its resources on a permanent basis so that reasonable solutions can be found; at the same time the public must be kept informed of any new proposals.

If these are to get the understanding and backing of the public, the leading role of the Community in these negotiations must be based on the support of its people. Furthermore, this role is in keeping with Commission statements that the position of the EEC should not be restricted to a statement of principle, but that it should instead lead to concrete proposals on the basis of our CIEC commitments.

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

Mr Nyborg. — (DK) Mr President, now that the industrialized countries and the developing countries have agreed at the seventh special session at the United Nations to cooperate in achieving a new world economic order, we can ask ourselves whether they have made any progress. Are we not going round in circles? The fifth UNCTAD meeting was a failure, with the two sides parting in disagreement. It was maintained that, when financial aspects, raw materials

and development aid were added to the agenda, matters could only improve. A clear delimitation of the scope would make it easier to find solutions. After the Paris meeting, however, we were told that these problems could only be solved at world level within the United Nations and UNCTAD. A quick glance shows that the year 1977 was marked by an interrupted dialogue which produced nothing but resounding speeches, numerous questions and the Brandt committee, set up at the instigation of Mr McNamara the President of the World Bank.

There is great interest in this body, and it will undoubtedly have psychological effect, but if the CIEC — the decision-taking organ — has been unable to achieve any practical results, it is doubtful whether the Brandt committee will manage this either.

We therefore fear that we shall be witnessing the destruction of noble and positive ideas which will never see the light of day. We must constantly strive to rescue the North-South dialogue. It is essential to avoid our relations with the developing countries deteriorating into a conflict between two blocs.

It must be pointed out — and this is symptomatic — that the words used here today to describe our relations with the countries of the south are contrast, opposition and even conflict, and no longer dialogue and complementarity.

Fortunately, we are now coming up to the UNCTAD meeting, which will force the two sides to consider how they can get out of this stalemate. An initial positive feature — which I hope represents the start of a general improvement — is the Community's recent decision to pay to the IDA its contribution to the 1 million dollar special aid programme to help low-income countries which are facing immediate problems. On the other hand, it does not at first sight look as if the Commission's new proposals on the Community fund — the force behind the joint programme — will completely satisfy the developing countries.

As regards the developing countries' debts, there are continuing differences of opinion, since the Community constantly opposes the developing countries' calls for remission of their debts. In this context, some hope can be placed on the effects of the Commission's proposed programme for investment in the Third World, provided it is approved. How can we approve advantageous long-term credits to finance this major programme for the development of infrastructures in Africa and elsewhere, while at the same time greatly reducing the risks to the creditors involved in such transactions? Will the Community's increasing opening-up of its markets for exports from the Third World be sufficient to prevent their debts rising to unacceptable proportions?

President. — I call Mr Deschamps.

Mr Deschamps. — (*F*) Mr President, firstly I must congratulate Mr Dewulf for his enterprise in tabling this question on what is certainly a vital issue. He stressed this fact, and I must say, echoing Mr Bersani's words, that our Group considers it a problem of fundamental importance.

Secondly, we are dealing with a long-term problem, which means that it is not going to be solved overnight, no matter who tackles it. Looking at the problem at this level and in its worldwide context does not mean that we cannot go on with current action in this field — as you were asked to do — and that we cannot make one or two new moves, such as renewing the Lomé Convention, which are in keeping with the North-South dialogue and its main objectives. The purpose of these moves would be to give a much more tangible form to these objectives by implementing measures which have shown in the past — as was the case of Lomé I — just how useful and productive they were.

The last point I want to make is that the Committee on Development and Cooperation ought to be regularly informed of all developments at every level of the North-South dialogue. There is already a continuous exchange of information between the Commission and the Committee in other sectors, and the same should be true in this case.

That is basically what our Group wanted to say. We have asked for this question to be put on the agenda for this sitting, for the reasons I have given, and we shall submit a motion for a resolution which sums up our position.

President. — The debate is closed.

To wind up the debate, I have received a motion for a resolution, with request for an immediate vote pursuant to Rule 47(5) of the Rules of Procedure, on the CIEC — North-South dialogue (Doc. 550/77).

The vote on this request will be held at the beginning of tomorrow's sitting.

12. Agenda

President. — In answer to a request by Mr Evans, the enlarged Bureau proposes that the oral question on employment subsidies (Doc. 536/77), initially scheduled to be dealt with on Friday, 17 February, be placed as the last item on tomorrow's agenda.

Are there any objections?

That is agreed.

13. Human rights

President. — The next item is the oral question without debate (Doc. 523/77), put by Mr van Aerssen to the Foreign Ministers of the nine Member States of the European Community meeting in political cooperation, on human rights:

What changes do the Ministers advocate in order to give greater effective weight to the UN Commission on Human Rights, one of the few institutions to give the citizens of the whole world direct access to an international organization?

I call Mr Van Aerssen.

Mr van Aerssen. — (*D*) Mr President, ladies and gentlemen, the question of human rights has already frequently been the subject of debates and official statements in this House, and I think that Parliament's plan to become a champion of human rights is logical, correct and absolutely justifiable in political terms.

The question which I am putting today to the Council and its President-in-Office is whether the Council is ready to pursue with us a double strategy for the defence of human rights. The strategy we have followed up to now is that this House takes up topical problems of human rights, passes resolutions and seeks in that way to improve the situation through political and moral pressure. But the second strategy ought — and that is the point of the question — to aim at strengthening the existing institutions concerned with human rights and at carrying out reforms which will make these institutions more effective in this field.

One of these institutions, which plays what one might call a key role in the world-wide strategy for the defence of human rights, is the UN Commission on Human Rights. The importance which this Commission has by now acquired can be seen from the fact that the number of human rights complaints received by the UN rose dramatically from 9 134 cases in 1974 to 30 961, in 1975, and then to 54 510 in 1976.

As I see it, this Commission is an embryonic world committee for petitions. This body shows signs of developing into a powerful world-wide instrument for enabling citizens to make complaints directly to the UN Organization. But the point of my question is this — I think that in no field covered by the UN are reforms more necessary than in this field of human rights.

I therefore ask the President-in-Office once more whether he is ready to begin a campaign, together with his colleagues and with the support of Parliament, to make this UN Commission and the UN itself even more effective in the cause of human rights. My second question, which can be brought in at this point, is whether the President of the Council could indicate his agreement that we might possibly pursue a three-stage plan, the first stage of which would be the juridical strengthening of the existing UN Commission, its reform and a broadening of its scope. The following measures would contribute towards this end, and I wish to list them quite briefly:

Van Aerssen

The existing procedure, under which complaints cannot be examined for three weeks, is far too slow and cumbersome. Meetings should be more frequent.

Secondly, the confidentiality at present surrounding the work of the UN Commission is not appropriate to the subject of human rights, unless the plaintiffs themselves ask for this in their own interests and for their own safety.

Thirdly, it would be appropriate for any government which is the object of a complaint to have the opportunity to defend itself orally before this Commission. Fourthly, I feel the members of this Commission must be juridically independent, so that they may be truly neutral in their discharge of this very real responsibility.

If, at the first stage, the UN Commission is to be juridically strengthened and provided with these new instruments, one should then consider at the second stage whether to set up bodies which would permanently monitor violations of human rights, analyse and so to speak catalogue them, so as to make them known world-wide.

In this context I should like to ask whether it might not be possible for the UN to draw up a register in which all complaints would be recorded with the aim of bringing individuals as well to trial, so that complaints are not levelled only at States but also at those who actually violate human rights and are personally answerable for these violations.

Once this stage is completed, we could then in my opinion move on to a third stage. Would it not be possible to urge — and for the European Community to canvass throughout the world — that a UN Commissioner for Human Rights be appointed or that an independent UN Court of Human Rights be set up? In this context, I should like to quote Mr Wiltacker, Chairman of the UN Commission on Minority Rights, who wrote in *The Times* last year on the subject of 'Stage 3':

The greatest weakness of the United Nations at present is that it lacks a direct relationship with ordinary men and women. A kind of world ombudsman might help to introduce this democratic dimension and revive the spirit of the United Nations, whose original charter begins with the words. 'We, the peoples of the world', and not 'We, the governments of the world'.

Mr President of the Council, are you ready to begin a new world-wide campaign of this kind on behalf of our Community, together with the European Parliament, which has always concerned itself with these questions?

President. — I call Mr Andersen.

Mr K.B. Andersen, President-in-Office of the Council. — (DK) Mr President, I should like to stress

in answer to the honourable Member's question that the Nine are in favour of giving greater effective weight to the work of the UN Commission on Human Rights in connection with preventing the violation of human rights or dealing with reported violations.

The Nine are strongly in favour of maintaining the procedures laid down in the UN Economic and Social Council's resolution of May 1970 regarding specific allegations concerning the violation of human rights, including the special procedure for dealing with allegations of this kind within the UN Commission on Human Rights and its Committee.

As the honourable Member is undoubtedly aware, Belgium tabled a motion for a resolution at the recent 32nd General Assembly of the UN aimed specifically at giving more effective weight to the procedures in Resolution No 1503 mentioned above. The motion for a resolution was not however adopted, as a result of opposition from UN members other than the Nine. I am saying this because it shows how difficult it is to get measures such as those mentioned by the honourable Member, and which I personally support, adopted by the UN. The honourable Member is also no doubt aware that the proposal to appoint a special Commissioner for Human Rights was also not adopted for the same reason. The most important thing for the time being, therefore, is for us to consolidate the progress made so far, but we within the Nine will not fail to study new moves to reinforce the procedure for dealing with cases involving human rights at a more opportune moment. In this subsequent work we will also take account of the specific questions which arose in the four-stage plan mentioned here today, but we also hope that the climate within the UN may at some time in the future be so favourable that we may be able to get some of these proposals adopted.

President. — This item is closed.

14. *Common energy policy*

President. — The next item is the oral questions with debate (Doc. 526/77 and Doc. 527/77), put by Mrs Walz on behalf of the Christian-Democratic Group to the Commission and the Council, on the common energy policy of the European Communities:

If a serious energy supply shortage were to occur in the Community, would the Commission/Council think it right to allocate coal produced in the Community according to consumption priorities pursuant to Article 59 of the ECSC Treaty and further, by initiating a second stage of the crisis plan under Article 235 of the EEC Treaty, to take control of available crude oil in the member countries and direct it in particular to those member countries which have little or no deposits of coal?

President

If so, would it not be reasonable, when there is structural overcapacity in oil refineries and the coalmining industry, for the Commission to request the Council to create (for the Council to create) a joint energy supplies policy for the EEC, sharing the burdens and benefits more equitably among the member countries?

I call Mrs Walz.

Mrs Walz. — (D) Mr President, first of all I should like to apologize for keeping this question on the agenda in spite of requests to the contrary, but I really feel that the people in the coalmining sector who are threatened with unemployment would not appreciate it at all if this particular question were removed from the agenda for any reason.

Mr President of the Council, Mr President, ladies and gentlemen, once again we have to call on the Council of Ministers, as another year begins, to come to some agreement at long last on a common energy policy, seeing that the decisions so urgently required in the coal, oil refining and nuclear energy sectors have still not been taken. We cannot go on along the narrow path of national self-interest — it is now time for joint solidarity and in this case that also means joint liability.

The strategy outlined by the Council of Ministers for the period up to 1985, setting a target of 255 million tonnes of coal equivalent with an option for increases in coal output, is of course to be welcomed, but at present it is only on paper, as is the target of 500 million tonnes of oil for the same period — although consumption of oil is still increasing — and the original target of 160 to 200 000 megawatts of nuclear power, which will in fact only total 80 000 megawatts. Are the Council's plans really serious, or are they simply meant to reassure the public?

At the World Energy Conference in Istanbul all the experts from East and West agreed that coal and nuclear energy were the energy sources of the future, as the other fossil fuels would eventually be exhausted, or would have to be shared by the developing countries too. The Council is still not prepared to draw the obvious conclusions from its own strategy, even though production of coke in the Community has reached its lowest level ever, and despite the fact that in the foreseeable future, if things do not improve, pits will have to be closed down and many thousands of jobs will be lost. So far all the Council has done is to decide that there must be surveillance of coal imports — whatever that may mean. In the so-called crisis plan, Document 77/706/EEC, we read in Article 1, paragraph 3, that in the second stage of the crisis the petroleum products that have been saved would be shared out between the Member States. Obviously the countries producing coal would be able to save more oil. Does that mean that these countries will have to help support the others who have been using cheap

imported coal instead of building up their own oil stocks, but were not even prepared to contribute to Community subsidies for coal? To my mind this is a gross infringement of the principle of spreading the burden evenly over the Community.

Following the strategy outlined by the Council of Ministers, the coalmining industry has made every effort to stabilize output, even despite short-time work, ladies and gentlemen, but unfortunately the Community measures that should have been taken as part of energy policy to support these efforts have not been taken. Community output in 1977 was only about 219 million tce, owing to reduced sales because of the steel crisis and low demand for electricity. Stocks rose to more than 50 million tonnes, creating a real danger of a further decline in output and irreversible reductions in production capacity.

In simple language this means that many tens of thousands of jobs may disappear. A study in the Federal Republic of Germany has shown that the number of jobs temporarily created by building a nuclear power station and a coal-fired power station is roughly the same for both. Both would create between 7 000 and 8 000 jobs for each year of building time. But running a coal-fired power station burning 2 million tonnes of coal provides 11 000 jobs per year.

And now of all times, imports of cheap coal from third countries have reached a record level of 47 million tonnes; especially imports from Poland and South Africa, where workers are paid the kind of pittance with which we cannot compete and do not wish to compete. There is a possibility that President Giscard d'Estaing and Chancellor Schmidt reached an agreement at their last meeting at the beginning of February whereby European coal will be given priority over imports.

Can the Council of Ministers really think that the subsidies, which are supposed to encourage people to build coal-fired power stations, should also be payable for imported coal? That would just make the situation of the Community coalmining industry even worse, without leading to the construction of new coal-fired power stations.

So what should be done? For the moment, until the worst is over and the steel industry is once again absorbing something like the old tonnages, there should under no circumstances be an increase in imports — which rose by 70 % in the period between 1973 and 1977. Rather, there should be an increase in intra-Community trade. That will necessitate agreements between the governments concerned, both on tonnages and on schemes for filling in the price gaps that exist at present. And it is most important that the sacrifices involved are no longer made only by the coal-producing countries but, to a reasonable extent, by all Community countries. One is not advocating

Walz

protective measures to control imports, but imported coal should certainly not be subsidized too.

President. — I call Mr Andersen.

Mr K. B. Andersen, President of the Council. — (DK) Mr President, in reply to the question and the many important problems Mrs Walz has raised I should like to state that the Council considers the establishment of firm solidarity between Member States as one of the basic elements in the Community's energy policy.

At present the Community has surplus *coal* stocks of more than 50 million tonnes. It is therefore necessary to create a comprehensive coal strategy, for which the Commission proposals specify solidarity between coal producers and coal users. A suitable approach would be to promote the use of coal for electricity generation. This could lead to an expansion of the coal market, beneficial to the coal producers, and at the same time reduce the Community's dependence on imported oil. The Council has currently before it a Commission proposal for promoting the building of new coal-burning power stations by means of investment aid.

Another approach under the comprehensive coal strategy is under examination. This would involve a scheme to make Community coal competitive with coal from third countries, the area specifically mentioned just now by Mrs Walz, so that intra-Community coal trade can be increased. The target is to reduce present coal stocks. Given the current comparative costs of coal production inside and outside the Community and as the Community is firmly determined to avoid customs duties and other protective measures, with the exception of anti-dumping duties, intra-Community coal trade can only be increased through subsidies, and the Commission has presented some suggestions to the Council on this problem.

For the moment shortage of coal is only a hypothetical question, but such a situation could develop in the 1980s. In that case the Council would possibly establish consumption priorities in accordance with Article 59 of the ECSC Treaty.

In a period marked by oil supply difficulties, the possibilities of substituting coal for oil are limited. But the Council has taken several measures to counteract oil supply difficulties in the Community as a whole. Firstly, all Member States are obliged to keep minimum security stocks of 90 days oil consumption. Secondly, the Council has adopted a Decision on a common plan for reductions in the consumption of oil, coal and gas, etc. in the event of difficulties in the supply of crude oil or petroleum products. In the initial phase of a crisis the Commission can set a target of up to 10 % reduction of normal oil consumption for all Member States. In a prolonged crisis (more

than 2 months) the Council can, by qualified majority, adopt more far-reaching targets, including other forms of energy than oil. Thirdly, the Council has laid down rules for intra-Community trade in crude oil and petroleum products in the case of supply difficulties. The Decision aims at sustaining the normal trade flows in oil and oil products within the Community even in periods of crisis.

In addition, the Council noted the Commission's intention of submitting to the Energy Committee a general survey of the refining situation in the Community, including the problem of imports, along with proposals for resolving the problems arising in this sector.

After consultation with the Member States the Commission will draw up detailed rules of application for the two Council Decisions I have just mentioned. The Commission is currently preparing, in collaboration with experts from the Member States, how the Decisions can be put into effect. The Council hopes this work can be completed as soon as possible because the Council Decisions are more or less inoperative without rules of application.

President. — I call Mr Brunner.

Mr Brunner, Member of the Commission. — (D) I admire the devotion and patience of the President of the Council. In this House we often hear complaints that the Council is not represented. I think that here we have a shining example of exemplary representation of the Council.

(Applause)

At this late hour we could even transfer the meeting to a smaller room, for you might say that all that is left is the 'Magnificent Seven' — there are exactly seven Members left in the hall. Mrs Walz has said that we must do something for the coalmining sector. That is urgently necessary, she is quite right. But the coalmining sector must of course hear about it too, and I'm not sure whether a debate at this late hour will make that possible, when we might just as well send the coalminers a postcard.

Mr President, a whole series of proposals on coal has been tabled. The President of the Council has referred to them. But now we must go beyond them. We have two options. On the one hand, we could now say: The surplus that has accumulated is so large that we must set production quotas with fixed coal purchasing commitments. That I cannot countenance.

If you want that kind of dirigistic action you will have to look for another Commissioner instead of this Liberal one.

We must simply work towards another alternative. This other alternative is, in conjunction with the measures already proposed, to support intra-Community trade in coal. To do this, we must bring the price

Brunner

of Community coal closer to the world market price by means of subsidies. But we must do this soon, for the present situation is completely anomalous. In the short term, it looks as if no one wants to have anything to do with Community coal. In France and Italy coal imports tripled last year. We now have a situation where there is apparently a surplus of European coal, and everyone is importing coal from outside, which is much cheaper — but little things like the American strike should give us cause for thought. Within 60 days supplies in America were already severely affected, and voices have already been heard saying, 'If we did not export so much to Europe, we would not have such difficulties'. Everyone must draw their own conclusions from this, and remember that the coal which we have in Europe is, quite simply, safe coal.

In the second place, everyone should remember that using coal now helps us to cut down our high oil imports. So we must start taking the necessary measures now. We will not achieve much by theoretical appeals to the countries which are now importing cheap coal from outside, for they will simply reply that, in the short term, solidarity doesn't pay. So we must create economic incentives, and that is what we want to do now. I should also like to do it on a scale that is worthwhile. I should like to make a really concerted effort on this scheme for subsidizing Community coal, so that we can at last create a situation where we have some credibility.

Having credibility — that means making it possible for ourselves to attain the objectives which we have set for 1985. Having credibility — that means making it clear to the oil producers that we are determined to make an effort to prevent further increases in oil prices in the near future. Having credibility also means showing the Americans that we Europeans are making an effort, which may serve as an example, so that the Americans might also make an effort to try and curb the constant decline in their currency caused by high oil imports. For the decline of the dollar is due to imports of oil. It is costing jobs in Europe and is damaging our exports. So we must do something about this problem.

I hope that our Community can muster the political will to do it. The same applies to the oil refining sector, which we shall be discussing in the Council of Ministers on 21 March.

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

Mr Brown. — I think it is an important point that has been raised by Mrs Walz. I must confess to her that I have some difficulty in seeing what she was getting at. I read and reread the question and I thought here was some subtlety which was going over my head, but what she has said in her remarks does lead me to feel that at least I have got some of the story right.

She knows I am not a great advocate of the use of coal. It is not so much the use of the coal as the way it is got that offends me mostly. and I, being a great believer in this, have said this in our committee many times. I think it is absolutely outrageous that, we as a civilized society, should force men to go down miles beneath the ground, grabbing on their bellies to get out this filthy stuff, and that when they do get it out, we should burn it, and burn it in a most inefficient way. In doing so we cause grave concern to human beings whilst at the same time, we have a human rights committee looking after people's welfare. We actually arrange to send men down beneath the ground to harass them, to give them every known disease, to kill them, and when they bring up this black gold, we then burn it in the most inefficient way possible. So she knows that I am no great convert to the use of coal.

Secondly, she will, of course, recall that my own Secretary of State, Mr Benn, made two visits to the Committee on Energy and Research during his term as President-in-Office of the Council. I was not there for the first visit, but I was there for the second one. It interested me that Mrs Walz asked him what he thought were the two best things he had done since he had been President-in-Office. And he said: well, the first he did was to try and make all Council meetings public, and he failed in this because his eight colleagues did not want it; and his second one was that he had now been looking at this problem of coal, and that he intended to set up an enormous monitoring system in order to keep out the cheap coal from Europe. I intervened at that stage to say to him that it sounded a little odd to me, from a man who was scavenging the world for cheap food to bring into our country, that he should not be equally anxious to have cheap coal too, although from the trade union point of view it had not failed to make its impression on me. I then said that it also surprised me that at the same time as he was stopping cheap coal coming into Europe, BP, which is our own state-owned petroleum company, was diversifying its work and was buying into cheap-coal areas of the world, including South Africa, I believe that although our party did not like this very much, nevertheless they were doing it. It did not seem to me to be the best of corporate planning. He said he would send me a letter and let me know about it. After a *contretemps* in my own parliament because it took a long time before I got the letter, nevertheless I finally did get a letter, gobbledegook though it was.

One of the important issues that have to be answered when we are talking about imported coal is: where is it coming from? You can only import coal that is cheap for one of two reasons: either the people that

Brown

mine it do not enjoy the same living standards as the miners in our own country, or in some way it is inferior coal. I am told that imported coal is of the same quality as our own coal. That leaves the other alternative, that presumably the miners in those areas where the cheap coal is being mined are not even enjoying the same safety standards, minimal as they are, as in Europe, and that their pay and conditions are far worse than our own. It shatters me to think that anybody in Europe should be satisfied to have that type of cheap product coming into Europe in order that, we can benefit from it at the very time when, as was pointed out by Mrs Walz, we almost have a coal mountain in Europe. It is therefore important that we should look at this, and I was delighted to hear both from Mr Brunner and from the Minister that the Council are going to consider this issue.

Finally, may I say both to Mr Brunner and to the Minister that I wonder if they would consider how many of our power-stations are capable of burning both forms of fuel, oil and coal. I went into great detail in our committee recently to explain that at a former time in my career, when I was responsible for efficiency of power-stations, I decided to advise my principals that they ought to convert from coal to oil, because it was so expensive to run coal-field stations. Our station required a 19-man coal-handling gang working for 24 hours a day and all the equipment had to be maintained, so that oil was very much cheaper. And so I converted to oil. I had just got five of my eight boilers converted to oil, when we had Suez. I got myself another job. They still had five oil-fired and three coal-fired boilers, and so got the worst of both worlds. I believe there are grounds now, with the improved technology, to ask the Commission to see how many power-stations in all the nine States are adapted to dual burning, and to see if we can build up some evidence to show whether there is an advantage in having such a system. It would at least give us some answers, I think, as to how we can use these stocks of coal.

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

Mr Verhaegen. — (NL) Mr President, I have no intention of rewarding your patience and that of the other Members who have been here for so long by making a long statement, but I should just like to draw attention to a few points to be considered in this debate.

First of all, it was definitely a good idea of Mrs Walz's to have this item put on the agenda, and to keep it there, because she has thus stressed both the importance and the topicality of the issue.

Secondly, you will probably not be surprised if I say that we were rather disappointed by the statement

given by the President of the Commission on Tuesday morning, because his comments on this subject were really extremely vague.

The reply from the President-in-Office of the Council was more positive and more encouraging. As Mr Brunner has already said, it was an admirable answer and we hope that it will be translated into facts.

My fourth point will be a comment on the point made by Mr Brown. I too come from a mining area. Mr Brown does not seem to realize that underground work and mining techniques and methods have been transformed to such an extent that we no longer have to contend with diseases inherent in the occupation, nor with great danger or whatever. Indeed, the workers affected would be extremely disappointed if they were obliged to give up their jobs.

Finally, I should like to make an appeal for solidarity between the Member States of the Community. This solidarity has been already mentioned on several occasions and it is now time to show it because the coalmining industry in our Community is currently being maintained by the taxpayers in the Member States concerned. In this respect too, there must be some kind of joint scheme to guarantee the maintenance of energy sources in the future. Indeed, I do not have to remind you that in the complex of problems in the Community's sectoral policy, that of energy supplies still occupies a central position. A concerted effort must be made, both in scientific research — on gasification and so on — and in schemes to give as much support as possible to the energy source that is our own, and can therefore be relied on — that is, our coal resources.

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

Mr De Clercq. — (F) Mr President, the question put by Mrs Walz is most relevant in the present situation. People must realize that owing to the world energy crisis, the Community has to make use of indigenous sources of energy, especially coal. But there will be many technical difficulties to be overcome — it is difficult to attract skilled labour, in spite of mechanization; the siting of mines creates difficulties; the quality of the coal is extremely varied; and there are transport problems. However, the Community does have its own coal deposits, and production costs could be kept consistently low compared with the fluctuating and uncertain price of oil. The development of coal-fired power stations should therefore be encouraged. The Community should improve the situation on the coal market in the Member States by means of financial assistance to the industry and arrangements for better distribution in the event of supply shortages. Does the Commission intend to propose a plan of action in this field?

De Clerq

On a more general theme, Mr Walz then asks whether it would be reasonable to create a joint energy supplies policy for the EEC. The full importance of this question becomes clear when one looks at the existing distribution of energy sources over the Member States. Germany has large deposits of coal and some deposits of oil and natural gas, and the United Kingdom also has deposits of oil, coal and gas. The Netherlands have good natural gas resources, but their coal deposits have been exhausted. Italy is poor in coal and oil, but has natural gas. Finally, France has the lowest self-sufficiency ratio of all, in spite of the deposits of coal and natural gas in that country.

Obviously, in this situation imports by each of these countries may vary considerably. According to the OECD forecasts for 1980 to 1985, France and Germany will continue to import more oil, unlike the United Kingdom. The Netherlands will be the only country which is not obliged to import natural gas. Although coal production is likely to increase in France, it will remain stationary in Germany and Italy, and will be nil in the Netherlands. These developments reflect the unequal distribution of energy resources over the Member States of the Community. Those countries which are less well provided, or completely lacking in energy resources, will have to be helped by their partners. It is therefore essential to exploit our indigenous sources of energy jointly, to make them cheaper and to avoid the effects of a shortage. It is up to the Council and the Commission to make the necessary proposals to attain these objectives in good time.

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

Mr Jensen. — (DK) Mr President, ladies and gentlemen, I should first of all like to thank Mrs Walz for enabling the House to discuss this fundamental problem.

I also welcome Mr Andersen's comments on the Community coal situation and Mr Brunner's interesting reply to Mrs Walz's question on coal.

Despite the President's wish for this debate to be brought to a rapid conclusion, I should like you to cast your minds back a few years. The 1973 crisis revealed the Community's organizational weaknesses — or rather its lack of organization — as regards the supply and distribution of its resources in a time of shortage. Instead of inducing the Member States to display a degree of solidarity, the shortage of oil caused them to adopt a selfish attitude of 'every man for himself'. The most striking example at the time was the case of the Netherlands, which had to put up with a strict oil embargo. Under pressure from the Arab countries, its European partners were not particularly keen to proceed from verbal solidarity to solid-

arity of action. In October 1973, the then President of the Commission, Mr Ortoli, stated courageously in The Hague that European solidarity would show itself if the Netherlands were to be the victim of an Arab boycott. And what could be more natural, after all? The Netherlands is a part of the Community, and is entitled to its full support — as prescribed by the Treaties. However, the Arab threats to draw up a list of countries favourable, neutral or opposed to the Arab cause — and hence to take retaliatory measures — somewhat cooled down the initial enthusiastic solidarity.

Why have I gone back so far? Simply because it was only then that the Community started to organize itself in this field. It did this first of all by introducing information and monitoring systems for movements of petroleum products, by laying down minimum reserves and by harmonizing the prices of petroleum products.

And what have these first Community measures achieved?

Information and monitoring are and remain difficult as regards the movements of petroleum products. The minimum reserves of oil have this year been reduced from 90 to 60 days under pressure from the multinationals, and price transparency on the European market remains only a pious hope.

Nor am I unaware of the fact that the Commission has at its disposal a number of measures, but they are either inadequate or being inadequately applied.

This year, there has also been a move to provide a remedy for the serious consequences of any new oil shortage — particularly any boycott of a Member State — and this we welcome.

However, there is one fundamental drawback in all these measures. This is a piecemeal approach, and these moves are not elements in the implementation of an overall plan. The Community still lacks a genuine common energy policy, and this means that nothing effective or lasting can be achieved. It is only too true that solidarity is not something which can be bought and sold like merchandise. It is a political and moral fact, but it cannot be achieved overnight. To be credible, it must be based on a common heritage, but this does not yet exist in the energy sector. What, therefore, will become of the short-sighted plans if there is a new energy crisis or an embargo against some Member State? A few minor, well-directed threats from the oil-exporting countries and the whole fine system for distributing our resources will inevitably collapse, and this is why the Group of European Progressive Democrats issues an urgent appeal for the Community to realize finally the need to set up a genuine common market for energy as soon as possible.

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

Mr Normanton. — Mr President, on behalf of the European Conservative group and despite the late hour of the proceedings, I certainly extend a very warm and grateful thanks to Mrs Hanna Walz for having introduced this oral question with debate at this particular time. Because it makes possible a clearing of minds, both by parliamentarians and administrators and other officials of the Parliament, about the action to be taken in the event of a crisis in energy supply. In the management of a business and in association agreements between industries, it is usual to agree on the action to be taken in a crisis well in advance of such an eventuality. The Council is understood, we are told, to have agreed on crisis measures, although these have never as yet been laid before Parliament. I believe the time has come when this should be done and we, the Parliament of the European Community, should be informed as to their intentions.

If for one reason or another the sea lanes, for example, were interrupted, only Polish coal might well reach its Community users, and that would be a very thin line of supply. Overland supplies of cheap coal and oil, traversing, as they currently do, great distances, would with absolute certainty be cut. That is the kind of eventuality for which we have to prepare ourselves, and do so now. In the worst eventuality, the Community would be pathetically dependent on nuclear power, indigenous coal, hydroelectric power and its stock-piles of oil. Those Member States which enjoy cheap imported coal, now totalling 45 million tonnes a year, compared with the Community production of 248 million tonnes, and total stocks of steam and coking coal amounting to a mere 47 million tonnes, should think, and think seriously. In the course of this debate, the coal stocks at the level have been described as a mountain. All I would say is: some stocks, some reserves, some mountain — and a miniscule one at that.

The advice which this House can give to the Council should be given in a Community spirit, because energy could — and indeed, I believe, will and must — play a vital role in the achievement of further European integration. In this context the support given by the President of France and the Prime Minister of Britain quite recently, for the laying of an additional power cable between France and the United Kingdom, should help in extending the Community's electricity grids — a useful tool for the Community during any energy crisis in the coming 10 to 15 years when at least notionally the United Kingdom will be temporarily self-sufficient in energy. I only hope that facilities for exchanging at least the 10 gigawatts between each two Member States might be installed quickly so that energy transfer can be improved with

minimum inconvenience. Those Member States which are consumers of non-Community coal run serious and indeed perilous risks that they will not have alternative supplies, unless they make the necessary arrangements in advance now for obtaining alternative supplies in the event of a crisis. The Council, in my opinion, should verify that electricity undertakings in these Member States have secured the necessary contracts with Community coal undertakings so that their basic coal needs will be met.

Until such time as there is a Community energy agency with responsibility for all energy carriers, Member States must transparently put in hand contingency measures for their own energy needs. An essential feature of this is to do so now. I have little doubt in my mind that those States which oppose the Commission's proposals to finance cyclical stocks of coal and to promote coal in electricity generation will be the very first to appreciate the availability of Community coal when their imports are, for one reason or another, cut off, though they do not yet realize this.

It really is in the interests of all Member States, particularly those which do not possess coal, to play their part in guaranteeing that their potential suppliers have the productive capacity to meet their needs when danger to their economy looms large, as loom large it certainly will. When will they realize this? We have to ask ourselves, and we must ask them. Will those who govern the Member States, and who participate in the Council decision-making process take a leaf out of industry's books? — look after your suppliers through thick and thin, because when times are thin, you will need them. It would be foolhardy, in my opinion, to dilute the Commission's proposals for coal. Indeed, by industrial standards the Commission's proposals for coal are a cheap insurance for economic survival in an energy crisis.

Mr President, curtailed as I am by the lateness of the hour, I shall limit my comments — though I would wish to make many more — to those which I have already presented to the House. The House has a right to expect a similar forthright reaction from the Council and from the Commission, and we as parliamentarians have a right and a duty to expect that we, as a Parliament, will back them in those positive and constructive efforts in this particular sector of the European future, upon which our very existence may well one day depend.

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

Mr Veronesi. — (1) Mr President, ladies and gentlemen, I hope Mrs Walz will forgive me if I say that I, too, found her question a trifle ambiguous. I am not saying that she did not have a clear idea of what she wanted to ask, only that she used a very

Veronesi

round about way of bringing up the problem of the coal sector once again. It would have been much better if she had asked the question in an open and direct manner.

In any case, in the last debate on aid for cyclical coal stocks the Communist Group stated its willingness to participate in — and indeed called for — a general debate on the problem of coal, since we fully realize that this problem existed in the Community.

Matters became clearer as they were discussed, because everyone was speaking about the coal problem. The President of the Council offered only a hint of Community agreement on a common energy policy. If we are going to tackle this problem properly, we have to get to the root of it in establishing what the Community's energy policy is going to be. The problem is not simply one of coal, but involves oil and refining, and generally takes in a much wider area.

This is the real problem we are up against. It is one of those fundamental posers that the Community has failed to answer and does not want to answer, or perhaps has difficulty in answering. If we were prepared to drastically rethink all our views on the energy problem, we might then be able to expect everyone to make that little sacrifice which is needed if we are going to reap the benefits which must follow from a correct policy.

It is no good raising the spectres of a crisis or shortage, as Mr Normanton did just now. You have to bravely tackle the problem head-on. The President of the Council touched on this aspect, and we fully endorse what he said. What we need is an overall proposal, a complete rethink of what has gone before. I am not all that optimistic, but it is our only hope.

I am not going to go into details now — especially as the President has specifically asked me to be brief — but I really must stress again the urgent need for much wider-ranging debate on the whole problem of energy supplies in the Community.

President. — I call Mr Osborn.

Mr Osborn. — Mr President, I speak because I come from a coalmining area and am involved with some of these problems around my constituency.

Firstly, I congratulate Mrs Walz for raising this issue and I thank the Commissioner and the President-in-Office of the Council for being here for this debate. I welcome the fact that Mr Brunner wants to encourage intra-communal trade, as this interests me. One of the nations able to supply coal is Great Britain. Great Britain last year was a net importer of coal and not an exporter, and I would like Mr Brunner, if he winds up, to comment on this fact. I would like to see Britain as an exporter of coal to meet what we are aiming for, and there are opportunities in Selby, Grantham and Beaver, as well as my own areas, for this to take place.

Secondly, we must, of course, have an energy strategy to justify more coal from indigenous Community sources, including my own area of Great Britain. We need an analysis of markets for what types of coal, and how much, can be produced in the Community as against the amounts imported; we need an analysis of how to extract more coal from the areas of Nottingham, Derby and Yorkshire, with which I have been associated. I do not rule out the Saar and brown coal from Germany. All of it comes into that survey, but I also hope the Commission will consider how to transport that coal economically and efficiently to the areas that want to use it. It so happens that, the week before last, I was on a transport delegation trying to define with the appropriate Minister in Britain the method of transport by water for bulk consignments, and by inland waterway and sea to the heart of the Community. All these aspects must be looked at as practical problems, and I very much hope that Mr Brunner will accept this challenge.

Now, this debate has been on allocation of priorities in a crisis — priorities for coal as well as oil — and I support an energy strategy to deal with the crisis, as well as an economic policy for energy. Therefore we must have contingency plans, but for what type of crisis? Perhaps economic? The Community must sell manufactured goods and certain agricultural products to pay for raw materials, hard grains, tropical and other foodstuffs and our imported energy. Now we have a target for meeting ultimately, we hope, fifty per cent of our requirements.

There could be a repetition of 1973. We have to remember that the North Sea oil supplies are vulnerable from the defence point of view. The real problem at present is, of course, the cost. I understand that, in dollars, domestic coal production from the United Kingdom is about \$55 per tonne, compared with a price in the United States of \$35. This is a huge difference, and I well accept we are looking for cheap energy if it is available. But that must be balanced against the effects of importing it. I might add that the recent settlement in the British coal industry may cause the British Steel Corporation to pay £30 million more a year, as reported in the press this week.

And therefore I welcome the fact that the Commission is meeting this challenge. There are on the stocks Lord Bessborough's and my own report on coal-fired power stations and financing of stocks of coal. There are huge stocks of coal and we must not allow the European coal industry to sink at the expense of short-term considerations, whether financial or otherwise. I have to accept that imported coal is a threat in so far as our own is invariably more humanely extracted, and probably of adequate quality. We must also consider how other countries exploit their labour compared with our treatment of those who work in

Osborn

the mines. These are real problems and I welcome the fact that they are being looked at squarely at the beginning of 1978.

President. — The debate is closed.

15. *Single designation for the Community*

President. — The next item is the report (Doc. 512/77) drawn up by Mr Patijn, on behalf of the Political Affairs Committee, on a single designation for the Community.

I call Mr Patijn.

Mr Patijn, rapporteur. — (NL) Mr President, I shall not detain you long since it is now five to nine. I shall sketch the background to this report briefly, more for the official Report of Proceedings than for those present.

Mr Durieux has tabled a motion for a resolution on behalf of the Liberal Group on the designation of the European Community. This motion was passed on to the Political Affairs Committee, which appointed me as rapporteur for this matter. That is the background.

You all know that there are three Treaties — the ECSC Treaty, the EEC Treaty and the Euratom Treaty. Since the 1965 merger, however, we have only four Institutions for these three Treaties, viz. the Council, the Commission, Parliament and the Court. Other institutions have proliferated, however — there is the European political cooperation, all kinds of *ad hoc* cooperation among the Nine in various contexts. We also have, for instance, the European Council which will be meeting again in April. It is appallingly difficult for people to understand and remember that the European Council is something different from the Council of Europe. One comes across this kind of misunderstanding every day when talking to ordinary people about European politics.

What we now recommend in the Political Affairs Committee, and what we hope Parliament will accept, is that we cut through this jungle of names and designations, and simply agree that we shall call all the activities carried out in the context of the Nine the European Community.

We can, of course, be very legalistic about it and say that there has been no merger of the Treaties, and thus no merger of the three Communities to a single Community. But let's be practical and accept that, in practice, our work is the European Community. And we shall be recognizing this practical fact if we ourselves use this name and ask others to do the same.

On behalf of the Political Affairs Committee, I should like to thank Mr Durieux for his interesting initiative. I hope that Parliament will approve this motion for a resolution tomorrow, and that in our daily work we

can limit the confusion of names used to designate the Europe of the Nine by setting a good example in the European Parliament and asking the other Institutions to do the same, with a view to making somewhat clearer what we are trying to do with our cooperation and integration in Europe.

President. — I call Mr Brunner.

Mr Brunner, Member of the Commission. — (D) Mr President, I should like to add a word. Mr Patijn is quite right to put this proposal forward, but I feel that since in common parlance everyone already speaks of the European Community it is somewhat superfluous. The fact is that even invitations to the President and Members of the Commission from exalted personages such as Heads of State and Government are addressed to the President or Members of the Commission of the European Community. I think that we should do our best to ensure that this trend continues by talking simply of the European Community, but that we should leave the terminology in the Treaties alone.

President. — I note that there are no more requests to speak. The vote on the motion for a resolution — together with the amendment which has been tabled — will take place tomorrow during voting time.

The debate is closed.

16. *Agenda for next sitting*

President. — The next sitting will be held tomorrow, Thursday, 16 February 1978, with the following agenda:

10.00 a.m. and afternoon:

- decision on the request for an immediate vote on a motion for a resolution on the North-South dialogue
- joint debate on the Notenboom report and an oral question to the Commission on small and medium-sized undertakings and craft industries
- Noë report on the fast breeder option
- Kofoed report on the cereals and rice sectors
- Fisher report on the marking of foodstuff prices
- oral question with debate to the Council on the Charmasson judgment
- oral question with debate to the Commission on employment subsidies

3.00 p.m.:

- Question Time (conclusion)
(continuation of questions to the Commission)

3.45 p.m.:

- Vote on motions for resolutions on which the debate is closed.

The sitting is closed.

(The sitting was closed at 20.55 p.m.)

ANNEX

Questions which could not be answered during Questions Time, with written answers

*Questions to the Council
Question by Mr Dalyell*

Subject: European Export Bank

What is the present state of progress on the Council's discussion of the Commission proposal regarding the setting-up of a European Export Bank, and when can a final decision be expected?

Answer

On 9 May 1977 the European Parliament delivered its Opinion on the proposal for the setting up of a European Export Bank which the Commission had forwarded to the Council on 17 February 1976.

The Council noted that according to point 8 of the Opinion, the European Parliament 'calls, in the light of the objections that have been raised, for a re-examination of the problems that are still unresolved and for the Commission's proposal for a Regulation to be revised accordingly and published in the form of a detailed draft statute as soon as possible but not later than December 1977'.

The Council is waiting for the Commission to place before it an amended proposal for a Regulation.

Question by Mr Blumenfeld

Subject: Steel policy

Does the Council consider that the British Government's action in autonomously halting steel imports from the Soviet Union strengthens the EEC's bargaining position in its forthcoming negotiations with Comecon and in the current trade policy negotiations with the Soviet Union, for example as regards the fisheries question?

Answer

It is for the Commission to make an appreciation of the measures mentioned by the honourable Member by virtue first and foremost of the Commission recommendation of 15 April 1977 adopted on the basis of the ECSC Treaty on defence against imports which are likely to cause serious harm to Community production.

Question by Mrs Ewing

Subject: United Kingdom Marketing Boards

What progress has the Council made in its consideration of the Commission's proposals concerning the United Kingdom and Northern Ireland Milk Marketing Boards;¹ when does the Council intend to reach a decision on them, and what consequences will the Council's decisions have on other Marketing Boards at present operating in the United Kingdom?

Answer

Taking account of the end of the transitional period for agriculture and the declarations annexed to the Accession Treaty, the Commission, on 31 December 1977, transmitted proposals to the Council concerning the United Kingdom and Northern Ireland Milk Marketing Boards.

On 5 January 1978, the Council decided to consult the European Parliament and the Economic and Social Committee on the above proposals.

The Council considers that a decision should be taken shortly on these proposals, and to this end is proceeding with the necessary technical preparation. It will thus be possible to expedite the examination of these proposals as soon as the opinion of the European Parliament has been received.

The Council is aware that there are marketing boards in other sectors, but since up until now, it has only received proposals regarding those in the milk products sector, it cannot prejudge the issue as regards marketing boards in other sectors.

¹OJ C 13 of 17. 1. 1978.

Question by Mr Lemoine

Subject : Co-responsibility levy on milk

The French agricultural sector recently announced that butter stocks in France have fallen so drastically that public stocks amount to only 369 tonnes and available supplies to 17 000 tonnes. The same applies to milk powder : allowing for external and domestic commitments, stocks available in France now total only 20 000 tonnes.

In these circumstances does the Council not intend to abolish the co-responsibility levy on milk, which affects milk producers in a harsh and unfair manner?

Answer

With a view to progressively balancing the milk products market, the Council has undertaken to retain the co-responsibility levy until the end of the 1979/1980 milk year, within a bracket of between 1.5 to 4 % of the target price for milk. This charge will be fixed annually by the Council before the beginning of the milk year. With respect to the level to be adopted, the producers' organizations grouped at Community level will be consulted and, among other aspects, account will be taken of trends in stocks. At present, public stocks of butter and milk powder in the Community as a whole are still considerable.

When taking account of the level of stocks, assessments must be based on stocks in the Community as a whole and not only on stocks in one or several Member States where, for various reasons, the situation may show a temporary improvement.

Question by Mr Meintz

Subject : Cancellation of the TEE Zürich-Brussels rail service

Has the Council been informed of the plan to cease operating the only two TEE trains providing a rapid link between the three places of work of the European Institutions and, does it consider it proper, having regard to the direct election of the European Parliament, that the one acceptable feature of an otherwise sadly outdated network should be abandoned?

Answer

The Council is aware of the importance of the problem of rapid links between the places of work of the European Institutions, particularly for members and officials of the European Parliament, and would like such links to be provided in the best possible conditions.

The Council knows that the competent authorities of the Member States concerned are currently seeking ways to solve the problem satisfactorily, taking due account of the particular requirements of the railway line in question.

Question by Mr Vernaschi

Subject : Community contributions to the IFAD

The International Agricultural Development Fund, the specialized United Nations agency responsible for increasing agricultural production in developing countries and endowed with resources of \$1 000 million for that purpose, has recently been made operational.

In view of the fact that not all the Member States contribute to the IFAD, does the Council feel that coordination between the Member States and the EEC is adequate?

and question by Mr Dewulf

Subject : Community contributions to the IFAD

Why does the European Community as such not contribute to financing the IFAD, although the Nine have frequently agreed to step up their common development cooperation policy?

Answer

Since the idea of setting up the International Fund for Agricultural Development (IFAD) was first put forward in November 1974 at the World Food Conference, the Community has examined closely on many occasions the question of Member States' participation and the possibility of a contribution from the Community as such. This examination has been continued in the discussions of the North-South Conference, at which the question of the IFAD was raised.

These Community discussions have given political impetus to the idea that all Member States should contribute to IFAD, but there has been no decision for the Community as such to participate, which would involve a Community contribution.

It has, however, been possible to reach agreement on the need for close Community coordination and on Community participation in IFAD's plenary bodies as an observer.

Question by Mr Deschamps

Subject: 1979 — International Children's Year

The United Nations General Assembly has designated 1979 International Children's Year. Although the UN will not sponsor a world conference on children, the General Assembly has called on all member countries to give renewed consideration to the present and future situation of children, inside and outside national frontiers.

How do the European Community and its Member States intend to take part in International Children's Year?

and question by Mr Waurzik

Subject: 1979 — International Children's Year

It has been estimated that almost 350 million children throughout the world lack minimum health, hygiene and educational services.

Under these circumstances are the Member States and the Community prepared to contribute to the Fund to be set up by UNICEF to help developing countries draw up their national action programmes?

Answer

The Council recognizes the importance of the United Nations' initiative. In this connection it should be noted that any contributions made individually by the Member States to such initiatives do not pass through Community channels but to the Presidency's knowledge, most Member States do intend to make contributions.

In Denmark a national Committee has been set up for International Children's Year to put forward and coordinate ideas for action by Denmark.

Question by Mr Price

Subject: EEC-Cyprus relations

When does the Council expect a final agreement to regularize relations between the EEC and Cyprus to be completed?

Answer

The Honourable Member may rest assured that the Council is aware of the economic and political problems raised by the case of Cyprus.

In any case — pending the conclusion of the negotiations — the Council has agreed:

- to implement unilaterally, as from 1 January last, the contents of the Directives adopted on 20 December 1977; and
- to extend the existing terms of the first stage of the Agreement which expired on 31 December 1977.

Question by Mr Evans

Subject: Revision of ERDF Regulations

When will the draft revised ERDF Regulation next be discussed by the Council of Ministers?

Answer

Considerable progress was made during the second half of 1977 with the revision of the European Regional Development Fund Regulation.

At its meeting on 5 and 6 December 1977 the European Council agreed on a significant increase in the three-year programming of the Fund.

With regard to the revision of the Fund Regulation a number of problems remain unsolved. The Council at its meeting on 20 December 1977 instructed the Permanent Representatives Committee to examine possible solutions to these problems. The matter should be placed before the Council at its meeting on 7 March 1978.

It should be noted that once the Council has adopted a common position the European Parliament will be informed so that it can decide whether or not to request that the conciliation procedure be initiated.

The Council would also point out that since it was impossible to complete the revision of the European Regional Development Fund Regulation by 1 January 1978 the old Regulation is still in force and the Commission may use the appropriations entered in the Budget to finance applications submitted by the Member States.

Question by Mr Osborn

Subject: Steel

What was the outcome of the 25th anniversary meeting of the Coal and Steel Consultative Committee in Luxembourg on 26 January?

Answer

Since the ECSC Consultative Committee is attached to the Commission and not the Council, I can only suggest that the Honourable Member should put down a question to the Commission if he wishes to obtain information on the meeting which the Committee held on 26 January.

Question by Mr Schyns

Subject: Unemployment

In his statement on 18 January 1978 to the European Parliament in Luxembourg, Mr Andersen, President-in-Office of the Council, announced that during the Danish Presidency particular attention would be paid to the EEC's growing unemployment.

Is the Council now able to provide details of the practical measures planned in this field?

Answer

I would point out that unemployment in the Community has been in the forefront of the Council's discussions before now. All the economic policy guidelines for 1978, adopted by the Council in December 1977 after consultation of your Parliament, were motivated by the need to achieve a gradual elimination of unemployment. On 20 February and 20 March 1978 the Council will again examine the economic situation with the Community and these economic policy guidelines in order to check whether the assumptions on which the latter were based are still tenable or whether it is necessary to amend the guidelines.

The Council is, moreover, aware that macro-economic measures to boost economic activity must be accompanied by specific employment policy measures. To this end in December of last year the Council carried out a substantial review of the Social Fund with the aim of making intervention from this Fund more effective and incisive. The Council has requested the Commission to submit proposals particularly with regard to Community aid for programmes to encourage the employment of young people.

Question by Mr Leonardi

Subject: Consequences of Italy's failure to introduce the VAT method of calculating its budgetary contribution

Can the Council state what were the consequences for the size of the Member States' contributions to the EEC budget of Italy's failure to introduce the VAT method of calculating its contribution?

Answer

As the Sixth VAT Directive has not been implemented by at least three Member States of the Community, the part of the 1978 budget which should have been covered by own resources from VAT will now have to be financed by contributions from the Member States calculated on the basis of their GNP.

To take account of this situation, the Council has just adopted and forwarded to the European Parliament the draft first amending budget for the financial year 1978.

The difference in the case of each Member State is arrived at by comparing the budget approved in December 1977 and this amending budget.

I would nevertheless like to point out that these differences are merely indicative, as they are the result of a comparison between an estimated figure — for VAT — and a final figure — for the GNP contribution.

VAT resources for each Member State were calculated with reference to an estimated VAT base for 1978, and would have had to have been finally adjusted when the actual figures for the 1978 VAT base were known.

Question by Mr Cousté

Subject: Agricultural prices for the 1978/79 marketing year

When fixing agricultural prices for the 1978/79 marketing year does the Council intend to fulfil the commitments given in previous years by taking account of the increase in production costs and hence applying the 'objective method', which results in a minimum price for farmers? In addition, does it intend to adjust the method of calculating compensatory amounts to exclude the processing industry from this system of subsidies and taxes on trade?

Answer

As regards the first part of this question, the Council and the European Parliament are currently examining the Commission's proposals for prices and related measures for the coming year. The use made by the Commission of the so-called 'objective method' in establishing its proposals is one of the elements under consideration. It is naturally impossible to anticipate the outcome of the Council's deliberations.

Questions to the Foreign Ministers
Question by Mr Johnston

Subject: Massacres of children in Ethiopia

What steps have the Foreign Ministers taken to bring to the attention of the Ethiopian authorities the concern felt in the Community at the reports of the massacres of children in Ethiopia?

Answer

The general statement on Africa issued by the Foreign Ministers of the Nine on 18 April 1977 confirms the Nine's support for the right of all peoples to enjoy basic rights, as laid down in the Universal Declaration of Human Rights. Member States have individually voiced their concern at violations of human rights. The question of the alleged massacre of children in Ethiopia was not discussed in the context of political cooperation, and therefore no common position of the Nine has been formulated.

However, the Foreign Ministers of the Nine are following developments in the Horn of Africa, including Ethiopia, and are aware of the sufferings of the peoples in the area.

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IN THE CHAIR: MR COLOMBO

President

(The sitting was opened at 10:00 a.m.)

President. — The sitting is open.

1. *Approval of minutes*

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

Are there any comments?

The minutes of proceedings are approved.

2. *Documents received*

President. — I have received the following reports from the parliamentary committees:

- report by Lord Brimelow on behalf of the Committee on External Economic Relations on the practice of dumping and the threat posed to Europe by uncontrolled competition (Doc. 551/77);
- report by Mr Zywiets on behalf of the Committee on Energy and Research on the proposal from the Commission of the European Communities to the Council for a decision adopting a second three-year plan of action in the field of information and documentation in science and technology (Doc. 552/77).

3. *Resolution pursuant to Rule 47 (5)*

President. — The next item is the decision on the request for an immediate vote, pursuant to Rule 47 (5) of the Rules of Procedure, on the motion for a resolution tabled by Mr Dewulf, Mr Spénale, Lord Reay, Mr Sandri and Miss Flesch to wind up the debate on the oral question on the CIEC and the North-South Dialogue (Doc. 550/77).

I put this request to the vote.

The request is approved.

The vote on the motion for a resolution could take place this afternoon during voting time.

Since there are no objections, that is agreed.

4. *Amending budget No 1 of the European Communities for 1978*

President. — With its vote yesterday on the motion for a resolution (Doc. 547/77) submitted to it by the Committee on Budgets, Parliament gave its approval, pursuant to the Treaties, to amending budget No 1 for 1978, on which it was consulted by the Council.

It is therefore my task to declare amending budget No 1 finally adopted.

The Community institutions have been notified of this adoption. Amending budget No 1 will be published in the Official Journal.

5. *Small and medium-sized undertakings and craft industries in the Community*

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

— the report (Doc. 518/77) drawn up by Mr Notenboom on behalf of the Committee on Economic and Monetary Affairs on questions relating to small and medium-sized undertakings in the Community;

— the oral question with debate (Doc. 476/77), put by Mr Cousté, Mr Power, Mr Jensen, Mr Inchauspé, Mr Kaspereit, Mr Liogier, Mr Terrenoire and Mr Nyborg on behalf of the Group of European Progressive Democrats to the Commission, on the future of craft industries in the Community:

Given that craft industries play an important part in the economic life of the Community, what action is the Commission taking to provide a clear basis for consideration of their problems, during this period of profound economic change, and what measures has it introduced so far to assist them?

I call Mr Notenboom.

Mr Notenboom, rapporteur. — (NL) Mr President, I am pleased you have opened the proceedings with this item, although we are all sorry that Mr Davignon is not yet present. I hope he will take note of what is said here today by myself and by other speakers and that despite the weather he will be here in time to give us some more detailed information on a number of important questions which we hope and expect to have answered by the Commission.

The report which I have drawn up behalf of the Committee on Economic and Monetary Affairs arises from the oral question tabled by Mr Cousté, Mr Kaspereit, Mr Normanton and Mr Bangemann. I took on the job with a great deal of enthusiasm because ever since my student days I have been extremely interested in this particular category of independent entrepreneurs, a social group bridging what always was and still seems to be a great social divide, that is, the contrast between capital and labour. The independent entrepreneur — in most cases at least — combines the characteristics of both capital and labour in one and the same person. This report and the motion for a resolution were adopted without a single dissenting voice in the Committee on Economic and Monetary Affairs. This is a rare occurrence in our committee, particularly when we are dealing with matters which tend to be looked at in terms of one's view of society. It is, at any rate, certainly not common for this committee to reach unanimity, particularly in view of the opposing attitudes held by the members of the committee on the nature of our society and the market economy. In these circumstances, the members of our committee have a hard time trying to

Notenboom

make their contribution to the European Community in the subject area covered by the committee. And yet, despite all this, I am proud to be able to report that we have achieved unanimity. How did we do it? Perhaps it was partly due to the nature of the report itself, but I suspect that the real reason is to be found in the fact that there is a consensus in favour of small and medium-sized undertakings. Let me take briefly a number of these normally hostile schools of thought. There are those who have for years stressed the overriding importance of the market economy, which presupposes a broad spectrum of businesses. Then there are those who incline to the view that our society is in grave need of a broad, influx of new ideas and the creation of new combined forms — the flexible small and medium-sized undertakings can provide the matrix for these.

Other — sometimes the same people — take the view that people are happier in small, manageable units operating on a human scale than in gigantic, anonymous organizations where the individual is often little more than a number. There are also those who see small and medium-sized undertakings as the best means of combating the enormous and not easily controllable power of the multinationals.

So here we have a varied assortment of people united in their common respect for small and medium-sized undertakings. May I — in my capacity as rapporteur — express the hope that this wide consensus in favour of small and medium-sized undertakings at both the European and national levels of politics will lead to improvements in the climate affecting entrepreneurial activity in a wide range of areas. But it is up to the undertakings, the entrepreneurs and their staff and employees themselves to bring about this improvement. This is why we call in our report for '*Hilfe zur Selbsthilfe*'.

I cannot possibly do justice to the whole of the report in the few minutes available to me, so I shall have to restrict myself to a few remarks. The report is based in part on a survey I carried out among umbrella organizations of small and medium-sized undertakings in the nine Member States. Even after this survey had been completed, and as a result of an earlier draft report, we were sent — quite spontaneously — a large number of comments by the Member States' organizations.

All in all, we received some 25 replies from the European business community. Except where the Commission disagreed with these replies, and that happened only very rarely, I have taken as much account as possible in the report and also in some of the paragraphs of the motion for a resolution of the comments received from the business community.

I hope that those people in Europe who took an active interest in the progress of this report will find their views reflected at a number of places in the text. I have made no attempt to define small and medium-

sized undertakings; I have seen too many bookshelves full of works on the subject in the 25 years of my acquaintance with it to presume to do that. What we need now is action and not even more words to fill libraries with. We must realize — and I should like everyone who reads the report to bear this in mind — that the meaning of the term 'small and medium-sized undertakings' differs from country to country and there are therefore certain points in the motion for a resolution which do not always refer to the same category of undertakings. In my opinion, however, this does not detract from the validity of the report so long as the reader shows a little willingness to understand the problem.

The groups we are talking about here, therefore, is not homogenous throughout the Community. Nevertheless, this report is deliberately intended to encourage everyone working in small and medium-sized undertakings at what is socially and economically a very difficult time. This applies equally to undertakings employing a few hundred people and to, say, the small shoemaker running a business on his own or together with his wife. This report is intended then to give some encouragement to all those who come into this extremely varied category in this economically difficult period.

Our report is concerned with all small and medium-sized undertakings, of every shape, size and condition. What we want to do is to encourage the entrepreneurs, their families and their employees, and to urge politicians and the authorities to take account of the small and medium-sized undertakings and their special problems in their many and varied interventions in the socio-economic sphere. We are aiming both at the national authorities and at those who are responsible at European level for putting forward proposals and taking practical steps, the European Commission and the Council, because in a great many areas where policies affecting small and medium-sized undertakings are formulated, the EEC has as yet little or no responsibility.

This is why this report is intended in part to act as a spur to the Member States, and why this House should forward the report together with the resolution, which I hope will be adopted, to the Member States and to their parliaments, which is in the view of the Committee on Economic and Monetary Affairs where it belongs. In this way, we shall help to create the right climate in the Member States for the small and medium-sized undertakings to grow and prosper, which is — in our opinion — in the interests of us all.

I note with great satisfaction that the Economic and Social Committee has produced two important reports in recent years on small and medium-sized undertakings. I hope that our report will continue the good work and will help to put across the message even more clearly. I have tried as far as possible to avoid

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duplicating or repeating earlier work. Those who have read the report will have noticed that the Committee on Economic and Monetary Affairs has examined a number of areas in which the authorities could take steps to help small and medium-sized undertakings or indeed give them more equal opportunities.

We have, for instance, dealt with the following aspects: wage increases and price policy, financing of social security, social security for the entrepreneurs themselves, innovation, training and information, problems of financing, export promotion, tax legislation, competition policy, public contracts and company law. We have also gone into the question of what the European Investment Bank, the European Regional Development Fund, the EAGGF and the European Coal and Steel Community could do to help small and medium-sized undertakings. This list alone illustrates the wide range of problems any policy on small and medium-sized undertakings must take into account.

It is not enough for the national governments to appoint a minister, secretary of state or a group of able civil servants to deal with this particular question. It is not enough for the European Commission to set up or extend a division with special responsibility for questions relating to small and medium-sized undertakings, although I would like to take this opportunity of expressing my great respect for the division in question, for which one member of the Commission carries the political responsibility. All this is certainly necessary if we are to develop a definite policy on small and medium-sized undertakings, but in my opinion, and — as the report and the motion for a resolution show — also in the opinion of the committee, it is more important that the Member States and the Community institutions should constantly take account in all the various policy sectors of the position of small and medium-sized undertakings, so that these undertakings can be given maximum equality of opportunity. In our report we refer to this process of 'taking account of' as integration policy. This explains why integration policy forms such an important part of the report and why one of the paragraphs in the resolution is devoted to it.

It is not only the Member of the Commission responsible for the small and medium-sized enterprises division who must pursue a policy favouring these enterprises. He must ask his colleagues responsible for export promotion, the harmonization of tax legislation, liaison with the European Investment Bank and the Regional Fund, etc., to do the same.

Parliament shares the responsibility for pursuing this integration policy. We should not only spare a thought for small and medium-sized undertakings on occasions like this, but also whenever we talk about social security, training and information, technology, innovation and wages and prices policy. And we

should also pay heed to those aspects which frequently place small and medium-sized undertakings in a special position. This is what we take integration policy to mean as far as our national parliaments and governments, the European Parliament and the other European institutions are concerned.

This report is merely an attempt to set out in terms of a few dozen policy aspects something which tends generally to be stated without much reflection, namely the great importance of small and medium-sized undertakings for society as a whole. It is easy enough to say this, but it is much harder to spell it out in terms of specific aspects of policy. This is where the integration approach is needed and this is our small contribution to that process. That is essentially what this report is all about.

In conclusion, I should just like to thank Mr Cousté, the initiator of the original question, most sincerely — it is to him finally that I owe my job as rapporteur — and to add my thanks to my colleagues in the Committee on Economic and Monetary Affairs, who gave me real assistance, despite the many difficulties which arise within the committee as a result of our conflicting social standpoints, in drawing up a report and a motion for a resolution with which I am personally very satisfied.

Mr President, although I do not think it right for us to mention too often the names of the staff who are available to help all the Members (this is, after all, what they are there for), I should like to make an exception today. I feel I must express my special thanks to Mr Van der Berge of the Research and Documentation Service. Given my dual mandate and the gaps in my knowledge of the very many subject areas, I could never have produced this report without his expert knowledge and his helpful attitude. I feel justified therefore in thanking him on behalf of the committee.

I should also like to thank the European Commission's small and medium-sized enterprises — artisanat division — Mr Lennon's division — under the responsibility of Mr Davignon for its valuable assistance and for the information which we could not have obtained otherwise.

Finally, I know that there are many national organizations — the organizations representing small and medium-sized undertakings and their European federations — which are following the progress of this report with a great deal of interest. I hope that they will have the frequent experience in the future of seeing this House take the problems of small and medium-sized undertakings to heart, and when I speak of these undertakings, I mean everyone connected with them, the workers, the suppliers, the consumers, indeed all those people who are sometimes forgotten in our debates.

President. — I call Mr Cousté.

Mr Cousté. — Mr President, my thanks to the rapporteur for the Committee on Economic and Monetary Affairs, Mr Notenboom, for the report he has just presented and for the motion for a resolution he has tabled. This resolution is in effect a continuation of the first debate we held in the plenary sitting of 11 May 1976. That was the first time the House concerned itself as such with the future prospects for small and medium-sized undertakings, a sector comprising some 3 million undertakings employing some 30 million people. And today we even have representatives of small and medium-sized undertakings in Spain, like Mr Sahagún and Mr De Pablo, following our debates from the public gallery and thereby showing that the question of enlargement means, *inter alia*, the enlargement of the problem to include Spanish, Greek and Portuguese small and medium-sized undertakings. In other words, this debate is — as Mr Notenboom said — of great importance not only from the economic, but also (and even more so) from the social and human points of view.

Mr President, effectiveness must always be our watchword when we are talking about problems in which we have a special interest, and it is in this light — and this is the point of the question we have tabled on behalf of the Group of European Progressive Democrats — that I would urge the need to act today to ensure that — given the points of difference and agreement between the various political groups — we adopt a truly common attitude to the future and the importance of craft industries in the Community. Last Tuesday I listened to the President of the Commission, Mr Jenkins, and also had the chance to give him my views on his programme of action for 1978. You will recall, Mr President, that Mr Jenkins made no reference whatsoever to the future of small and medium-sized undertakings or of the craft industries. This was a great blow to me, and I am very glad that the debate has got underway now, although Mr Davignon is not yet here. Despite his absence, though I know the Commission is a responsible body and will reply to our question. I — along with all the other Members of this House — await the Commission's answer with the greatest interest.

Clearly, a consultative committee for small and medium-sized enterprises would be a good thing, but Mr Notenboom was right to point out the important part played by the Economic and Social Committee, a body we tend sometimes to neglect and which, in my opinion, should set up a standing committee for small and medium-sized undertakings. In Parliament's case, we have the Committee on Economic and Monetary Affairs, and I cannot praise too highly the quality of the report presented to us by Mr Notenboom. But we must remain ever-vigilant on developments affecting these small and medium-sized undertakings.

At the same time — and this is the real point of the debate which my colleagues Mr Power, Mr Jensen, Mr Inschauspé, Mr Kasperreit, Mr Liogier, Mr Terrenoire, Mr Nyborg and myself have initiated on behalf of our

group — we must always ensure that the craft industries are treated as a special case. Very often, the problems faced by the small and medium-sized undertakings are the same as those of the craft industries and vice versa. Mr President, the more I try to understand these problems and the more my colleagues in the Committee on Economic and Monetary Affairs get to grips with the dimensions and the multifarious aspects of these problems, the more we realize that cannot consider the future of small and medium-sized undertakings without taking account of the future of the craft industries in the Community. This is something we must realize and that is why we have taken this initiative. This is why we are particularly grateful that you, Mr President, have seen fit in your wisdom to combine these two debates which undoubtedly have some points in common, but which also have special characteristics of their own. And for the next few minutes, I should like to go into the special characteristics of the craft industries.

Mr Notenboom was certainly right in saying that it was impossible to give a simple definition of small and medium-sized undertakings and of craft industries, because historical developments in each of the Member States have had a decisive effect on this particular field. These national differences are not in themselves a bad thing. They only become so if there are no organizations at Community level to represent the interests of the small and medium-sized undertakings (like Europe) and of the craft trades. One positive step was the creation of the International Association of Crafts and Small and Medium-sized Enterprises, but the only specific organization we have at Community level is the Union of Craft Industries and Trade in the EEC. I would appreciate a clear statement from the Commission to the effect that it means to have ongoing and formal talks with these European-level representatives of the craft industries and of the small and medium-sized undertakings. I am convinced that a permanent dialogue between those who are responsible for formulating proposals for harmonization, credit policy and the policy of lightening the burden of welfare contributions on what are essentially labour-intensive undertakings will be the best possible way of helping the small and medium-sized undertakings and all the craftsmen of the Nine, and later of the Twelve or the Fifteen. The craft industries are absolutely vital to our quality of life. Without them, there would simply be no quality of life, and we should find ourselves in the position of the United States or Canada, where there are far too few craft undertakings. The services provided and the quality of the products supplied are frequently inferior as a result of mass production and the influence of the industrial giants. One of life's main attractions is, as we well know, the craftsman integrated — as Mr Notenboom so rightly said — into local life, into business and industrial life, into small-scale industry and frequently into the handicrafts industry and the provision of services in our great centres of commerce or in our villages.

Cousté

Mr President, those of us who are concerned about the quality of life and about the future prospects for all Europeans cannot exaggerate the importance of the social and human aspects of this vital sector of the economy. It represents a way of life which will be a vital ingredient of tomorrow's Europe, a Europe of the ordinary people and not of the technocrats and the giant multinational concerns. Mr President, I must urge the Commission to take the initiative in harmonizing the taxation not only of the large, small and medium-sized undertakings, but also of the craft trades. It is all very well to introduce value added tax, but we must ensure first of all that it is accepted in all our Member States and, secondly, that the rates of VAT levied in one country are not out of all proportion to those levied in a neighbouring country, particularly in the case of undertakings situated near national frontiers. In this respect, I think it is up to this House to keep pressing for a reduction in the tax and social security burden on labour-intensive undertakings. You may ask why, and the answer is that our main concern is to combat unemployment. And who provides jobs in times of crisis? First and foremost, the small and medium-sized undertakings and the craft industries! So, by reducing this burden we shall achieve our aim of creating jobs and — I sincerely hope — eradicate the appalling evil of unemployment from the lives of millions of men and women in Europe.

I should like to touch on one final problem, Mr President, and that is the granting of special aid to the craft industries. The Community absolutely must have a policy aimed at the creation of craft undertakings; it must commit itself to a policy of grants linked to the national grants which Mr Notenboom referred to — in other words, the setting-up grants in urban and rural areas, particularly for the younger craftsmen.

Loans will also have to be granted, not only by the European Investment Bank, but also by all the national bodies associated with Community activities, because in this sphere — as in so many others — national jurisdiction is an inescapable reality.

I quite realize that the Commission can answer all our questions only at the end of this debate. But let me say right now, Mr President, that Mr Notenboom and myself will — over and above this question — be calling on the Committee for Economic and Monetary Affairs to draw up a special report on the craft industries, so that these problems can be seen in their proper perspective: in other words, not only in economic and social terms, but essentially in human terms — because Europe must be given a human face, and that face will be the face of a working man.

President. — Since Commissioner Davignon's arrival has been delayed by bad weather, we can, if the author

of the question and the rapporteur agree, continue the general debate.

I think that after that Commissioner Davignon will be able to be present in the House to reply to questions. If not, we shall arrange our order of business to enable the Commissioner responsible to reply this afternoon.

Are there any comments?

I call Mr Cousté.

Mr Cousté. — (F) Mr President, I appreciate your difficulties and thank you for your proposal, which I fully endorse both as author of the question and as spokesman for my Group.

President. — Are there any further comments?

It is therefore agreed.

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

Lord Bruce of Donington. — Mr President, my group would like to associate itself with the general attitude that has been put forward by Mr Cousté in relation to the craft industries, and I would like to deal with Mr Cousté's part of the discussion first.

It is somewhat ironical that in the modern age, a good part of our activity is concerned with the preservation of past environments — architecture, works of art, and pottery — all of which were the product of these craft industries which, in centuries past, held an honoured place in our society. In so far as we live today within a kind of rich tapestry, we owe it, in fact, to the craftsmen of the past. The old guilds and the skills that they encouraged were ruthlessly broken apart by the growth of the market economy, so that for many years now we have been living in a society which tends, or rather has tended, to regard mass-produced gadgets as being of greater importance than some of the crafts which enriched the past, and still enrich the present. Therefore, we would entirely agree with Mr Cousté, that every effort should be made, at the level of Member States, as well as in the Community generally, to encourage the craft industries.

Of course this problem, as Mr Cousté has indicated, is intimately bound up with the matters that have been raised in Mr Notenboom's report, and, on behalf of my group, I would like to pay tribute to the rapporteur, Mr Notenboom, for the very patient way in which he has succeeded in piloting his report through the Committee on Economic and Monetary Affairs. My group would not always give the same emphasis to the various aspects discussed in the report, as Mr Notenboom has given. Nevertheless, we are in general sympathy with it, and shall indeed support it. As Mr Notenboom has said, the small and medium-sized

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business tends to be labour-intensive. Now, this has an enormous bearing on the problems confronting Europe at present where — as is well known and was emphasized by the President of the Commission, — we have unemployment running between six and six and a half million. Any endeavour, therefore, to promote employment within Europe as a whole is bound up essentially with the whole question of the encouragement of small businesses. Now this has an additional impact within the regions themselves, those regions which are, at the moment, in receipt of certain very small aids from the Regional Development Fund. It is quite true that there are provisions within the Regional Fund for granting aid to small firms, where it can be shown that 10 new jobs would be created, but the share of the Community is essentially contributory; it gives only a percentage of the amount that is provided by the Member States themselves. Moreover, a great part of regional aid tends to be concentrated on the infrastructures. It is extremely important that this should be so, because no enterprise, either small or large, could function without the infrastructure, the roads, the communications and social services which the Regional Fund is largely designed to aid. But we have to go further than that. There can be no doubt that the whole operation of the Regional Fund should be extended to make it far easier for regional aid to be given to the establishment of small businesses in the Community.

Mr Notenboom's report then goes on to describe the aid that has been made available to small businesses by the European Investment Bank. We do not yet know the extent to which the President of the Commission had small businesses in mind when he put forward his proposal a year ago for the creation of a new fund of 1 000 million ECU for investment within the Community. One would hope that a considerable proportion of this new investment aid, either through the European Investment Bank or outside it, could be channelled towards small businesses. Access of small businesses to the capital markets of their own countries does vary from country to country, but there can be no doubt that this assertion of a Community purpose as a whole — that small businesses should receive more generous treatment than they have received in the past — is one that ought to command Parliament's support.

There are other reasons why small businesses ought to receive more favourable consideration. As an examination of the Sixth Report on Competition will reveal, it is no coincidence that those countries that have the highest proportion of small businesses have the lowest rates of inflation. This point was enlarged upon in a report which mysteriously seems to have got lost in the Commission's archives. I refer once again to the Maldague report. Any reader of the Maldague report will know perfectly well that one of the basic correctives to inflation is the existence of these small businesses where the real laws of competition apply.

And there is a third reason why small businesses should be supported. We are living within mixed economies; one cannot have but noted, over the years, the growth of private corporate power amongst the Member States, and throughout Europe as a whole. At the moment, between 50 and 60 % of the gross domestic product of Europe is controlled by private or public corporate power. Public corporate power need not give us cause for so much concern because it is susceptible, in the final analysis, to democratic parliamentary control through the peoples' elected representatives in Europe. But private corporate power does present a considerable menace to the existence of many small and medium-sized enterprises who are unable to deal with the price policies of private corporate power. Therefore, the encouragement of small businesses represents a corrective to that tendency. It makes it possible for individual Member States, and ultimately for the Community, to possess control over the commanding heights of the European economy, at the same time they must encourage the small-business enterprise that in fact supplies the competitive corrective.

Our task is twofold. We should protect the small businesses against undue deprivations by the State, and certainly from the deprivations and pressures which come from private corporate power, which is controlled by nobody except the organization men. There is a deeper purpose too behind the support for small and medium-sized firms. It is simply this: that individual liberty must have its economic base and the small-business enterprise supplies that economic base. It means that the inventiveness of people can produce new commodities, free of constraint, can become more capable of adapting itself to the individual tastes, rather than be confronted with the drab monotony that can result when too much power resides in too few hands. I hope that this Parliament will give fair weather to the whole idea of support to small and medium-sized enterprises as has been put forward in Mr Notenboom's report.

It is necessary that small and medium-sized businesses should be relieved as much as is possible and equitable from some of the fiscal restraints under which they operate at present within Member States. But that has also to be taken in conjunction with the various social security provisions.

I am not saying that the small business has to be a law unto itself, that it should be accorded privileges not available to the rest of the populations of the Member States concerned. Many people do prefer to become organization men in large companies, and large companies and private corporate power have their role to play. Many people, of their own choice, prefer to become the employees of others or to

Lord Bruce of Donington

become civil servants. Nevertheless, the small business enterprise has a vital role to play; and when we come to consider questions of tax harmonization, I do hope these may be taken in conjunction with the social security provisions in all of the Member States. One of the dangers which the small enterprise faces is that it is not always possible, in view of the risk that, essentially has to be taken by the small enterprise for the owners and entrepreneurs themselves to make as fair provision for their retirement and old age as are automatically accorded to some of their employed colleagues in the Community.

I hope, therefore, we will be able to support the generality of this and that there will be some indication from the Commission, couched in more specific terms than is often the custom of the Commission, as to exactly how they propose, in conjunction with the governments of Member States, to encourage a vital form of Community activity which is essential for its future prosperity and for the preservation of its culture.

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

Mr Noè. — (*I*) Mr President, Mr Davignon, ladies and gentlemen, there are two reasons why the Christian-Democratic Group is happy to support the report by Mr Notenboom and the oral question tabled by Mr Cousté.

The first reason concerns industrial policy. Twenty years ago everyone was thinking big, but nowadays the trend is in the other direction. The second reason is based on the humanitarian aspects so expertly brought out by Mr Notenboom, Mr Cousté and by Lord Bruce a moment or so ago, and with which I agree almost entirely apart from one point which I shall deal with later in my speech. Since the onset of the industrial revolution in Europe two centuries ago, industrialization has now reached a peak in a small number of countries. Two things are now happening: in the most highly industrialized nations there is a gradual change to a post-industrial society, in which the expansion of the tertiary sector is becoming an increasingly important factor, while in the other countries the process of industrialization is continuing. The situation is characterized by three factors. On the one hand, people are convinced that simply increasing the gross national product of each country, year after year, is not enough to ensure material and spiritual well-being. In other words, there is no longer a direct link between cause and effect. On the other hand, people have realized — and foremost among them was the Club of Rome — that development is not limitless, because we have overestimated the reserves of certain raw materials and development is going to slow down

when they begin to run out. The third factor in all this — and this is also the subject of this morning's debate — is the awareness that internal problems can also hold up development. By this I mean is that the advances of technology are no longer quite so great. Technological discoveries can provide a tremendous impulse at the beginning, but things slow down after that. A typical example here is provided by artificial fibres. The first 10-20 years saw tremendous strides forward, but progress has slowed down since then. This has led people to think that mergers and economies of scale do not always pay. People have turned to smaller businesses and begun looking at them much more carefully. However — and this is the one point on which I disagree with Lord Bruce — we should not look on them as somehow conflicting with larger firms, even though this happens sometimes. What we have to do is to try to incorporate them into a proper framework where they can develop and grow alongside the bigger firms. Mind you, we have to watch that we do not get carried away. Larger firms are still going to have to predominate in some sectors in which size will unfortunately still be the deciding factor. Large nuclear power stations, for example, need to be run by large undertakings, since large-scale production is the most logical solution. What we need to do, then, is to reconcile the needs of large and small undertakings so that the latter get more elbow room and a bigger share of attention. At this point, I should like to pay tribute to Mr Cousté. For years he has championed these ideas and stood up for craft industries as well as small undertakings.

Lord Bruce also said — and here I do agree with him — that development would be impossible in some areas without the proper infrastructure. Let me add that we must also take a careful look at the management side. On the subject of regional policy, the House has asked the Commission to take a closer look at management training in the underdeveloped regions or in those which are scheduled for development. If we are going to create more opportunities for small firms, we have to develop a new approach to management. This will be different from management techniques in large undertakings and will encourage collaboration among smaller units, because on their own they could never match the organizational power of larger firms.

I want to talk now about the craft industries, although I know that Mr Notenboom does not like to make any distinction between these and the SMUs because they are so similar in many respects. I just want to say that these craft industries do have their own distinctive features. In this context, I should like to ask Mr Davignon to take a closer look at this sector in the future, since in the past it seems to have been rather ignored by the Commission. I want him to do this

Noè

because these industries are a source of bright ideas and of motivation for those workers who manage, on their own, to get a small business going, nurse it along and keep it up to date. And when times are bad, it must be said that all these small businesses are something to fall back on.

These small undertakings are not asking for aid during the current economic problems — quite unlike the big companies which are constantly knocking at the door cap-in-hand. The small firms are managing to solve their problems on their own. However, I should like to see these firms getting the tax and loan relief which Mr Cousté proposed. This could take the form of some kind of all-in VAT system. While on the subject of this, we must not forget that smaller firms can well succumb to the weight of bureaucracy. This is why we opposed the directive on the working of precious metals here in Parliament. Small firms with four or five men would have been strangled by all the red tape the directive would have produced.

Another thing we have to do is to simplify legislation on apprentices and young workers. In Italy, for example, the problem of unemployment could be largely solved if only the craft industries were allowed to take on whom they wanted. By this I mean that, if a small craft firm employing five people has to take on a sixth, it must be free to choose someone who will best fit in with the others. Businesses of this size cannot afford to carry someone who does not fit in. This is a very important sociological point.

In closing, Mr President, I should like to express the hope that Mr Davignon will devote the same attention to the SMUs as he is devoting to industrial sectors hit by the crises — and those are unfortunately taking up too much of his time, despite the undoubted merits of their case — because these small undertakings really deserve more attention.

IN THE CHAIR: SIR GEOFFREY DE FREITAS

Vice-President

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

Mr Damseaux. — (*F*) Mr President, ladies and gentlemen, the preoccupations of SMUs are certainly nothing new. Indeed, since the beginnings of industry, SMUs have constituted the basic industrial and commercial fabric, and every time there is a crisis we are forced to admit that they are best able to face up to the structural and cyclical difficulties. On the occasion of this debate, I could — as it is increasingly

popular to do — laud to the skies the merits of SMUs, but the necessary sense of reality, industrialists' and managers' marked sense of responsibility and the scope and serious nature of the remedies required are all factors which argue against dealing with this as a 'fashionable' question. This expression, which is often used with regard to the environment and ecology, can be applied to the SMUs because, in addition to their long-standing champions among the Liberals, these undertakings are now being fêted by all sectors of the political spectrum.

We naturally welcome this awakening — belated though it may be — but it would be of little use to be content with words without taking specific — even very specific — action to help SMUs in Europe.

Having said this, I think it is worth stressing a number of points in the motion drawn up by the rapporteur, Mr Notenboom, whom I should like to thank, by the way, for his excellent work.

Thus, the preamble refers to the specific social position of SMUs. This seems to me to be a decisive element, since we too often forget that it is in family undertakings that entrepreneurs, managers and white-collar and blue-collar workers have the greatest chance of proving their abilities. Furthermore, it can hardly be denied that a firm with 10, 20 or 30 workers — or even 50 or 100 — offers a working environment in which the importance of the individual is still very much a reality, in contrast to the process of standardization and regimentation in large-scale businesses.

This factor is in itself, I feel, sufficient justification for giving vigorous support to SMUs, since it is of such importance for the quality of life and work for every European.

In addition, I think it important to stress how pertinent it was to keep part of the motion for a resolution for integration policy. Indeed, giving support to SMUs does not mean turning them into a world apart. Quite the contrary, the aim is to allow them to develop the full by integrating them fully into the general economic and commercial system.

In this context, I think that direct and regular contacts between the SMUs and the Community institutions could serve to reinforce the part played by these undertakings in the economic life of Europe.

Paragraph 6 of the motion for a resolution, which urges the Commission to consult with organizations representing SMUs with a view to the creation of a Consultative Committee of SMUs, reflects this expectation, and the Commission should take up this task as a matter of priority.

Damseaux

Under the heading of socio-economic policy, more precisely in paragraph 9, reference is made to the need to combat unemployment. We believe that SMUs have an important part to play here. In Belgium, the liberal parties have tabled a bill on these lines, in fact it is aimed at finding work for unemployed workers in SMUs. We are convinced that such a measure is of use, particularly because it is becoming more and more apparent that a large number of self-employed people and SMUs are frightened by wage costs, whereas they could take on an employee for the first time or an additional employee. This form of employment that we are proposing would be for a period of six months, renewable once. It would guarantee the unemployed worker a salary of more than the unemployment benefit, with the basic unemployment benefit being maintained in the event of his not being taken on permanently; the employer would have reduced wage costs and an extensive trial period; for the State, the final cost would be less than its liabilities in respect of an unemployed worker. I think we must urge the Commission and the Member States to examine proposals such as this, which can at the same time provide SMUs with additional resources and contribute to reducing unemployment by procuring new employment opportunities of undoubted productive value.

However, while providing for the dignity of wage-earning workers and their capacity to work to the full is a legitimate concern, we must also take the necessary social measures to provide self-employed persons in SMUs with equivalent social protection. The problem is of importance, since all the social security schemes established since the end of the second world war are aimed above all at wage-earners, frequently disregarding the social rights of the self-employed. The persistence of this *de facto* inequality increases the gulf between wage-earners and the self-employed, and although they are a mainstay of economic activity the latter are becoming a sort of fringe group in our so-called advanced society. In this respect, the Commission must increase its efforts to provide information to the governments and put pressure on them to make the necessary adjustments to their systems so as to give self-employed workers the same social benefits. If, as pointed out in the motion for a resolution, there should be overall provision for sickness insurance, old-age and invalidity pensions and family allowances, it would also be necessary — with a view to ensuring benefits equivalent to those provided for wage-earners — to allow the right to unemployment benefit. We very much hope that the Commission will devote all its attention to this situation and propose measures specifically designed to improve social legislation in this field.

There was another important question which claimed the attention of the Committee on Economic and

Monetary Affairs: insufficient distinction has been made between the financing of SMUs and that of large undertakings. This is equally true at Community level, and the rapporteur's proposals with regard to assistance from the European Investment Bank and the European Regional Development Fund could increase the opportunities for intervention on the part of the Community's financial institutions; here too we are counting on the Commission.

One specific point struck us, however. Paragraph 18 of the motion for a resolution asks the Commission to ensure that the figures given in future annual reports of the European Investment Bank clearly show what proportion of global loans go to SMUs.

Clarifying this seems to me to be important, but still not sufficient. Indeed, it is possible for the loans granted to SMUs to relate not only to independent SMUs but also to small subsidiaries of large-scale undertakings. If the Community wishes to pursue a genuine policy of support for independent SMUs, I regard it as important for the statistics to be as precise as possible. In order to achieve this, my Group proposes an addition to paragraph 18 to specify, as defined in the text of the amendment I have tabled, what proportion of global loans go to *independent* SMUs, 'and how the latter are defined for this purpose'.

In this connection, we feel it is worth repeating that suitable conditions must be created for the recovery of undertakings experiencing short-term difficulties. Thus, in Belgium, a large number of SMUs have gone bankrupt, whereas if they had been given assistance in time they would have had a chance of resolving temporary difficulties. Unfortunately, commercial legislation only provides for the composition procedure when it is too late, when the criteria for bankruptcy apply.

It is possible to provide an economic and legal framework for intermediate assistance while maintaining a balance between the interests of workers, creditors and employers. It would be sensible for the Community institutions to examine the possibility of establishing, across national frontiers, the conditions in which such a framework for short-term assistance could operate and allow a breathing space for undertakings.

With regard to fiscal policy, it was certainly worth stressing, on the one hand, the burden of administrative work and, on the other hand, the handicaps associated with succession. As to the reduction of formalities and administrative obligations, I think that we do not give sufficient prominence to the fact that because of the introduction of VAT and the increasingly complicated formalities on fiscal and social matters the self-employed businessman too often spends a large number of working hours virtually doing the job of a civil servant. But this civil servant receives no reward for the time he devotes to public business. It

Damseaux

would thus be reasonable to extend to the European context a proposal aimed at rectifying this situation by granting certain self-employed persons a national fiscal salary to compensate for the administrative work carried out on behalf of the government. We believe that a proposal of this sort could be effective at European level. Last November, Parliament considered competition policy. In that debate I called for the adoption of an effective system of rules of competition for SMUs, and I now hope that the Commission, encouraged by the resolution that we adopt today, will give increased attention to the position of SMUs in the sometimes confused pattern of competition in the Community.

On taking a further look at the motion for a resolution before the House, I was surprised to find no reference to research policy and subcontracting. These two fields are of extremely great interest to SMUs and I think it is important to draw the attention of the Commission to these questions.

Economic innovation often stems from SMUs. However, their overall budget is not sufficient to allow capital to be tied up in research; the budget item for this purpose is often very restricted. To overcome this handicap, the authorities could develop agreed formulas which would allow SMUs, individually or in groups, to increase their capacity for research and thus ensure continuing innovation in industry. The Community sources of finance could contribute to establishing these agreed formulas at national level. Sub-contracting allows undertakings downstream of the large production units to expand their activities. However, problems persist with regard to contracts and access to markets, and it would be advisable for the Commission to devote some attention to this.

Those, Mr President, are the observations and proposals that I thought should be put to this House with a view to encouraging a sound policy in support of SMUs in Europe. However, Europe's role is not confined to this. SMUs will experience a real upsurge if we can guarantee them a clear economic and monetary framework. At present — and frequently, in all the groups, we bemoan this — the national economic and monetary divergences are a source of insecurity for the head of an SMU, who cannot be familiar with neighbouring countries' requirements. We must — this is a basic necessity — maintain our conviction that economic and monetary union is a prior condition for any European policy for the development of SMUs. I must emphasize how important it is to include SMU policy in the Community's overall industrial policy. The stability and great adaptability of SMUs can in fact contribute to the regional reorganization of those sectors of production on which economic activity depends in the regions in difficulty.

I hope that Parliament, while taking account of our suggestions, will adopt the excellent proposals put

forward by the rapporteur, to whom I should once again like to express my thanks.

President. — I call Mr Power to speak on behalf of the group of European Progressive Democrats.

Mr Power. — I am very pleased to have this opportunity to speak here, because I am a newcomer to this particular parliament, and my first reaction was one of agreeable surprise to find that the happenings here are not so remote from the needs and aspirations of the people at home. And I must say that I am delighted that the parliament has devoted time today to discussing the Notenboom report on small and medium-sized industries or undertakings and the oral question tabled by my group on the future of craft industries in the Community.

We speak in the report of SMUs that employ from 500 down to 10 persons, and in the question tabled by my political group, of enterprises that are smaller than that, possibly employing fewer than six. It is well that we speak of the needs of enterprises whose very composition does not give them the same political muscle as Big Brother; but the report shows that they play a bigger part in industry than that more noisy Big Brother. In the Federal Republic of Germany we see that 60 % of the working population is employed in SMUs and that 95 % of that country's undertakings fall into that category.

I believe, and I think my group believes, that the small firm or craft industry is vital to our Community. We have lost some of them; for example, many small shops have closed, to be replaced by the more impersonal supermarket or the even bigger hypermarket, sited well outside the area previously served by the shop. The SMUs have a very important place in trade and commerce, and particularly in the service sector. They can supply a special need, and they can offer the close personal touch that we often seem to look for in vain in the world today. The job opportunities that are presented in small or medium-sized undertakings have to provide employment near home, in an ideal working environment, leading to excellent worker-employer relations. We are inclined to look to the bigger firms for a solution to our present unemployment problem. I believe that the solution may be found more readily in the SMUs. Small firms are more labour intensive, and they are less likely to suffer the heavy redundancies of the larger groups. Small firms appear to be more flexible, and should adjust or retrain more easily. They are often the pioneers of change, long before the bigger firm sees the light. I know some people who started in a very small way, had an idea that they pursued until it paid off, built up a small industry, graduated to the SMU class, and would now be placed in the bigger league today. It is vital that we fan this spark of ingenuity, and give it every encouragement to grow.

Power

Many of us bemoan the denuding of our rural areas and the unwholesome growth of our large cities. A realistic approach to the SMUs and craft industries would add a new lease of life to the rural areas and possibly reverse this trend.

There are indications that not many demands on the European or State coffers have ever been made by these firms. Many have been the biggest unpaid tax-gatherers for our respective governments. I am glad to say that this report indicates that they are not looking for a hand-out now either. The motion for a resolution outlines the need for SMUs to promote competition, and I support this fully. The day the cartel gets the monopoly is the day the customer will rue. In an age when many workers in the production lines find the constant repetition of the job de-humanizing, the small firm offers a human alternative. We realize that in an era of mass production the world still has time for the work of the master's hand and that the product of the craftsman will always be eagerly sought and bought, even in times of recession.

The report also shows that the definition of an SMU may differ from country to country. In Ireland we would not consider an industry with direct employment content of, say, 200 people as an industry meriting the title of SMU, but the categorization does not matter. We do not want special treatment for the SMUs; what we want is equal opportunity, and we hope that this debate may create a greater awareness of the value of the SMU and, we hope too, a move towards its re-juvenation.

With regard to sub-contracting, despite the arguments against, I would agree that Member States should encourage government departments and other public bodies to allow small firms to tender for such contracts and endeavour to place these contracts locally. The fact that a contract may be split enables very helpful comparisons to be made and true value and true service recognized.

I am particularly at one with the suggestion that the self-employed person be admitted to the same social-security coverage as his employees. This has been actively pursued in many Member States. It is of fundamental importance, and the discrimination which the employer suffers should be removed quickly so that he can contribute equally and share equally in the benefits that are now confined to the employees.

The question of training and information has been raised. This is a serious problem in many small businesses. The boss who started the business and helped to build it up for years now finds that his ideas are out-moded, that the answers that worked for years will not solve the problems of today. Each State should enable such a person to up-date his or her thinking and bring his or her business methods and techniques into line with modern working ideas and needs. Even

political parties, all political parties, sometimes find that their thinking, too, needs to be updated and that the methods that would solve the problems of yesterday will not solve those of today. Of course, the large companies are at an advantage in this respect, because they never seem to have any difficulty in attracting modern whizz-kids into their ranks. The European Centre for the Development of Vocational Training is on the right lines, and if its training courses offer help to SMU managements to improve their thinking and up-date their methods, it will be very beneficial.

It has been shown in the report that finance would appear to be more readily available to the larger firm. This should not be so. It is vital that each individual State protect the borrower from the evil effects of currency fluctuations, particularly the consequent higher interest-rates. Because the country with the weaker currency is more likely to find itself in trouble and in need of loans, it is quite possible that if no protection is provided the heavier repayments will only serve to weaken the weak further.

There is a suggestion made in the report that the European Investment Bank cannot afford to deal with very small customers. I quote from page 32 of the Notenboom report :

Because of this, many small but not necessarily uninteresting initiatives do not qualify for loans from the EIB. This threshold was fixed so high presumably so that the EIB should not be unduly encumbered with trifling matters.

This is an attitude that would not be acceptable in a commercial bank, and it should not be taken either from the EIB. If they are not prepared to deal with small customers, I say that they should get some other body to deal with small financial matters. An extract from the Bible might not be remiss here : we are told, 'He that condemneth small things shall fall by little and little'.

We support this report by Mr Notenboom and pay a belated compliment to him on covering such a diverse subject so fully. The fact that his *exposé* has shown a need for further examination in many areas is not to be taken as a criticism of the rapporteur but as a tribute to his very great thoroughness. This and the oral question tabled by our group and the debate they have aroused here have shown that the EEC in this Parliament still has time for the small man and the small specialized industry, and while we adhere to that attitude I think we cannot go very far wrong.

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

Mr Normanton. — Mr President, I am delighted to be able to offer our sincere and profound congratulations to Mr Notenboom on the initiative which he has headed and the vast amount of investigatory work and

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constructive drafting which is enshrined in this very substantial report.

Before I proceed, may I, in accordance with parliamentary custom in my own Parliament, declare an interest in the subject matter of our debate today.

I feel quite convinced that the European Parliament is today debating a major subject — one which, with the benefit of hindsight at some future point in time, I think we will recognize as being one of the most significant and far reaching debates that we have had for a long time. And I say this for two main reasons: first and foremost, politically — and I do not say 'party politically' — and secondly, socially. Because in effect the question we are debating and the views we are expressing, whether we are conscious of this or not, is: what kind of Europe do we want for the future? That is what this debate is about.

We have, for far too long in my opinion, been besotted by the attractions of the planner — the planned, programmed and dictated philosophies and dogmas — and I unreservedly include my own political group in that particular dilemma. The planner's paradise is often said to be the place where everything is big — big places to live in, big places to work in, and big establishments to relax in on holiday. What we forget is that bigness in these particular contexts only too frequently creates what I can only emotively describe as a 'living hell'. And that is not the Europe which I believe anyone in any quarter of this House really wishes to subscribe to in promoting policies throughout the whole breadth of the political spectrum. Is it surprising for example that we are having a spate of representations, verbal and literary, such as the Schumacher book on the theme 'Small is beautiful'? This is but one manifestation of aversion to bigness, to remoteness, to a feeling of impotence which undoubtedly and increasingly is the characteristic of a society which is increasingly dominated by bigness in all walks of life.

I happen to remember only too frequently the saying of my own grandfather, who died many years ago. He had a phobia about big and giant institutions. He would say: 'Big institutions have neither heart to beat, nor backside to kick'. In that rather oversimplified manifestation of his feelings, I am quite convinced that there was sound wisdom and judgment then, and that there is too, a sound guide to our deliberations for the future. It should not therefore be surprising to any of us in this House, from whatever Member State, that industrial conflict can, almost by definition, centre around institutions which are big — big companies, big business and big production lines.

This should not, however, lead us, in any of our deliberations in this Parliament, to having to make a choice between big or small. Because each of the aspects of size has a relevance and a role to play in the creation of Europe. We should have no need to say that because bigness is hated, we should swing the other way and concentrate on creating the small. We should not have to create smallness. What we have to do is to create conditions in which individuals have the ability to express their own choices — not conditions where choices are made for them by the State or by the Community, but conditions in which the individual can make his own choice of employment, can choose his own way of betterment, and is free to choose what he consumes. How frequently in the mind of the small business man does 'B' stand for bigness, for bureaucracy, for bumbling and bumph? — and indeed, I add to that: bewilderment.

(Laughter)

This is what we have to recognize in all our deliberations and in all the politics we are considering and drafting and proposing in this forum.

I think it is important that Mr Notenboom makes a suggestion in his document for a consultative committee to be formed for small and medium-sized undertakings. We certainly in the European Conservative Group have grave doubts and misgivings about the feasibility of bringing together such a committee. We will not, at this point in time, oppose the resolution which he has tabled, but we will certainly urge upon him, and upon the House, to give further and more mature and intensive thought to this point. Our doubts lie in the fact that for some Member States, firms are virtually exclusively small; for example in Denmark only one-and-a-half per cent of firms fall outside the Commission's definition. I do not know what the figures are for Ireland, but I am sure that is again one of the characteristics of the economy of that particular State. But, strange as it may seem, the largest of States has in fact, the largest number of small firms, and I am sure it is no coincidence that the German economy has been thriving far faster and far more effectively than the others. I believe that has a distinct link with the existence and, indeed, the expansion of the small-firm sector of the economy.

There is of course, always a peculiarity with regard to the representation of small firms, since the entrepreneur usually, if not invariably, is the man who is so totally immersed in the day-to-day activities of his own business that he simply cannot find time to serve on committees, even in his own district. When it comes to an even remoter location, such as the capital city of a Member State, or the so-called centre of the Community, there really is a major deviation from his normal intensive involvement with his small business, and that is certainly an insuperable problem for many of them.

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Existing bodies there are, and these are the kind of institutions which should be encouraged. UNICE and EUROPMI are but two of these bodies, and I will if I may, Mr President, quote from a telex sent this morning to Mr Davignon and some of his colleagues on the Commission and, indeed, to the President of the Parliament :

UNICE asks for reconsideration of the proposal to create a consultative committee for SMU. The report itself makes it clear that it would be wrong to consider SMU as being a separate body within industry and that fragmentation must be avoided. We would therefore ask that the Commission consult more consistently the bodies which have and do represent industry as a whole, and in particular those who do recognize the importance of small and medium-sized enterprises as part of that concept of industry.

I would therefore draw attention to Amendment No 2 standing in the name of our group, which states that there should not be separate representation in a new body, but that representation in the existing consultative machinery, the Economic and Social Committee in particular, should be so arranged as to give, in that particular mechanism of consultation, a reflection of the existence and importance of the small and medium-sized unit. If we do that — and we are in fact coming now the point where the composition of the Economic and social Committee will have to be reconsidered — it would be a major contribution to the interests of the economic and social environment of Europe as a whole, and of the small and medium-sized sector of it in particular.

On the question of company law, I will just draw the attention of the House to Amendment No 3 standing in the name of my group. We are asking for company legislation and directives on this subject to take particular note of the existence and significance of small and medium-sized undertakings, and to ensure that structures and institutional organizations which we create under the heading of 'company legislation' do take full account of the particular problems facing small and medium-sized undertakings. The passing of the resolution contained in this report by the European Parliament will have no effect whatever for the future unless Members of this House in their committee work, and Commissioners in each of their particular range of activities, constantly keep the existence and significance of small and medium-sized undertakings in mind. In the Committee on Economic and Monetary Affairs, when proposals for taxation come forward, in the Legal Affairs Committee, when proposals for company law are being considered, and more particularly, in the Committee on Public Health, Consumer Protection and the Environment, it is only too frequently the result of many of our deliberations that we create an environment of bewilderment with the flood of bumph which is causing ever greater anxiety and problems and difficulties to the small firm.

Finally, may I point to the establishment in the United Kingdom, by my own political party, of the Conservative Small Business Bureau, which has its own newspaper. I quote from an editorial in the last issue :

The case of the small business is a strong one. For far too long, small business men have buried their heads in the sand, have concentrated on their own problems and taken no account of political and other forms of changes. Small business men have a duty to man the barricades to fight for their future and for the kind which they feel is appropriate to society, and also for future generations. Now is the time for the small business men of the country to really turn to the offensive.

That offensive, Mr President, I do assure the House, would be a constructive attack on all those pressures which are dominated by bigness. It is the natural and instinctive urge of man, I believe, to be constructive and creative which finds expression in the establishment and running of small and medium-sized businesses. Never let this House forget: 'From small acorns do giant oak trees grow'.

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

Mr Leonardi. — (*I*) Mr President, I consider the report by Mr Notenboom important, not only because it concerns a vast number of workers — about 30 million — employed in small and medium-sized undertakings and the economic power they represent, but also because the report has appeared at a time when the Member States of the Community are having to tackle the difficult task of restructuring and converting the economy.

In studying this subject, we should do well to remember the great leaps forward in the qualitative sense taken by our countries when they were first faced with the problems of industrialization. It is at moments like this that we have to call on the finest qualities inherited from the past and benefit from the experience gathered by small and medium-sized undertakings and by the craft industries. Their experience may have been gained in the past but it is no less valid today.

All too often the large undertaking has been regarded as the symbol of efficiency, and reports and statistics have come at us from all sides to prove that the SMUs are to blame for our economic weakness as compared with the United States or the Soviet Union. What people forget is that the process of industrialization occurred under quite different conditions in America and Russia, producing an industrial structure in which the vast concern is typical. The high percentage of SMUs in the Member States is often considered a sign of weakness, with no account being taken of their positive features. We have to try to make more of this industrial structure, which is typical of our countries,

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and which should be seen as the expression of a particular form of civilized life which in today's world can affirm its existence by looking to the future and at the same time capitalizing fully on the lessons of the past.

It is not a question of comparing SMUs with the enormous industrial complexes and vast undertakings which in some cases — in the steel and chemical industries, for example — are essential. But we must reject this myth of the enormous complex and the mammoth undertaking. It is a myth which is very often linked to the other myth of nationalization as the panacea for problems which are much more complex. In a free and pluralist society, the SMUs must have plenty of scope to operate profitably within a democratically planned economy. On this point, I disagree with Mr Normanton who thinks that planning is the enemy of the SMUs. As I see it, democratic planning can safeguard the existence of a small or medium-sized business because it ensures a framework within which it can work. In our opinion, this is a much wider framework than the one proposed by Mr Notenboom in the first paragraph of his motion for a resolution, in which he suggests that the SMUs are particularly suited to sectors such as subcontracting, repairs and maintenance. The framework that we feel is favourable to the development prospects of the SMU's is a lot wider, and a lot wider in practice.

The historical structure of the SMUs in western Europe traces its origins back to craft industries and to the old-style proletariat. This structure is the result of a slow and laborious process of industrialization, the brunt of which has been borne by the workers. It is a structure which we must protect and not destroy. As long as there are no technical reasons which make it less efficient — I have already mentioned the examples of the steel and chemical industries — the small or medium-sized undertaking offers greater potential for the use of human resources, both on the management side and in respect of specialist skills. Another advantage is that the SMUs can be better distributed throughout the country, thus avoiding the great urban sprawls which we have and which are now posing tremendous problems — not only economic but also social and political because the masses have been uprooted from their natural environment. The SMUs are more flexible and are better equipped to deal with the problems of restructuring and conversion which must now be tackled if the Member States of the European Community are to adapt to a world which is radically different from that in which the industrial revolution first took root.

To repeat what I said, the problems and the role of the SMUs are extremely important and have to be studied in depth, so that opportunities for their development can be created. We have to make sure that they are not squashed by bigger firms. This often happens not because bigger firms are more efficient, but because they have greater political power. A large

company has a lot of concentrated social influence because of the number of workers it employs. It is financially strong, not so much because of the resources it has available as on account of the large amounts it borrows from the credit institutions. If you run up vast debts, you are safe because creditors want to protect their investments. A large company is very often strong, not because it is any more efficient, but because it has connections with the financial world and the press, and can influence public opinion as a result. The rules of the democratic game are very often flouted in this way. This all means that many large companies, even though they are inefficient, do not fold because they are protected in this arbitrary manner. But this is not so in the case of the SMUs. This has a bad effect on whole sectors, which can be swallowed up by conglomerates which monopolize the market, to the detriment of the consumer and life in general. Large firms find it much more difficult than SMUs to adapt to economic requirements.

Action is needed to offset the difficult conditions in which the SMUs are operating. On their own they cannot cope with the problems which put them at a disadvantage in relation to bigger firms in areas like research, foreign trade, financial services and the marketing and distribution of goods. A lot of SMUs go to the wall, not because they lack ability or because they suffer from inherent economic deficiencies, but simply because the problems I have mentioned have not been solved. The only way to deal with them is on a regional, national or Community basis.

Consequently, we agree with the proposals in paragraphs 5, 6 and 7 of Mr Notenboom's motion for a resolution. We also agree with certain other parts, like paragraph 19, for example, where he quite rightly states that 'in order to encourage the rapid application of new techniques, the European Investment Bank should judge projects submitted to it on their intrinsic value and not so much on the size of the company applying for a loan'.

We realize that the banking world tends to prefer large companies because, among other things, it is easier to work with them. This means that banks are not performing their proper role, which is essential if the national economy is to develop. If the Community were to accept this role, it would be a shot in the arm for the economic structure of the Member States. We could solve and help to solve problems which can be dealt with only in a wider context, much wider than the context in which the SMUs operate. In this way the Community could launch the work of restructuring and conversion which is absolutely essential, in our view, if the Community is to protect its interests and assert itself in a constantly changing world.

I ought to add that I disagree with some points in the Notenboom motion. I am not entirely happy, for example, with paragraphs 10 and 11 concerning social

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security provisions for the self-employed of small and medium-sized undertakings. My feelings are explained by what has happened in Italy in this area. However, these are specific points which do not alter my basically favourable attitude to Mr Notenboom's motion for a resolution. I hope that the Community, with the Commission and all the other various institutions, will give increased support to the small and medium-sized undertakings, which are such a characteristic feature of the economic structure of our countries.

President. — I call Mr Brugha.

Mr Brugha. — Mr President, I am coming in on this debate because I believe it is a very important subject and, as a relatively new Member of the parliament and of the Committee on Economic and Monetary Affairs I should like to say a few brief words generally.

First of all, I believe that in this type of debate we are endeavouring to come to grips with the least desirable after-effects of the industrial revolution. We are trying to introduce some sort of civilized economic order into society. I think that there is a good deal to be learnt, particularly from the United States of America, so that we can avoid some of the errors and mistakes that have occurred in their economic society.

The question of the future of SMU's in our Community is, in my opinion, somewhat similar to that of the individual in society: that is, that people must be able to think for themselves in order to maintain the freedom of man in the world. We should not forget that the state was created to serve people, rather than people the state. Similarly, modern economic conditions in Europe should be geared to favouring the small and medium-sized undertaking, because the nature of economic development in this world is such that money and power tend to gravitate towards the larger companies, which then become monopolies if there is no stringent control. On the international scene, the large companies become multinational combinations wielding, as some of us have seen, a power which even States themselves find difficult to resist. Just as the individual must be allowed freedom to develop, so the small undertaking must have an environment where it can function effectively, economically and profitably, in order to serve the community. Any modern society must have good, healthy, small and medium-sized units so as to ensure that the economy itself will be viable and energetic. Besides that, of course, small and medium units provide an outlet for the energetic, for what we call self-starters, who are essential for a vigorous economy, and who may not be so anxious to be involved in the larger type of units. I believe that if we ignore this aspect of economic life, and allow uncontrolled take-overs of small and medium units, there will eventually be a lack of competition, a lack of a sense of responsibility, a lack of variety. As large units took over independence would be lost and stagnation would develop.

I welcome the many papers produced over the past few years on this subject in the committees and plenary sittings of Parliament, and especially, the work done by Mr Notenboom and other Members in the Committee on Economic and Monetary Affairs and the Social Affairs Committee. It is not necessary to repeat all the data set out, except to underline some special points. The previous speaker has mentioned the large figure of 13 million employed in Western European SMU's. There is also, in my own experience, the fact that there is an extraordinary record of freedom from dispute and strikes throughout most of our countries in these units. There are areas in which they can be helped quite significantly: for example, as regards credit facilities, particularly in inflationary circumstances, as regards obligatory social welfare contributions, and in such areas as export insurance and research information for marketing and selling goods. I believe that the Community and Member States should ensure that SMUs get preferential treatment in all cases of this kind where they are efficient and competitive. It is well known that large companies and multi-national cooperations have no problems in these areas with regard to financing facilities and research information. I believe the Commission should expedite the publication of a Community policy on SMU'S. I believe also that the Commission should get moving on the adoption of a policy on take-overs, mergers and monopolies. There is a need for greater investigation of areas where unfair practices leading to liquidations or bankruptcies have been followed by take-overs, and the creation of monopoly or near-monopoly situations. Finally, if I may put forward one idea to the Commissioner. The question of the formation of a European limited liability company has been discussed in committee. I believe such a company might be able to adopt the role of an international trading company for SMUs trading within Community policy guidelines, similar to the Japanese models. As you know, in that country somewhere near 80 % of import and export trade is done by and through trading companies. I would recommend to the Commissioner the harnessing of the energies of SMUs within our Community so as to strengthen their contribution to the improvement of our economic situation.

President. — I call Mr Deschamps.

Mr Deschamps. — (F) Mr President, the fact that Parliament is holding this debate now on small and medium-sized undertakings in the Community, on the basis of Mr Notenboom's excellent report, is obviously no coincidence. Indeed, in our view, never has such a discussion come at a better time. The fact is that today, apart from the fundamental and personal reasons which have always led this House — especially us Christian-Democrats — to devote parti-

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cular interest to this important section of the population, the crisis we are experiencing means that no-one now denies the fundamental contribution of small and medium-sized undertakings to the development of the economy, or the essential role they have to play in combating unemployment and maintaining jobs. This is something new. In a modern economy, small and medium-sized undertakings have at least as important a part to play as the large companies, as indicated by Mr Notenboom in his preamble. This is a fundamental consideration which, in the position given it by our rapporteur, stresses the unanimity with which the proposals he put to us were approved in committee and will, I hope, be approved here.

It is, of course, impossible in ten minutes to analyse in any detail a document of some 50 odd pages, or to dwell on each paragraph of a motion for a resolution with no less than 32 of them. My aim is simply, having stressed the basic consideration behind a policy for assisting small and medium-sized undertakings, to bring out certain major points in Mr Notenboom's motion and to compare it with the basic features of what we in Belgium call the Humblet plan, after the Minister for the middle classes who drew it up and had 90 % of it approved by the Belgian Government within the framework of our efforts to reduce unemployment and pursue a dynamic employment policy. It strikes me as useful, in fact, to show to what extent the general conclusions and basic guidelines resulting from the studies carried out by the European Parliament are essentially in accordance with what is advocated in one Community country by a minister who is confronted with day-to-day economic realities, and with the concrete solutions he envisages to deal with the situation.

Firstly, one of the fundamental considerations behind the policy for assisting small and medium-sized undertakings — and one on which Mr Humblet bases his plan — is that any legislation must take account of the particular characteristics of the self-employed person, the craftsman or the head of a firm. This was in fact stressed just now by one of the previous speakers: these are, above all, men with an entrepreneurial bent, who are ready to take risks in order to achieve a personal ambition in a specific field, but they are very unlikely to be administrators, men used to dealing with *bumf*. If small and medium-sized undertakings achieve results — and they do — it is because they are managed by bold and creative men — the rest are eliminated automatically — who operate within a specific field, in businesses on a human scale where social relations are still normally established on a person to person basis. They must therefore be spared all non-essential legislative and administrative hindrances which threaten to suffocate them. They must be relieved of the very clear impression that they have of being perpetually under inspection by a finicky, pettifogging bureaucracy. This idea lies behind all the proposals made by our rapporteur,

Mr Notenboom. In Belgium, the Humblet plan, which aims to develop employment opportunities among small and medium-sized undertakings in the short term, provides essentially for the revision of legislation in our country with a view to administrative simplification and the reduction of social security contributions and inspections.

The motions tabled in the European Parliament are in line with the preoccupations of the self-employed in all the countries of the Community — preoccupations which, I am pleased to note, are reflected in concrete and immediate fashion in the solutions proposed in one of these countries. Comparing the two sets of proposals, I am struck by the similarity of views, objectives and often of means between what we are advocating at European level here in Strasbourg and what is proposed by those who are faced with the facts at local level. I regard this similarity as a fundamental reason to approve the report and the motion for a resolution before us today, since this shows that they are, with regard to their fundamental principles, in line with the demands of the associations of small and medium-sized undertakings which have examined the most pressing problems at national level.

I should just like to raise three points, Mr President: equality of opportunity, contributing to the fight against unemployment, access to credit and the reduction of the administrative and fiscal burden. Paragraphs 1 and 2 of our motion for a resolution recommend that the Member States of the EEC should offer SMUs development opportunities equal to those offered to large firms, thus affording them equality of opportunity. This is a fundamental point.

In concrete terms this could be achieved in various ways, and in Belgium, for example, we have proposed splitting up contracts awarded by large companies and public authorities so that, whereas at present they are almost exclusively reserved for large undertakings, they might also be accessible to small and medium-sized ones. Paragraph 9 is concerned with the contribution of SMUs to combating unemployment and creating jobs. Once again, Mr President, in concrete terms there are in our country, under the Humblet plan, three ways of doing this: either by means of the recruitment of unemployed workers by SMUs — and there are very definite incentives for this, for example Bfrs 15 000 per worker recruited in a small undertaking with less than 10 workers, with exemption from the employer's contribution for workers recruited in these undertakings and a reduction of 5 % in employer's contributions for undertakings with 10 to 15 workers. Or, secondly, by encouraging the creation of new small and medium-sized undertakings, more particularly by means of a special aid scheme for unemployed persons with qualifications who set themselves up in business. There are too few who take this risk; they must be encouraged to do so. This is what we have to do, and Mr Notenboom, that is in line with your own proposals.

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By means of changes in labour legislation so as to facilitate transfers from one undertaking to another, greater mobility must be provided for workers in small undertakings as well. Paragraph 14 concerns credit facilities for SMUs; this is an essential point. We are told that only 17 % of the loans granted by the European Investment Bank go to small and medium-sized undertakings. This is grossly inadequate. In Belgium, we find, moreover, that the economic expansion legislation only covers fields recommended by the EEC for development or redevelopment, and that these fields have been chosen by the EEC precisely in terms of the interests of the large undertakings, so that they are not accessible to the small and medium-sized undertakings. And what I am saying about Belgium goes for the whole of Europe. There should therefore be a review of policies in order to make them much more selective and specifically applicable to SMUs and also, perhaps, a review of the criteria for choosing the fields for development in the EEC.

One last point: people say that there is a need to reduce the administrative and fiscal burden on our undertakings. What is this administrative burden? Do you know, ladies and gentlemen, that for a small independent undertaking in Belgium to take on one worker there are no less than 70 different formalities to be dealt with? And the fiscal burden? It is excessive, it is badly distributed, and above all the collection of contributions is accompanied by so many formalities and so much suspicion and checking that small businessmen are confirmed in their belief that they are being victimized. The Humblet plan in Belgium proposes the introduction of a single financial assessment for SMUs with a turnover of less than 15 million Belgian francs. As to rates, it proposes a tax reduction of 15 % for any part of the profits deriving from the undertaking's activities and reinvested in the undertaking.

Mr President, ladies and gentlemen, these are only examples — examples of what a realistic and concrete plan, conceived on the same lines as the proposals put forward by your Committee on Economic and Monetary Affairs, can produce by way of concrete, practical results in a particular country. I want these results to be achieved, of course, in my own country, but above all, on behalf of the Christian-Democratic Group and, I think, on behalf of Parliament as a whole, I hope the resolution and determination to take action in accordance with the resolutions I hope we are going to adopt today, as we are ourselves advocating and urging on the governments of all the Member States will, make it possible everywhere to deal with the basic preoccupations of small and medium-sized undertakings, which deserve our help not only because they have this very important human aspect in our present-day society, but also because they make a powerful contribution to the development of a balanced modern economy.

President. — I call Mr Osborn.

Mr Osborn. — Mr President, I first of all congratulate Mr Notenboom for his report on small and medium-sized industries and Mr Cousté for his question on craft industries, and I welcome the work done by the Committee on Economic and Monetary Affairs. I aim to underline some of the views being put forward by my colleague, Mr Normanton, who has outlined the work of the Conservative Small Business Bureau, and with whom I have been associated very closely in the last few weeks.

Lord Bruce talked about corporate and public power, and I wish to refer to this later on. But I feel that social legislation by all governments in the Community, particularly with a view to getting fair play, to providing social justice on the shop floor, does give emphasis to the citizen as a producer, as against the citizen as a family man, although he may be the bread winner, he may be the head of a household as well as a consumer. Perhaps this collective approach — and I would almost use the word 'collectivism', though not in the political, but in the economic and industrial sense — is gripping the Western world. And we in an Assembly like this should take note that to a great extent it is destroying the will, the confidence, the competence, of individuals to set up in business, to stay in business and to succeed. Certainly I have seen this in Britain, because nothing succeeds like success, and nothing is so destructive of morale as failure when it comes to a man surviving and feeding his family and looking after himself. At the present time there are small businesses throughout the Community, and certainly in Britain, who ought to expand and are unable to do it because of the social legislation in our respective countries. I have a report on youth employment in my city, and on why small businesses, who would be the biggest employers, are not taking people on — because they dare not take the risk of dismissing them if they have difficulties six months or a year later. We must therefore, consider the implications of legislation, passed for the best of reasons in our countries, that in fact is preventing people from continuing in business and from expanding where they have the opportunity. I think Mr Notenboom has got the right emphasis; he is not looking for small businesses to be given special favours but to be given an equal chance.

I seek the privilege of intervening because, this weekend, I and my colleagues in the small business committee in the Conservative party in the House of Commons and the Conservative Small Business Bureau, will be publishing a private member's bill which I will introduce because I was lucky in the ballot this year in the House of Commons. It is our hope it will have all-party support. We believe it will

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have a fair wind from the Socialist government. But with a Socialist government for the last four years, there has been in Britain industrial legislation. The Trade Union and Labour Relations Acts Protection of Employment Acts, which have been designed with the best will in the world by their authors. There has been legislation that, in all fairness, the Conservative opposition has found it difficult to oppose. And if this has happened in Britain, it has probably happened in every Community country. In Britain we have a minister for small businesses as well, so we are aware of pressures being put on.

I have tried to investigate with my committee all the issues frustrating small businesses in my country, and of course there are issues in the EEC as well making business impossible and intolerable. The problem could be cash-flow, credit, taxation on capital-transfer tax. But above all it happens to be — and Mr Deschamps raised this by saying how difficult it was to fill in the forms to employ people in industry in Belgium — the result of employment-protection acts. And I as a Conservative, with trade unionists that I knew, was perhaps one of the first to work out a contract of employment — with the best will in the world, but with the backing of a bigger company. Earlier this week I attended an industrial tribunal. I have heard reports and I have seen for myself how, in order to dismiss an employee, a business man employing twenty people has to face a three day tribunal with a full plethora of barristers, lawyers and what have you, and have half his work force and the manager there as witnesses. How can people with this straitjacket put on them survive? I have to look at, and I cite this example. I am not going to say what is in the bill because that would take too long, but national governments and the Community collectively must become more aware of this problem. I have had the experience of trying to help small business now at this vital time in my own country and I have been trying to pass amending legislation that would be acceptable to a British Government and its supporters, and I have found that even more difficult.

Now Lord Bruce referred to private and public corporate power. In the private corporate organization, which tends to absorb the smaller undertakings, certain criteria, — cash-flow, profit and loss and so on — must be met, otherwise that business faces merger, bankruptcy, liquidation. In the public sector I would differ with Lord Bruce. They can go on giving wage increases and go on using the tax payer, including the small businessman, to subsidize their inefficiency. This is a real feature which no Parliament and its select committees can control.

Therefore I welcome this debate as a comment on a philosophy, a re-orientation of our wealth-creating society in the Western world. was impressed when I visited Japan four years ago and found that managers of big businesses supported the sub-contractor — and

invariably the sub-contractor was a small business. I found an expertise at bringing a sub-contractor in to do a job in a big organization. In the Western world, including the EEC and the USA, the corporate manager, whether private or public, tends to want to have services under his control and to do everything himself. He has none of this experience at employing the sub-contractor, the small businessman. To start off with, factory cleaning, maintenance, painting, engineering, fitting — they are all done by sub-contracting in Japan. This could go even further; the sub-contractor could sub-contract part of the work himself. That is where the small business can fit into the bigger jigsaw puzzle.

I would like to make some personal observations about Sheffield. It was the centre of the craft industries 100 or 150 years ago. To a certain extent the production of silverware and high quality cutlery is still a craft industry. I can tell Mr Davignon that I shall be coming back to the problems of this city that has been faced with cheap competition. My forebears started their industry in 1852, and I have taken a picture which I shall hang up in my home of the tower building in the Wicker of Sheffield, which was the centre of craftsmen 100 to 150 years ago. What was true of the industrial urban areas then was that the boss knew all his people personally and knew their families; they went to the same shops, they went to the same churches. You had the *esprit de corps* so vital in a business.

I might say I could have been a farmer and I have worked on farms with farmers I have been friendly with for twenty or thirty years. What I find refreshing is the rapport between the farmer and those employed on a good farm. Up to twenty years ago I was running a small business. It started with three, as part of a big corporate activity. I did not bother with any of the formality, in fact it was non-union to start off with. Looking back now, I firmly believe that there is no better way to have such a wonderful, informal relationship and build up a business, than in a small business. That is the strength the small business has, and I have witnessed it. That is why we intervene today Mr President. Therefore, I tend to say small is beautiful, although I have been associated with larger industrial activity.

What I have welcomed today is that every party represented here has accepted that small businesses are efficient, effective and flexible, and are part of our wealth-creating society. We in this Assembly should do something about it. I rather agree with my colleague Mr Normanton, who has put forward the Conservative amendments — and my private bill will be an example of this — that you cannot do something for small businesses that does not affect all industry. He said small businesses must fight for survival. I look forward to learning what we can do in this Assembly

Osborn

and our parliaments for them, and to hearing what Commissioner Davignon can do to deal with this problem.

President. — I call Lord Ardwick.

Lord Ardwick. — Mr President, I come not only to support Mr Notenboom's report, I come also to praise it. I think it is an excellent document. He makes the point that the problems of small businesses are not really for the Community: though there are Community problems for small firms, most of the problems have got to be settled at a national level.

I am very glad indeed that Mr Osborn spoke about the position in Britain. He mentioned some things that the government are doing. He was very fair about it, but I want to give a rather more positive aspect, and I do so with all the greater confidence in that almost everything that the government is doing or considering is contained in the Notenboom report.

This problem of small businesses is a universal problem which we all encounter in our national states. Now I must admit to Mr Damseaux that it was the Liberals at one time who had — I cannot use the word monopoly — who were much more largely concerned with small businesses than were the Conservative Party or my party. Mr Normanton has beaten his breast for the Conservative Party on the question of size: I am about to do this for the Labour Party. Mr Edwards and I are, so to speak, the *doyens d'âge* of the Labour delegation. We remember in our flaming revolutionary youth that the deplorable system of private enterprise began at the corner shop and capitalism reared its wicked head at the little factory down the road, but we all think differently now. We no longer have even the merger mania of the 1960s. We do not think that the road to the Socialist utopia, either, is lined with mammoth businesses, interlocked with mammoth bureaucracies and mammoth trade unions.

Small business can provide, as almost all the speakers today have said, not merely an alternative psychological environment and a better one, they have an economic importance too. They can, given the right opportunities, respond more quickly to changed conditions, and they are labour-intensive. But of course, we must not be too complacent about it. Figures are very hard to come by on this subject, but I have some in front of me, which are a little disturbing. They are in the book by Mr Graham Bannock on the smaller businesses in Britain and Germany. The statistics extend only from 1954 to 1968, but they show a decline in the proportion of manufacturing employment in small firms in Norway, Sweden, the USA, Germany and the United Kingdom. The only place where it was constant was in Canada, for some reason.

However that may be, the small companies deserve very special consideration when unemployment is high, and indeed the employment subsidies in Britain — a rather controversial subject which is going to be

debated later on today — have largely gone to small companies to encourage them to take on labour. But small firms are useful in all kinds of other ways: they can provide price competition for the big dominant companies, they can very often compete very effectively on the lower technologies, and they are very useful at a time when a good deal of the increase in the number of jobs is going to be found in servicing, repair work and subcontracting. But of course the small businesses do get beaten and bludgeoned by bureaucrats and by the tax man. It is reckoned that in Britain, looking at all companies between the giant multinationals on the one side and the one-man businesses on the other, it is the small family companies that have borne the heaviest tax burden. And so a minority — only a minority — have consequently shown an agility which has not endeared them to the tax man. The consequence of that is very severe tax legislation which is a burden on the majority of companies who are quite willing to pay decent taxation.

Now, talking about the general problem of the administrative burden that is put on small companies, last year, the British parliament provided 3000 pages of new legislation and the Common Market provided 13 000 pages. I hope that those statistics are right. Other statistics: in Britain, we have a million small firms, who employ 7 million people. This is 30 % of the employed population, in Germany it is 37 %, and in France it is about 40 % but all these figures are unreliable because we have no real measure of the size of companies, and I strongly support Mr Notenboom's plea for more statistical light to be thrown on the problem.

The British government have put the Prime Minister's chief economic adviser, Mr Lever, in charge of schemes from various ministries which are concerned with the problems of the small companies. Mr Osborn mentioned in particular the Employment Protection Act, and it was Mr Lever himself who, meeting the Labour Party Executive and the TUC, said that the Employment Protection Act is frightening many small businesses from taking on new labour, because they are confused and worried about the difficulties under the Act of making people redundant. Now they cannot be exempted from this kind of social provision, but, says the Minister, they must be *helped*. And one of the ways in which they can receive help is to provide free legal aid and cheap insurance against the consequences of being found guilty of an unfair dismissal and having to pay heavy damages. This would do much to deal with the situation that Mr Osborn himself was mentioning, if, indeed, the British Government do manage to bring it in, and I have strong hopes that in the budget next month, there will be some amelioration of the various difficulties under which small firms work. The first need, when the government looked at this problem, was to find out

Lord Ardwick

what advisory services the small businesses required, then to experiment with the services, which they are doing now. Then, of course, a small company, say with four or five directors, has not all the skills that are required in modern business conditions. Are there adequate opportunities for training management as well as getting consultants in? Can training schemes be provided which the small business could use? The whole idea of the Notenboom report, and of the British Government, as I read their intentions, is not to provide the small businesses with special advantages so much as to get rid of the special disadvantages under which they have to cope, with legislation and taxation designed for big firms with arrays of experts at their command. What can be done to help the small businesses to start up and to cope with the inevitable initial losses? What can be done to help to keep businesses together, to pass them on to sons and daughters, or to employees — and I hope that Mr Edwards will say something about that very shortly? What measures can be found to help small businesses grow? These were all questions raised by Mr Osborn, put these are all questions which are in the minds of the government, which the government is trying to deal with. Can the banks be persuaded to be less cautious in lending money to small firms? Can the level at which VAT has to be collected be raised, so that more small firms are exempted?

I would just like to say, in conclusion, that I do disagree with Mr Normanton in his suggestion that the Commission should not create an advisory body for small firms. I think it is absolutely essential that all the legislation that the Community passes should be scrutinized by such a body to see what its impact is likely to be on small businesses so that it can be altered if it is going to have a very adverse effect.

President. — I call Mr Ripamonti.

Mr Ripamonti. — *(I)* Mr President, ladies and gentlemen, our thanks to the rapporteur are more than just a compliment since they express at the same time our appreciation for Mr Notenboom's analysis of the situation and his attempt to find new solutions. A lot of effort has gone into this study of small and medium-sized undertakings, and it must be seen as part of the solution to a crisis which is not only economic but a general crisis of values affecting the world today.

I regard the Notenboom report as a document which should be used on a basis for further research and clarification, to be carried out with scientific method and precision. This investigation should cover the entire structure of our society, and if we wanted to find a name for it, we could take the title of a fascinating English book, 'Small Is Beautiful'. The aim, therefore, is to discover a more human dimension, with less

bureaucracy, and which can be controlled more easily by individuals and by the Community. We have to find a new dimension which widens the horizons of participation, economic productivity, cultural and social progress and the adoption and encouragement of the real values which ought to flourish in society.

This investigation should cover all sectors — social, cultural, economic, technological, and institutional. But there should be no dogmatic opposition to the mergers and concentration of industry which characterized the 1950s and 1960s. We have to look at the positive features and avoid the waste and distortion which arose through the blurring of responsibility when industry became over-centralized.

The preamble of the motion for a resolution briefly outlines the special characteristics of small and medium-sized undertakings, revealed by the study of the economic structure of Europe. A strong and healthy system of SMUs is essential for the proper functioning of a modern economy because they help to spread power, ownership and risk, redistribute effective capacity, increase responsibility and personal initiative and keep competition alive. In addition, they are more flexible and adaptable when it comes to restructuring and conversion, both of which are vital in an economy like Europe's which depends greatly on exports, and is thus subject to international competition and to pressures arising from a more equitable international distribution of work, as part of a new international economic order.

Throughout the Notenboom report emphasis is placed on the typical role of small and medium-sized undertakings in supplying consumers with goods and services — i.e. small service business, production undertakings, handicraft industries, as mentioned by previous speakers — both in the context of services and as regards the distribution of sources of supply.

Furthermore, ladies and gentlemen, the inherent advantages of the SMUs are demonstrated by the fact that large concerns tend to reorganize themselves into small and medium-sized establishments located in small and medium-sized towns, although a number of functions remain centralized in cases where concentration is shown to be more efficient.

In not a few cases, ladies and gentlemen, this decentralized set-up is also a consequence of the incentives and other regulations which, without defining them exactly, governments have introduced for SMUs, particularly in regions earmarked for conversion and economic restructuring.

We have to find a new strategy to encourage the development of the SMUs, one which will enable them to work out an organizational structure, on the basis of association and cooperation, for those operations which are most effectively performed in centralized groupings of the right size.

Ripamonti

This strategy must not be applied in the abstract, since the problems of the SMU have to be tackled in the context of the relevant sector of production and of the local region.

This requirement led Mr Notenboom to ask the Commission for relevant information on the actual state of the SMUs in Europe. This information can be obtained only by a thoroughly scientific survey providing comparative data on trends in the SMU share of the Community labour market and of the gross domestic product in similar sectors.

Before the survey gets under way, there has to be a definition of what is meant by a small or medium-sized undertaking. I agree with the rapporteur that we cannot accept the Commission's vague criterion that a SMU is defined by the number of workers it employs — up to 500. If this criterion were applied in the case of Italy, the statistical data obtained at the last census in 1971 would show that there were 2 236 044 SMUs in Italy as compared with 1 205 large undertakings. As for employment figures, 74.5 % of the employees would be working for SMUs, while 25.5 % would be employed in large undertakings.

Apart from illustrating the pattern of small and medium-sized undertakings, statistical information of this type must also lead to a scrutiny of action by public authorities and an assessment of how well this action fits in with the new strategy for the development of the SMUs. Plans for internal reorganization in individual sectors or in combined sectors must be facilitated by a refashioning of national and Community policies along the lines indicated in the motion for a resolution. The motion contains concrete proposals designed to ensure, by curbing inflation and combating unemployment, that the SMUs have an active role in the process of economic growth, to encourage training and information and to introduce modern forms of social security. I fail to understand why the leaders of large concerns should be treated so much more generously than persons running small and medium-sized undertakings, in matters of social security, access to the money market, promotion of exports, cooperation and competitiveness.

Cooperation among undertakings is a must if there is to be any technical progress or spread of new technology. Research on the problems of technological progress has been carried out by private and public bodies in the Member States, and these bodies have even come up with examples of functional solutions. It is thus possible to define the areas of applied research as 'horizontal' (collaboration among undertakings operating in the same sector or producing similar goods) or 'vertical' (collaboration between undertakings involved at successive stages of the chain of production).

In closing, let me say that the small and medium-sized undertakings must be given a prominent role in

the drawing up of this new strategy. For this, their voice must be heard and acted on by the Community organizations. We have to bring in the employees' associations, since the SMU sector employs almost 50 % of this working population. This sector is strategically positioned to affect the manner in which society develops. As Lord Bruce said, we must defend individual liberty and the right of participation. In this way man need not feel increasingly alone amid the crowds and squalor of our towns and cities.

President. — I call Mr Edwards.

Mr Edwards. — Mr President, we are all very grateful to the rapporteur for giving us an opportunity to debate this vital question of small companies once again in our Parliament. Our Europe is dominated literally by about 100 multinational companies, and I think this development, this tremendous concentration of industrial and financial power is one of the major problems of the small companies; they just cannot compete successfully, because the tremendous advantages that are held by the huge international companies in the form of transfer prices, the establishment of tax-havens, inter-trade with one another, are just driving the small companies out of business. All of us know, as Members of Parliament, that this is the experience in all our constituencies.

Actually, 1 000 multinational companies today control 75 % of the capital of the Western world. In the United Kingdom, there are 10 000 exporting firms, but 75 firms alone are responsible for over 50 % of all our exports. There are 700 000 companies, but 200 control over 50 % of our total industry, and 100 leading firms account for half of all our manufacturing. Their growth rate, on average, is 10 % — double the national growth-rate of any country. This means that by 1980 they will control about 70 % of our total manufacturing. Although I heard one speaker talk about the influence in Germany of the small companies, 70 % of the voting-stock in German industry is held by the banks. As for the banking system, the main problem of the small company is how to get capital to develop, but there are some 50 big banks in the world — 15 American, 10 French, 6 British, 5 German, 5 Italian, 1 Belgian, 1 Dutch and 1 Brazilian — which control the capital assets of the Western world, a great mountain of wealth of 2 000 billion dollars. How does a small company develop and exist in a world of this nature unless we do something in our Europe to get rid of the anti-social activities of the multinational companies and allow the small businesses to compete on some basis of equity?

Mr Osborn talked about the old company that his grandfather started, and how they all there went to the same church. I wrote a book about the chemical

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industry, and one chapter was about a strike of Glasgow chemical workers, who went on strike because they were working seven days a week and they went on strike for the right to go to church on a Sunday. All this talk about the dead weight of social legislation on the small company is really nonsense, you know. Social legislation in our Europe that brings the incomes of working people within a reasonable percentage of the basic wage is of the greatest assistance to the small company, because it creates continuous demand, and without that continuous demand, without those social benefits, you would have marches on all the capitals of Europe. So let us use a little intelligence in a debate of this nature!

Frequently quoted in this debate was 'Small is beautiful'. Well, Dr Schumacher was a colleague of mine. He died tragically coming from a lecture in Geneva where he had been talking about industrial common ownership. He was an economist, economic adviser to our Coal Board, and yet he sat with me, unpaid, as a trustee of a chemical firm which developed until it was one of our major companies owned by the working people. That is the Scott Bader Commonwealth with a capital of £ 600 thousand. Twenty years ago, with the help of my union, because I was General Secretary, and with the assistance of Schumacher, that company was built up and its capital is now £ 10 million. Last year its surplus — not a profit, they call it a surplus — was £ 1½ million, competing with ICI, Ciba-Geigy and all the big multinational companies in the chemical industry. From that beginning 20 years ago, we have financed company after little company out of our own money, until today we have 60 companies registered under a new British Act of Parliament called Industrial Common Ownership all owned by the employees and every one successful, and we have another 160 firms all waiting to register under industrial common ownership.

So we are developing in Britain the technique of self-help by cooperative ideas and cooperative techniques. The government is establishing now — and we are waiting to get the legislation through Parliament — a cooperative development agency. We have a big cooperative movement in Britain with 30 000 members, but this is an entirely new development to help small companies that are either going broke because they have no liquid capital, or are going to be taken over by a multinational and stripped of their assets. This is happening far too frequently in every country in Europe. You have companies where the employer, the owner, has made a success of it: he wants to retire, he has no family to carry the business on, he is ready to transfer his shares to his employees, but taxation is so heavy that unless he is relieved of the transfer tax he is throwing 40 % of his assets away. Here is something we ought to be able to do right across Europe so that shares can be transferred to the employees in a trust and a nice little industrial workers' cooperative

established. Because out of these small firms you can get grand ideas, new ideas, new industries that will continue to develop and enrich our Europe.

Time is limited, time is up, it passes unseemingly, so I support on behalf of the Socialist Group this report as a beginning in assisting the small companies to develop new ideas. Because we have plenty of genius in our Europe; we cradled the Industrial Revolution and we can do the same again if we have the courage to move forward boldly and find the finance to assist the small men towards a new kind of revolution, a revolution of quality and industrial democracy.

(Applause)

President. — I call Mr Lemoine.

Mr Lemoine. — *(F)* I am pleased that we are holding this debate, which concerns millions of workers, craftsmen and businessmen. I am pleased, because craft industries and the SMUs have an essential place in the economies of the countries of the Community, and particularly in France where they constitute an important element in the national economy — more than half the national total of wage-earners are employed by 800 000 craft industries. It is in this sector that most of the low wages, long hours and instability of employment are found. As the present economic crisis worsens, the SMUs suffer increasingly severe consequences. In particular, there are countless bankruptcies whose growth, incidentally, is parallel to that of unemployment, which shows that the crisis strikes all workers whether they are self-employed or wage-earning.

The governments of the Community which claim to be the guardians of small undertakings — I am thinking particularly of the French Government — follow policies which have serious consequences for the SMUs. In this House I have frequently denounced the policies of austerity, of freezing and even reduction of purchasing power. The first outlet for the SMUs is mass consumption. The basic policy objectives of Community governments today are, in fact, aid to the redeployment of capital and to the making of larger profits, at the expense of national economies, the workers and especially the SMUs. Public funds are not like the giant companies which do not fear the laws of competition; indeed State money and the taxpayer's money are always there to mop up the investment losses of the giant industries. The SMUs cannot allow themselves what some would call bad management. The most modern undertakings are closing down nowadays in all the countries of the Community. Does anyone suggest that it is because they are unprofitable? In reality, they are dominated jointly by the State and the economic and financial overlords, and they are victims as much of past policies as of industrial redeployment. In short, they are

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bearing the full brunt of the crisis. These closures affect not only what some scornfully call 'lame ducks' — nowadays the most sophisticated machines are being broken up and the most modern factories closed. Entrepreneurial freedom is being threatened by the very people who advocate it, but who reserve it for the large monopolies. It is, on the contrary, by attacking economic and financial feudalism — as the joint programme of the French Left envisages — that the right conditions for the SMUs to flourish can be restored, particularly by freeing them, from the control of the banks through the nationalization of the banking and financial system, and the introduction of a new credit policy which would no longer operate selectively for the benefit of the largest concerns.

Another essential aspect of this new policy is the restimulation of mass consumption. In France in 1968 the increase in salaries led in the following months to a strong revival of economic activity, bringing with it a significant reduction in factory closures, and an increase in the profit margins of small and medium-sized businesses.

Equally necessary is the fight against inflation, for price increases are one of the means used today by the monopolies to seize for themselves the profits made by the SMUs.

These examples confirm, then, that a policy of economic and social progress for the workers also favours the SMUs. We are delighted that there is an increasingly noticeable convergence of interests between wage-earners and self-employed workers and new opportunities for them to work together for change. We do not hide the fact that we always take up the cudgels on behalf of the workers and wage-earners. But today it is not the workers who are attacking property, the fruit of labour and thrift, it is the large undertakings. And it is side by side with the working class that the SMUs can find the solution to their urgent problems and lasting guarantees for their future. Those who prefer words to action frequently stress the contribution made to the national economy by the SMUs and the small craftsmen. But let them judge the policies for what they are — the Federal Republic of Germany, whose large firms have strengthened their position during the crisis at the expense of their competitors, is also the Community country where bankruptcies are most numerous. Even at Community level, the choice was made to coordinate the policies of austerity and of redeployment of large amounts of capital; it is enough to point out that only 6% of European Investment Bank loans are allocated to the SMUs, and I see no hint of a change from the objectives pursued to date in those announced yesterday by Mr Jenkins.

The joint government programme of the French Left, if implemented as we want it to be, will lead in a

completely different direction, so as to acknowledge the true value of the part played by self-employed workers and directors of SMUs, in as much as it will create the right conditions for them to carry on their business. This direction is quite simply that of economic and social progress.

President. — I call Mr Davignon.

Mr Davignon, Member of the Commission. — (F) Mr President, I should like first of all to thank Parliament for the indulgence it has shown me. Because of the bad weather, I could not be here at the beginning of the sitting, but thanks to the notes which were taken I have all the points of the debate before me.

Mr President, I am somewhat discomfited by the fact that the remaining time is brief and that the comments I should like to make are many. I shall, however, respect the wish of Parliament to vote on the motion for a resolution today, and I think the best thing I can do is to make a brief statement and then to provide the members of Parliament with a more detailed document on the various objectives, to which I shall merely refer briefly.

I should like to proceed in this way because the Notenboom report, which is an excellent one, both in its content and in the method followed, was drawn up on the basis of a questionnaire submitted to all the organizations representing small and medium-sized undertakings. It therefore constitutes the best indication we could have of their concerns. All these considerations and suggestions ought to receive a reply from the Commission, so that everyone knows what work is going to be done.

The Commission, the rapporteur and most of the speakers have come to the same conclusion — that smallness is an essential sociological, political and economic factor. But that said, it has been pointed out that although we acknowledge the wealth of creativity, invention, imagination and enterprise possessed by the SMUs, in practice our economic system tends to work in favour of larger undertakings. This is a frequent paradox in European political activity. First we express a preference for something and then we set up machinery which produces results often very different from those desired.

In our view, then, there are three basic lines to follow. The first is to encourage the dovetailing of national and Community measures. This is something which appears essential when we look at the regulations which must be made and reflect on how to provide the necessary internal market for these small and medium-sized undertakings — a market which remains one of the basic justifications of the Community's existence. The second is the entire range of instruments designed to help small and medium-sized undertakings to succeed — that is the whole financial aspect, to which I shall come back in a moment. The

Davignon

third is the conviction that SMU policy must not merely be an appendage to other more specific policies, and that the concerns of the SMUs must be taken into account.

The first point then, is the notion of dovetailing, which relates to problems of information, statistics and measures to be taken to improve management. The first point then, is the notion of dovetailing which relates to problems of information, statistics and measures to be taken to improve management. It is not merely a question of thinking up some rather abstract concepts; one of our ideas is to put at the disposal of the SMUs teams of consultants who could advise them on all the opportunities available to them — that is something important. We should also try to make more effective use of the Berlin vocational training centre and to ensure continuous comparison of the policies followed by the various Member States and the Community for small and medium-sized undertakings. To this end we have set up groups of experts from the governments, the craft industries and the Commission to work out such solutions.

But, Mr President, to be effective we must also think about the financial problems. It is true that many things remain to be done in this field. It is true, as the European Investment Bank has acknowledged, that the global loans which it grants are more effective in creating employment than a number of specific sectoral loans.

How can we achieve this result, and for example try in discussions with the EIB to reserve at least two-thirds of a global loan for undertakings employing fewer than 500 people? This ought to be considered, and perhaps a lower limit of one-third should be fixed for undertakings employing fewer than 100 people. Solutions could also be found to the problems posed by different exchange rates. The United Kingdom is in the process of setting up a system of insurance at national level against exchange rate fluctuations. This does not therefore present insurmountable problems.

With regard to the operation of the Regional Fund and the Social Fund a certain number of things must be changed, since we fixed the criteria in circumstances different from those we have today. Here, too, there is a need for cooperation between the Member States, the Commission and the undertakings. In fact, as you know, it is very difficult for the Commission to use the Regional Fund and the Social Fund as an instrument of this policy, since we depend on the plans and requests submitted to us by governments. If we can obtain a guarantee that the governments will act in the agreed sense, we shall have solved the problem without basically questioning the way in which these Funds are organized. I do not think, Mr President, that when one can find a way to solve a

problem one should decide not to follow it simply because a major problem of principle has not yet been solved. I prefer efficiency to talk. Finally, Mr President, we shall have to consider the problem of risk capital and the components of fiscal policy.

On the problems relating to simplification of procedures, definition of an undertaking and ways of encouraging more direct participation, we shall put forward a number of ideas in the document which we shall distribute next week. At all events, several things must be stressed. We need a policy more specifically geared to explaining the possibilities of export promotion to the SMUs. Various possibilities exist at the market level, but the marketers do not know of them. We should join these groupings of small and medium-sized undertakings in such activities as participation in fairs and market research, and make advisers available to them. All these measures should be considered.

A word about the purely legal questions relating to company law. We would like to have a European cooperation grouping making it possible to strengthen cooperation among small and medium-sized undertakings on the question of European trademarks and all the other ways of providing undertakings of this type with useful instruments.

Finally, since State intervention is constantly increasing, it is essential that small and medium-sized undertakings should be assisted with public works contracts — as is done in the United States — whether it be at the subcontracting level or with respect to the awarding of public works contracts. It seems clear to me that a European regulation is required so that everyone is aware of the rules on which he can rely and the rights to which he is entitled. We intend to do what we can in this direction.

Innovation and technology are essential questions, and something can be done in this field. Just as we are improving the information available to the SMUs, we are seeking with another programme to provide indications of the state of the market. Undertakings of this size are not in a position to obtain such information for themselves. It must therefore be provided for them.

Those, Mr President, are the broad lines of our reactions to the suggestions in Mr Notenboom's report. As you see, we share his very keen awareness that although we may not have found the answer to all the questions, we have asked the right questions and determined correctly which instruments we could use to bring about real change in the situation of these undertakings and to make possible economic revival, better employment prospects and stability, which are all essential.

Davignon

Mr President, my statement would not be complete if I did not nonetheless express doubt on one point of the resolution. I am not sure, Mr President, that it is essential to create a special body for the SMUs. I am not convinced, not because I received a telegram this morning from a professional organization which would prefer all contacts to be organized in a particular way, but because I feel that we should not make the policy for small and medium-sized undertakings a mere appendage to other policies. For my part, I should like to integrate the policy for small and medium-sized undertakings into our overall activities.

I should like the needs of small and medium-sized undertakings to be taken into account before each important decision. That means permanent contact with representatives of these small and medium-sized undertakings. I am not sure — on the basis of my own experience — whether a consultative group which would advise on important decisions of principle is the best instrument. I express this doubt not because we disagree on the aims, but because in the light of my experience of the last year I am not sure that the method suggested is the most adaptable, flexible and effective. I do not think that one can integrate the SMUs into a policy by giving written opinions. That is why I prefer a direct dialogue. This is a tactical consideration which does not affect our views on the basic approach.

Similarly, Mr President, I am not sure that it is desirable to create additional categories within the Economic and Social Committee. It is preferable to give this institution responsibility for the problem as a whole rather than to try to create additional categories. While sympathizing with the amendment which has been submitted, I suspect that it may be designed to create the feeling that there is a special SMU problem, when the real problem is how to include them in our policy formulation. We do not intend to give them special treatment, we merely intend that where a difference exists their problems should be taken into account in our policy as a whole.

Mr President, this debate is timely, for it is essential that we should stop merely proclaiming in this period of crisis that the SMUs are essential, given the type of civilization and society which we desire. The time has come to take practical action on a number of problems which have been correctly identified. We think that the work done by Parliament in this field will enable us to establish our priorities. It is up to us to work out in the next six months what practical measures should be taken in national and European legislation to comply with Parliament's wishes. If the step in the right direction which we are going to take this afternoon is not followed by action, it will be merely one more appeal, and I fear, Mr President, that

if we do not carry out a more practical policy this appeal will be a cry in the wilderness, because a number of essential economic activities will have disappeared.

President. — I note that there are no more requests to speak. The vote on the motion for a resolution — together with the amendments which have been tabled — will take place this afternoon during voting time.

The debate is closed.

The proceedings will now be suspended until 3.00 p.m.

The House will rise.

(The sitting was suspended at 1.20 p.m. and resumed at 3.00 p.m.)

IN THE CHAIR : MR DESCHAMPS*Vice-President*

President. — The sitting is resumed.

6. Petitions

President.— I have received from Mr Laleure, Mr Feit, Mr Fuchs and Mr Leenaert a petition on the regularity of direct elections to the European Parliament.

This petition has been entered under No 22/77 in the 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.

7. Question Time

President. — The next item is the third part of Question Time (Doc. 542/77). We shall continue to examine the questions to the Commission.

I call Question No 9 by Mr Pintat, for whom Mr Meintz is deputizing :

Can the Commission give details of the terms on which the United States/Euratom nuclear agreement was renegotiated, in the light of the stricter guarantees regarding non-proliferation demanded by the US Congress ?

Mr Brunner, Member of the Commission. — (D) The United States has informed us that it is interested in holding talks on Euratom/US relations in the light of the non-proliferation legislation. The law on non-proliferation has now been passed by both houses of Congress, and President Carter is expected to sign it in the next few days. We are now considering our reply to the United States. There are two points which we consider to be of major importance : firstly, the

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situation as regards uranium supplies between the United States and Euratom should not be affected; secondly, the current talks on the fuel cycle should in no way be prejudiced by possible talks between the United States and Euratom.

Mr Dalyell. — Are the Americans satisfied with the level of Euratom security?

Mr Brunner. — (D) This question was not scheduled for discussion in these talks. Euratom's regional security system is acknowledged to be one of the most reliable in the world.

President. — I call question No 10 by Lord Bessborough, for whom Lord St. Oswald is deputizing:

Would the Commission make a statement on the effects of the proposed US Nuclear Non-Proliferation Bill on the Community's supplies of enriched uranium?

Mr Brunner, Member of the Commission. — (D) This question is related to the previous one. The problem of non-proliferation is known to be a central issue in America's uranium and nuclear policies. We have so far been in close contact with the United States in the international study on the fuel cycle and we shall be concluding this joint study within the next two years. We hope that it will provide new technology enabling us to control the non-proliferation problem more effectively. We have no reason to suppose that the non-proliferation policy could lead to friction with the European Community and Euratom.

Mr Normanton. — Would the Commissioner like to say whether the so-called foreign policy considerations of the Community are proving compatible with the interests of the Community, as regards energy? Would it not be true to say that, in this regard, we are pursuing divergent and conflicting policies, particularly as far as the sources of uranium are concerned, and that we are ignoring—the dangers which will certainly arise when and if we come to an international conflict where we will not have access to uranium from South Africa in particular?

Mr Brunner. — (D) The European Community is endeavouring to secure regular supplies of uranium by concluding treaties with supplier countries. We have no grounds to suppose that such arrangements will prove troublesome. There are also growing opportunities for diversifying supply sources. Furthermore, new discoveries have recently been made, for example in Greenland. We shall try to establish contact with Australia and secure additional sources by contract. The fears expressed by the honourable Member are unfounded.

Lord St. Oswald. — Mr Brunner seems confident of and dependent upon cooperation with the United States. But in view of the serious constraints lately

posed by a second Community supplier on nuclear material usage, will the Commission examine the possibilities for an accelerated Community programme and special Community financial support, in order to bring EURODIF and URENCO enrichment facilities into production at an earlier date? These two organizations both have Community Member States as partners, and one is on Community soil.

Mr Brunner. — (D) Good progress has been made with both the gaseous diffusion and ultracentrifuge uranium enrichment processes. The Almelo works has recently stepped up its production. We do not anticipate any problems as regards normal enrichment. We have also succeeded in settling our relations with Canada, and supplies from that country have resumed. The Community's dependence is largely in highly-enriched uranium, 90 % of which it imports from the United States. It is therefore very important to maintain a sound relationship with the United States, and we are continuing our efforts to maintain such a relationship.

Mr Dalyell. — On the subject of new supplies, what is the state of negotiations with Turkey on Black Sea uranium?

Mr Brunner. — (D) Turkey's discoveries were made at sea. The technology for exploiting such discoveries is not yet sufficiently advanced for their economic effect to be felt in the immediate future. However, we have established contact with Turkey in order to improve this technology and, if possible, to exploit the reserves.

President. — At the author's request, Question No 11 by Sir Geoffrey de Freitas is postponed to the May part-session.

I call Question No 12 by Mr Osborn:

Does the current state of work on the Joint European Torus satisfy the Commission that it is being put in hand with firmness of purpose?

Mr Brunner, Member of the Commission. — (D) The preliminary work for JET is well underway, and the JET Council has held a meeting to make the necessary preparations. The project leader has been nominated, and in April we shall be able to complete the relevant Statutes. The Council of Ministers will then take a decision on these, after which it will be possible to continue the project without delay.

Mr Osborn. — I thank the Commissioner for this reply, but would the Commission publish a timetable for the construction of JET and indicate the date when experimental work will commence, so that we can have a clear schedule of what is planned and can determine whether the work is carried out according to the wishes of the Council?

Mr Brunner. — (D) This is possible. I expect we shall be able to start the practical work in July.

Mr Noè. — (I) I should like to ask Mr Brunner whether, now that so much time has been wasted in selecting a site, the precise duties of the project leader have been established, that is, the precise responsibilities of the personnel responsible for carrying out the JET project. Is there any truth in the rumour that a project leader has been nominated but that his duties have not yet been specified?

Mr Brunner. — (D) I repeat, the scientific personnel responsible for carrying out the project have been selected, and the project leader has been nominated. We have also nominated the entire administrative personnel and the technical director. This has taken some time, but most of the time is being taken up in completing the Statutes for the project. However, the Council Decision made provision from the outset for a period of several months for this. There has been no delay in this matter, and the project is running to schedule.

Mr Normanton. — During the course of the announcement about the outcome of negotiations on the location of JET, I seem to recall there was a reference to agreement on a programme for JET I. Is this correct and if so, when is the programme for JET II and the negotiations to be associated with it, to be announced?

Mr Brunner. — (D) JET I is the entire project. In three years at the earliest we shall be able to review the work accomplished and examine whether steps can be taken to prepare for any JET II. In the meantime we shall have to gain practical experience and see what progress we make with JET I.

Mr Dewulf. — (NL) May I ask the Commissioner whether he is also considering the possibility of carrying out tests with laser beams?

Mr Brunner. — (D) In studying the JET project, we also considered alternative techniques, including laser fusion. For financial reasons, however, we do not think it possible to investigate both simultaneously. We must first carry on with the JET project and see whether we make progress with it. However, an active exchange of experience is being conducted with the United States on laser technology in the field of fusion research. We shall be able to decide on the basis of this exchange whether this other process is also practicable.

President. — Since the author is absent, Question No 13 by Mr Blumenfeld will receive a written reply.¹

Question No 14 by Mr Cousté has, at the author's request, been postponed until the next part-session.

I call Question No 15 by Mr Brown:

Having regard to the reply given to my supplementary question, in reply to question (H-308/77) of Mr Cousté,¹ will the Commission now inform Parliament what action has been taken to assist button manufacturers in the Member States, particularly those in the United Kingdom, who are subjected to unfair competition by imports from countries outside the Community?

Mr Davignon, Member of the Commission. — (F) Mr President, we have already pointed out that we have been endeavouring to carry out a precise analysis of the situation in the Community button industry. This situation varies from country to country, and at present the trade balance with third countries for certain types of buttons appears to be negative, while for others it is positive. We are thus currently engaged in talks with the industry to see what can be done for the industry as a whole, but I am afraid that we haven't got everything 'sewn up' yet, and so we have no really clear ideas on how best to tackle the problem.

Mr Brown. — I am grateful to the Commissioner for that response and, as he will know, the European Button Industry Federation have made a submission to the Commission. Whilst he says that he has not completed discussions with that organization, representing all the button manufacturers in Europe, I think the story they tell is a very real one that needs to be considered urgently. Since they are so closely associated with the clothing industry to which we have already given assistance, will the Commissioner assure me this afternoon that there will not be an inordinately long delay in taking a decision on what help can be given to a very small but very important industry?

Mr Davignon. — (F) I will gladly give Mr Brown the assurance he asks for.

We have analysed the situation but, bearing in mind that the industry's difficulties vary from one branch or section to another, we are trying to work out with the button industry a solution which will benefit everyone, and this is bound to take time. An additional meeting is scheduled for later this month, and I hope that we are able to put forward suggestions which are helpful to those concerned both inside and outside the industry.

President. — Question No 16 by Sir Derek Walker-Smith has, at the author's request, been postponed until the next part-session.

¹ See Annex.

¹ Question Time of 17. 1. 1978.

President

I call Question No 17 by Mr Nolan :

Will the Commission state the present situation in the organization of the market in potatoes with particular reference to the situation in the United Kingdom ?

Mr Gundelach, Vice-President of the Commission. — In 1976 the Commission submitted to the Council, and via the Council to the Parliament, a proposal for the common organization of the market for potatoes. This proposal is still being discussed in the Council. It has, as you will see, taken some time but I am happy to report today that we are nonetheless at the last session. Early this week the Council started making some considerable progress.

As long as there is no commonly agreed market organization for potatoes, it follows from the judgment of the Court of Justice — which was not about potatoes or about sheepmeat but about bananas — that the legal situation is that, as long as the common organization is not adopted, national market organizations can be continued, including the market organization which exists in the United Kingdom, provided that such a market organization is not operated in a fashion to constitute any impediment to the free circulation of goods inside the Communities as of 1 January 1978. Unfortunately the British market organization does involve such impediment of imports of potatoes from other Member States. Therefore the Commission, as a result of this judgment, started infringement procedures on 2 February 1978 against the British ban on imports of incoming crop potatoes. It is only that aspect of the British market organization which is illegal. The other aspects are legal until the common organization has been adopted.

Mr Edwards. — Would the Commissioner inform us of the state of negotiations on imports of potatoes from the island of Cyprus? This was a traditional export to Britain, and Cyprus is in very dire need. Half of her population are exiles in their own country; they need our help desperately. Surely, the Commission can persuade our Italian and French friends to give a little away so that we can help this very deserving country in the Mediterranean area?

Mr Gundelach. — The honourable Member has raised this question in such a way that it clearly indicates that he knows the state of affairs in the Council concerning Cyprus. The Commission has proposed a negotiating mandate which would safeguard a reasonable degree of imports of potatoes from Cyprus to the Community. Potatoes are an important crop, and in Cyprus they are an important traditional item for export to the Community. A majority has been obtained in the Council, but there are still difficulties with two Member States, to which reference has been

made. And these difficulties go back to the discussions concerning the market organization of potatoes, to which I have just referred. The two Member States want certain amendments to these market organizations before they give their assent to Cyprus on imports of potatoes. At present, we are carrying on active negotiations with the Council to overcome these difficulties and thereby secure, on the one hand, facilities for Cyprus exports to the Community, on the other a final settlement of a reasonable Community internal market organization, taking into account its general import policy. Following the debate in the Council a few days ago, I have reasonable hopes that we will untie this knot in the foreseeable future.

Mr L'Estrange. — As Mr Gundelach has told us, the Commission is taking action against the British Government for a breach of the Treaty. But I would like to ask him what progress has been made within the last month. Because as he knows, potatoes will not keep for longer than, say, another six to eight months. Is he also aware of the fact that there is a glut of potatoes in Ireland, and that Irish producers are suffering great hardship because they cannot sell them due to the illegal British embargo? Is there any possibility of getting the United Kingdom government to play the game and abide by the rules, whether it suits them or not?

(Cries of: Hear! Hear!)

Mr Gundelach. — As I stated in my first statement, we must keep two things separate. The adoption of a common market organization is not a prerequisite for re-establishing free trade inside the Community. Irish producers or Dutch producers are entitled to sell their potatoes to the United Kingdom. There is a ban in the United Kingdom, and in the Commission's view this ban is not legal. We therefore started infringement procedures on 2 February of this year. That is the first point and it will follow its own course. The other point is a question of agreement on the common market organization for potatoes. It is important to find a solution that will safeguard the Community producers, while securing imports from Cyprus. I have already reported to the House that we have made progress on this over the last two weeks. There are only two outstanding issues, of no great importance as far as the internal side is concerned. Then there is the question of Cyprus and the conditions which the Italian government in particular is asking for of a limited penetration premium for their early potatoes. Whether that is a price worth paying for opening up our market somewhat to the Cyprus potatoes, is a political judgment. As far as I am concerned, although I cannot yet speak for my institution, it might be a price worth paying to settle this matter once and for all. I would just like to indicate that we are not too far away from a solution.

Mr McDonald — Mr President, I should briefly like to ask the Commissioner if he could be more precise as to the time schedule for bringing into force a common organization of the potato market. Bearing in mind that potatoes still represent a very high percentage of the basic food of a considerable percentage of our population I think it extraordinary that in 1978 they should be regulated according to fluctuations in supply and demand. Last year the prices were very high because of a scare situation, and this year it is just not possible to dispose of them. This even breeds crop diseases. We are in a very difficult situation.

Mr Gundelach. — It was the firm hope of the Commission that this matter could have been settled by the Council before the end of 1977. Thus, we could have begun 1978 with a common market organization and thereby avoided the difficulties with Cyprus, and the legal difficulties with the United Kingdom. Now, in order to settle both these issues and to provide reasonable security for the producers, the Commission must insist that the Council settle this matter before the start of the harvesting year for potatoes in most of the Community later in the spring.

Mr Nolan. — Since I indicated my intention of asking a supplementary question, Mr Gundelach has covered the question I was going to ask in his reply to Mr McDonald and Mr L'Estrange. But, in view of his reply to my original question, I would ask if the sheepmeat agreement between Ireland and Britain, or a potato agreement between Ireland and Britain, for instance, would be considered legal in the context of the Treaty of Rome?

Mr Gundelach. — No, such agreements are not really appropriate within the Treaty, but I must draw your attention in the case of sheepmeat — which has certain elements analogous to the potato affair — to what the French government has done. In effect, it has abandoned the levy on imports of sheepmeat from Ireland. That is the substance of the so-called agreement. The agreement is not a Community measure, but the substance thereof is in conformity with Community law since, as a result of the Charmasson judgment, after 1 January it is illegal to impose obstacles to inter-Community trade. It would be illegal for the French authorities to impose levies on imports of sheepmeat from other Community countries, including Ireland. So the substance of the agreement is not in contradiction to Community law. The difficulties we have in regard to sheepmeat is that similar facilities have not been extended to other Community countries, in particular the United Kingdom. As I have previously said to this House, it may be of small material importance, but from the point of view of

principle there should be no levies in France on imports of sheep or lamb from the United Kingdom.

Mr Dalyell. — Is the Commissioner aware that many of my colleagues are concerned about the level of imports into the United Kingdom from Ireland? Does he realize that it is becoming a bit much for us to take these constant complaints from the Irish about the United Kingdom, be it in this field or in the field of temporary employment subsidies? Let the Irish members realize that there is game called tit-for-tat, and we will start playing it.

Mr Gundelach. — It would appear to me that the honourable Member has not asked a question of me, but made a comment to other Members of the House. So I would only react by saying that free trade inside the Community, including trade in agricultural products, is a main principle of the Treaty and cannot be infringed. There may be problems to be resolved in accordance with specific articles of the Treaty concerning agriculture, and they must be solved in the form of a proper commodity arrangement, proper marketing arrangement. We have proposed such an arrangement to the Council. I have expressed my regret that the Council has not come to an agreement, but I have also reported that, owing to certain amendments we have been able to make, we have nevertheless made progress. This marketing arrangement will take care of certain surplus situations. It will also take care of the problem of imports into the United Kingdom of Cyprus potatoes. I cannot help making the remark that when the importance of being able to import not negligible quantities of potatoes from Cyprus is being underlined from the British side, it seems rather strange to hear at the same time about the grave risk and dangers of an excess supply to the British market if it is also open to Community countries.

Sir Derek Walker-Smith. — Reverting to the original question and the Commissioner's answer thereto, is it not apparent that the Commission has instituted proceedings to test the legality of the action of the United Kingdom, and does it not necessarily follow that this matter is *sub judice*? Does it not follow from that, that it is wholly inappropriate, inaccurate and incorrect of any honourable Member to seek to abuse the parliamentary privilege of this place, to seek to pre-empt the judgment of the Court in this matter?

Mr Gundelach. — The honourable Member is quite correct, because, as I stated, the Commission started an infringement procedure on 2 February 1978. From there on it has become a legal matter. That is why I said, in an earlier intervention: leave that on one side until we have heard the result of these procedures. I then turned to the substantive matters concerning the agreement on a market organization for potatoes,

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which is very urgent, especially in view of the Cyprus question to which attention has been rightly drawn.

Mr Power. — Mr President, since it is unlikely, in view of the Commissioner's answer, that a solution will be found to the potato problem in respect of potatoes that are already for sale this year, and that these will be dumped before the new season begins, since he has found it necessary to make three references to Cyprus in his answer, has indicated that he is prepared to offer special facilities to Cyprus and has listened to a plea from an honourable Member from Great Britain because half the population of Cyprus are exiles in their own country, does he not think that he might also offer special facilities to Ireland, where 40 % of the people find themselves depressed and even suppressed in a certain part of the country?

Mr Gundelach. — I do not think there is any question of offering special facilities to any particular part of the Community as regards potatoes, because the Community is offering safeguards of a communal nature, in the form of a Community potato market organization. The honourable Member was reading me wrongly when he said that I did not expect this market organization to come into force until after the crop of this year had come to the market. I said it was being speeded up because it had to be available before the bulk of the crop came on to the market this year. My reference to Cyprus was a reference to the political and moral commitment of the Community towards Cyprus. However difficult our internal affairs may be, we cannot disregard our moral and political commitments to other countries, whoever they may be.

President. — I call Question No 18 by Mr Hamilton, for whom Mr Brown is deputizing:

Has the Commission studied the Report from the British House of Lords Select Committee on the European Communities, entitled *Research and Development in the EEC*, published on 18 January 1978? Does it accept the criticism contained in the Report, and if so, what action does it intend to take?

Mr Brunner, Member of the Commission. — (D) It would be asking too much of the Commission to expect it to state that it agrees with the report by the House of Lords Select Committee. Parliament has examined and approved the Commission report on guidelines for the research policy. The criticisms of the House of Lords Select Committee centre around the following points.

Firstly, it is argued that the Commission's research policy is not sufficiently selective. This is not true: 60 % of the Community's research projects are planned and conducted in the field of energy. The projects are therefore heavily concentrated in one field. We have also cut the number of current research projects at the Joint Research Centre from 22 to 10.

The second criticism is that it would be better for the Commission to concentrate exclusively or primarily on coordinating national research policies. This would be impossible without our own research effort. If we ourselves cannot compile research findings, we shall have no results to show and will not be called upon by the Member States to coordinate their work. Our entire experience bears this out.

The third criticism concerns the setting up of a forecasting centre under the Community's research policy. This project is entitled FAST and relates to reviews and forecasts on technology. We have budgeted very limited resources for this, although we regard the project as necessary.

The final criticism is directed against the innovation policy. It may be possible for us to work out a joint formula on this. We too believe that the Community research policy should be geared more towards innovation in industry than in the past.

Mr Brown. — Could I draw the Commissioner's attention to paragraph 98 of that report, where it is stressed that the Commission can never attempt more than to draft vague criteria and guidelines? They go on to support that by pointing out that it would be better if the Commission could find out from the Council what things they would be prepared to approve, before they set out on the guidelines. And that is underwritten, if I may suggest to the Commissioner, by my question earlier in the week on demonstration projects. The Commission had those demonstration projects all ready to go out to contract, I was assured at our committee meeting, and yet the Council still have not given approval. Surely, therefore, the House of Lords were right in their criticisms, even in that particular issue we discussed this week.

Mr Brunner. — (D) Mr President, this criticism is directed more towards the Council than the Commission. The Commission has set up a committee for the Member States which is known as the Scientific and Technical Committee and which includes leading advisers in science and research. Projects are discussed in advance by this Committee. No proposals are submitted to the Council until the Committee assesses the likelihood of their being accepted. They are thus well prepared, although political considerations subsequently play a part. There is no automatic guarantee that a Commission proposal will be accepted. The Council is not a slot-machine which takes your money at one end and produces the goods at the other.

President. — I call Question No 19 by Lady Fisher of Rednal:

How far may it be said that women in the Community have been unequally treated in the arrangements for appointment to the Dublin Foundation for Improvement of Living and Working Conditions?

Mr Brunner, Member of the Commission. — (D) Staff have always been appointed by the Director of the Foundation in agreement with Directorate-General IX of the Commission. The Director has told us that there has been no discrimination of any kind. In fact, 19 women and 16 men have been appointed. Current Community law has in no way been violated by the Council Decision of 26 May 1975 or by that of July 1976.

Lady Fisher of Rednal. — I would point out that I was referring particularly to the appointment of people to the Foundation itself, i.e., the people who have been appointed by the member governments, by the trade union movement and by industry and commerce. Of the 60 persons appointed, including the members and their alternatives, three are women. Would not the Commission agree that the abilities and the aptitudes of women in the trade union movements, in the government and in commerce, were overlooked by Member States when they made their appointments to the administrative boards and all the other boards? Could not the Commission itself have set an example by including at least one woman amongst its own six directly-appointed members of the Foundation?

Mr Brunner. — (D) The appointments were made by the Director after consulting the administrative board. The administrative board has always told the Commission that, as an independent body, it has acted with complete impartiality. The Commission itself is not directly responsible for the appointments and must therefore assume that the lists of candidates submitted to it are in order. It cannot influence the judgment of the administrative board.

Mrs Squarcialupi. — (I) In connection with women in employment, I should like to ask the Commissioner who is to replace Miss Jacqueline Monod, whom the French Government has appointed Secretary of State for women's interests and who was formerly responsible for the Women's Bureau and therefore for a problem which is of great social importance at present.

Mr Brunner. — (D) No decision has so far been reached on this matter. There are still several candidates being considered for the post, and you will appreciate that I am not able to comment on this.

Mr Broeks. — (NL) In view of the events would it not have been simpler for Mr Brunner to admit that women have in fact been discriminated against? Even if the Commission is not responsible for this, I think it could still have an opinion to express.

Mr Brunner. — (D) I think this assumption is unjustified. There has been no violation of Community law. It cannot be automatically assumed from the ratio of 16 women to 13 men that there has been any discrimination. The Commission would not be justified in adopting such a simplistic attitude.

President. — Since their authors are absent, Question No 20 by Mr Corrie, Question No 21 by Mr Schmidt and Question No 22 by Mrs Ewing will receive written replies.¹

Question No 23 by Mr Howell has, at its author's request, been postponed until the next part-session.

Question No 24 by Mr Jensen will not be called, but its author has been allowed to speak immediately after the rapporteurs during the joint discussion of the reports on this matter.

Since its author is absent, Question No 25 by Mr van Aerssen will receive a written reply.¹

I call Mrs Kellett-Bowman on a point of order.

Mrs Kellett-Bowman. — Mr President, I was under the impression we were to vote at a quarter to four on the small businesses. Am I mistaken in this?

President. — We are coming to that, Mrs Kellett-Bowman.

I call Question No 26 by Mr Edwards:

Does the Commission, in applying its competition policy, take into consideration that the distortion of competition by multinational corporations is much greater than that caused by, for example, the differential pricing of whisky or the delivery of milk to households, and will it concentrate more of its attention on controlling the distortion of competition in the Community by multinational corporations?

Mr Davignon, Member of the Commission. — (F) Mr President, as we all know, the Commission is required to see to it that the rules on competition in the Community are applied to everyone — including companies whose head offices are outside the Community — consistently and without discrimination. One third of the 130 decisions taken by the Commission under Articles 85 and 86 of the Treaty concern multinational companies, and several of them provide for fines against these companies.

Furthermore, the honourable Member knows that agreements enabling companies to maintain selling prices which differ appreciably depending on the target market within the Community are prohibited by Article 85, paragraph 1, and that the exemption provided for by Article 85, paragraph 3, cannot be applied to them. Such agreements do not in fact contribute towards improving distribution and are contrary to the interests of consumers.

¹ See Annex.

Davignon

Finally, Mr President, I should like to refer to a point which Mr Vouel made to the House on Tuesday: the Distillers company, because of its subsidiaries producing and selling whisky, gin and brandy outside the United Kingdom, is also to be regarded as a multinational company and is subject to the provisions I referred to just now.

Mr Dewulf. — (F) Could the Commissioner tell us whether the Commission intends to communicate with the Council and Parliament in connection with the application of the OECD code of conduct?

Mr Edwards. — I am sure the Commissioner will agree that this exercise was a very trivial one compared with some of the massive violations of competition by a half-a-dozen multinational companies. All he has achieved is the stabilization of the price of whisky in Europe, and the increase in the price of whisky in Britain. Surely transfer prices, and all the other restrictions on competition are much more important than whisky. As for Distillers being a multinational, he might have enquired into their exclusive monopoly of tranquillizers, and their exclusive monopoly of some vital chemicals, which is also a violation of competition. These areas, to me, are much more important than the trivial one of whisky.

Mr Davignon. — (F) I think I have replied clearly to Mr Edwards' question: the Commission's policy is to tackle problems as they arise, irrespective of their importance. We are therefore concerned with all problems.

As far as Mr Dewulf's question is concerned, the Commission is helping not only the OECD but also the United Nations and UNCTAD to find the most suitable means of improving cooperation and the international control of multinationals. We could give further details on request, either in committee or during a sitting.

President. — The third part of Question Time is closed.

I would remind the House that questions which could not be dealt with will receive a written reply,¹ unless their authors have withdrawn them or have asked for them to be postponed until a later part-session.

8. Votes

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

We shall begin with the motion for a resolution contained in the *Klinker report (Doc. 466/77): Fisheries*.

I put the preamble to the vote.

The preamble is adopted.

On paragraph 1, I have Amendment No 1 tabled by Mr Kofoed on behalf of the Liberal and Democratic Group:

This paragraph to read as follows:

1. Instructs an *ad hoc* committee under the aegis of its President to organize, before 1 January 1979, a competition to design a Community emblem in the spirit of point 16 of the final communiqué issued following the Conference of Heads of State or Government in The Hague on 1 and 2 December 1969;

I put the amendment to the vote.

Amendment No 1 is adopted.

I put paragraphs 2 to 12 to the vote.

Paragraphs 2 to 12 are adopted.

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

The resolution is adopted.¹

We shall now consider the motion for a resolution contained in the *Corrie report (Doc. 543/77): Fisheries*.

I put the preamble and paragraphs 1 to 3 to the vote.

The preamble and paragraphs 1 to 3 are adopted.

On paragraph 4, I have Amendment No 2 tabled by Mr Nyborg and proposing the deletion of this paragraph.

I call Lord St. Oswald.

Lord St. Oswald, deputy rapporteur. — Mr President, I am taking Mr Corrie's place for the purposes of these two amendments.

Mr Corrie, the rapporteur, is opposed to this amendment. He and we believe that this paragraph as it stands is valuable in that it will improve the control over conservation measures and will at the same time stimulate scientific facilities and research.

President. — I put the amendment to the vote.

Amendment No 2 is rejected.

I put paragraph 4 to the vote.

Paragraph 4 is adopted.

I put paragraphs 5 to 12 to the vote.

Paragraphs 5 to 12 are adopted.

After paragraph 12, I have Amendment No 1 tabled by Mr Jensen:

After paragraph 12 insert a new paragraph to read as follows:

¹ See Annex.

¹ OJ C 63 of 13. 3. 1978.

President

'12a. Deplores the fact that the attempt to create a common fisheries policy has unfortunately been unsuccessful and stresses the need for serious negotiations between the Member States to be initiated at Council level with a view to ensuring the livelihood of those employed in the industries concerned.'

I call Lord St. Oswald.

Lord St. Oswald, deputy rapporteur. — The rapporteur is able to accept this amendment.

President. — I put the amendment to the vote.

Amendment No 1 is adopted.

I put paragraph 13 to the vote.

Paragraph 13 is adopted.

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

The resolution is adopted.¹

I put to the vote the *motion for a resolution by Mr Houdet (Doc. 541/77): Right of the European Parliament to be consulted.*

The resolution is adopted.¹

I put to the vote the *motion for a resolution contained in Patijn report (Doc. 537/77): Date of direct elections to the European Parliament.*

The resolution is adopted.¹

We shall now consider the *Patijn report (Doc. 512/77): Single designation for the Community.*

I put the preamble and paragraph 1 to the vote.

The preamble and paragraph 1 are adopted.

On paragraph 2, I have Amendment No 1 tabled by Mr Jahn and proposing the deletion of this paragraph.

What is Lord Brimelow's position?

Lord Brimelow, deputy rapporteur. — Mr President, the rapporteur is against this Amendment.

President. — I put the amendment to the vote.

Amendment No 1 is rejected.

I put paragraph 2 to the vote.

Paragraph 2 is adopted.

I put paragraphs 3 to 5 to the vote.

Paragraphs 3 to 5 are adopted.

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

The resolution is adopted.¹

I put to the vote the *motion for a resolution tabled by Mr Dewulf, Mr Spénale, Lord Reay, Mr Sandri and Miss Flesch (Doc. 550/77): North-South Dialogue.*

We shall now consider the *Notenboom report (Doc. 518/77): Small and medium-sized undertakings.*

I put the preamble and paragraphs 1 to 6 to the vote.

The preamble and paragraphs 1 to 6 are adopted.

After paragraph 6, I have Amendment No 2 tabled by Mr Normanton on behalf of the European Conservative Group:

After paragraph 6, add the following new paragraph:

'6a. Urges the Council (and the Commission when it is consulted under Article 195 of the EEC Treaty) to ensure that on the renewal in 1978 of the membership of the Economic and Social Committee there is adequate representation of SMUs on the Committee.'

What is Mr Notenboom's position?

Mr Notenboom, rapporteur. — (NL) Mr President, the Committee on Economic and Monetary Affairs did not discuss this amendment. I must therefore leave the decision to the Members.

President. — I put the amendment to the vote.

Amendment No 2 is adopted.

I put paragraphs 7 to 17 to the vote.

Paragraphs 7 to 17 are adopted.

On paragraph 18, I have Amendment No 1 tabled by Mr Damseaux:

Add the following to this paragraph:

'18. ... what proportion of global loans actually go to independent SMUs and how the latter are defined for this purpose.'

What is Mr Notenboom's position?

Mr Notenboom, rapporteur. — (NL) Mr President, the tenor of this amendment is definitely in line with the opinion of the majority, perhaps even of all the members of our committee. I would also be able to support this amendment if it were not for the fact that some slight confusion could arise from the passage which Mr Damseaux has added. If Mr Damseaux were prepared to delete the word 'independent', there would be no confusion.

¹ OJ C 63 of 13. 3. 1978.

¹ OJ C 63 of 13. 3. 1978.

Notenboom

The same expression 'small and medium-sized undertakings' is used dozens of times in the report and the resolution. The amendment would alter this set wording, and this would lead to confusion. Is Mr Damseaux prepared to delete this word 'independent'? The amendment would then definitely be in line with the opinion of the majority and, it seems to me, quite acceptable.

President. — Mr Damseaux, do you accept the rapporteur's proposal?

Mr Damseaux. — (F) Yes, Mr President.

President. — I put the amendment thus modified to the vote.

Amendment No 1 thus modified is adopted.

I put paragraph 18 thus modified to the vote.

Paragraph 18 thus modified is adopted.

I put paragraphs 19 to 31 to the vote.

Paragraphs 19 to 31 are adopted.

After paragraph 31, I have Amendment No 3 tabled by Mr Normanton on behalf of the European Conservative Group:

After paragraph 31, add the following new paragraph:

'31a. Asks that in considering proposals for the harmonization of company law full account is taken of the particular situation of SMUs.'

What is Mr Notenboom's position?

Mr Notenboom, rapporteur. — (NL) Mr President, this amendment is fully in keeping with the spirit and letter of the explanatory statement. We simply omitted to include it in one of the paragraphs of the resolution. It is therefore a welcome addition to the resolution, and I am in favour of it.

President. — I put the amendment to the vote.

Amendment No 3 is adopted.

I put paragraph 32 to the vote.

Paragraph 32 is adopted.

I put the motion for a resolution as a whole to the vote. The resolution is adopted.¹

9. Communication on the fast breeder option

President. — The next item is the report (Doc. 519/77) drawn up by Mr Noè on behalf of the Committee on Energy and Research on the

communication from the Commission of the European Communities to the Council on the fast-breeder option in the Community context — justification, achievements, problems and action perspectives.

I call Mr Noè.

Mr Noè, rapporteur. — (I) Mr President, Mr Brunner, ladies and gentlemen, it is not easy to present the report on the communication from the Commission to the Council on fast-breeder reactors in only 15 to 20 minutes. It is difficult for two reasons. First of all, the subject is extremely wide-ranging because the admirably prepared Commission document rightly considers the problem of fast breeder reactors in the context of energy policy as a whole; and secondly, the subject has significant political implications deriving from a precise appreciation of the technical characteristics of this type of reactor, which incidentally is the only one capable of providing a broad and decisive solution to the energy problems facing us. My presentation will therefore be highly technical, and not ideally suited to a political forum.

I should like first of all to clarify a term which recurs frequently in the document. Why are these reactors described as fast? Not because the generators or alternators which produce the energy turn at a faster speed, but only because in the process of nuclear fission the neutrons bombard the nuclei of the fuel without a moderating liquid or substance. Since there is no moderator, the bombardment is more rapid.

Having clarified this term, I shall follow the example of the Commission document in considering the subject in the context of the manifold aspects of the energy problem. Future energy policy is usually divided into three periods. Firstly, there is a brief period of concern about secure supplies of fossil fuels, growing interest in alternative sources of energy, and research into a solution to the energy / environment problem. In the much more distant future — around 2010 — there will be a period in which mankind will have at its disposal inexhaustible sources of energy of the type we are discussing, energy from nuclear fusion which may become available in the interim, and solar energy. Between these two well-defined periods there will be a transitional period — which will vary in length and difficulty from country to country — during which fast-breeder reactors will be able to play a leading role.

The importance of these fast-breeder reactors is essentially technical. In the nuclear process some fuel nuclei are fissile, i.e. they can give rise to the pheno-

¹ OJ C 63 of 13. 3. 1978.

Noè

menon of fission, while others are fertile, i.e. they cannot themselves be split but can become fissile as a result of certain nuclear reactions; therefore, in the fertilization process it is essential to discover whether, in a given space of time, the quantity of nuclei which are fertile and become fissile is greater or less than the quantity of fissile nuclei which are used up, because if the former quantity is greater the energy-producing capacity of the fuel increases, whereas if it is less the capacity decreases. The ratio between these two quantities is called the conversion ratio; in present reactors this conversion ratio is less than 1, i.e. the fuel is used up; if, however, the conversion ratio is greater than 1, the efficiency is of a completely different order.

This means that in theory 100 % of the fuel could be utilized, but one must bear in mind that some reactions do not take place and that some of the irradiated fuel is lost in reprocessing, so that in the case of fast-breeder reactors efficiency is of the order of 70 %. However, in present reactors efficiency is only 1 % when the fuel is reprocessed, and 0.6 % when the fuel is not reprocessed, as for example according to the 'Carter plan'. The difference is thus close to 70 %, although we decided in committee to state in the motion for a resolution that the new process is about 60 times more efficient than the present one, because the point of reference is not fixed and we do not know whether any country will reprocess the fuel or not in the future. However, the main point is this: by switching from the present reactors to fast-breeder reactors, fuel consumption could be reduced to one-sixtieth of its present level.

Let us now examine the implications of this. Since it is estimated that the quantity of uranium in the earth's crust which can be exploited economically will be enough to supply for many years — let us say fifty years to make a round figure — the light water reactors which will be installed in the same period, if we multiply this figure of 50 years by 60, we have 3 000 years. This can be regarded as an indefinite period, not because 3 000 years is itself an indefinite period, but because to go on building these new reactors — if they do continue to be built — the additional quantity of uranium required will be so small that it could be extracted even at higher cost. Thus by using this type of reactor we could practically go on producing energy for an indefinite period of time.

Enriched uranium is the fuel generally used for light water reactors; bearing in mind that only one kilogram of enriched uranium can be extracted from six kilograms of natural uranium as it comes from the mine, there will always be five kilograms which pile up unused. I am told that uranium of this kind could be used to make high-penetration projectiles, but I assume that no-one in this House is interested in uses of that kind. However, these stockpiles of depleted uranium produced by enrichment plants can be used as fuel for fast-breeder reactors, because the small

quantity of uranium which is added to plutonium to form the fuel of fast breeder reactors can be obtained from these stockpiles.

I was amazed that the President of the Commission, in his speech on energy to the House on Tuesday, should not even have mentioned fast-breeder reactors. I was amazed because, although I realize that in general we have to take many small steps in different directions, because we cannot do otherwise, I think that this important step should be taken on account of the ratio of 60 to 1 which I mentioned earlier.

In view of the brief time at my disposal, I cannot talk about the many processes required for perfecting this kind of reactor and making it commercially viable. I shall therefore confine myself to a few aspects and ask my colleagues to forgive me if I cannot deal with them all.

First and foremost, the fuel consists of plutonium to which a small amount of uranium is added. The plutonium is extracted from irradiated fuel from the types of reactor currently operating. It should therefore be understood that the aim of unlimited energy can be attained only if two conditions are met. Firstly, there must be enough light water power stations to provide quantities of irradiated fuel which, after reprocessing, will produce enough plutonium to start a programme of fast-breeder reactors. Secondly, there must be fuel reprocessing plants.

Of course, problems of safety and environmental protection immediately crop up. Let us look at the safety problems. Since, as I have already said, these reactors have no moderator, they have a very small core which must be cooled with liquid sodium. Liquid sodium has two disadvantages: the first is that it can be irradiated, for if it comes into contact with radioactive elements it emits gamma rays itself for a week; although a week is not a long time, it is necessary to make two circuits.

Thus we have the core of the reactor, one liquid sodium cooling circuit for the core itself and the second circuit — also using liquid sodium — which transfers the heat from the first circuit to the water. This double circuit avoids direct contact between the radioactive material of the core and the sodium itself, which could spread radiation.

The second disadvantage is the risk of explosion or fire if the sodium should come into contact with water or air. This means that the pressure of the sodium circuit must be low and the pressure of the water surrounding it must be higher so that, if there should be a hairline fracture in any pipe, the highly sensitive monitoring apparatus will shut down the

Noè

various systems. However, in view of the high thermic capacity of sodium, this circuit also has significant advantages in case of accident — should core melt-down occur, the large mass of sodium in the primary circuit will serve to absorb the resulting heat.

Thus, from the safety viewpoint — apart from the fact that, before this type of reactor is put on the market, regulations will be issued to ensure the same level of safety as in present reactors — the double circuit and the low pressure, contrasting with the high pressure found in some of the present types of reactor, make the general safety of the reactor more than satisfactory.

As for environmental problems, the greater efficiency of this reactor means that 30 % less irradiated fuel waste is produced; moreover, there is 30 % less heating of the cooling water which is discharged into rivers.

There is also the problem of plutonium. I have already said that it is necessary to recycle the irradiated fuel from present power stations to extract plutonium from it, but it would not be correct to assume that only fast-breeder reactors require reprocessing of fuel — and we shall have an opportunity to discuss this when we deal with the Flämig report on irradiated fuel and its reprocessing. It would be incorrect for two reasons: first of all, because the short space of time for which present reactors could be supplied at reasonable cost — only a few decades — would in any case force us to reprocess fuel in order to obtain plutonium and uranium to make up the fuel for reactors currently in operation; secondly, because the quantity of transuranic elements, i.e. those with a long radioactive life, which will have to be disposed of in safe geological formations will be vastly less if we take the plutonium out of circulation by recycling and reusing it — and we shall be able to discuss this also at greater length when we deal with the Flämig report. Thus, the dimensions of the problem of disposal of radioactive waste are reduced.

I shall conclude my speech by adding only two brief observations. In our motion for a resolution, we referred to the idea of nuclear parks, and we would ask the Commission to look further into this subject, because if suitable sites can be found on which many of the power stations and the necessary fuel reprocessing plants can be built, transport problems will be avoided. I do not claim that all transport of nuclear fuels or irradiated and reprocessed fuels will be eliminated, but much of it can be avoided. Finally, another point in the motion for a resolution to which I attach importance is the one asking the Commission to improve cooperation in this field among Member States, because as we know, France, Germany and Italy are cooperating, but we would also like the United Kingdom, which has made great progress in this

sector, to join in furthering this programme which is of such long-term importance. Of all the solutions we have studied in the last few years, this is the only one capable of solving the complex problems facing us

(Applause)

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

Mr Dalyell. — On behalf of the Socialist Group, I welcome this excellent report by Mr Noè. This is a complex problem, which has required many weeks of intensive work by our committee, and I would like to thank Mr Noè for his patience and understanding on the sensitive issues involved, and to thank those who work in the secretariat of the committee and the political groups associated with this committee, for their work.

The Socialist Group is united in supporting this report, which stresses the need to create an option by the 1990s for the possible deployment of fast-breeder reactors as a main reactor type. This report does not argue in favour of such a deployment as of now, but it does see the need to create an option. Why does the Community need this option? Firstly, the Socialist Group recognize that it is necessary to continue with the development of nuclear energy. Our Community is highly dependent on imported oil, and the world's reserves of oil and gas are not enough to meet the growth of world demand; here we must especially remember the future needs of Third World developing countries. It has also been shown that, for the time being, energy-saving measures, and alternative energy sources, be they solar, wind and so on, will be insufficient to fill the gap. I would like to ask the Commissioner if he would do his utmost to demonstrate the impossibility of using windpower to fuel the great industries of our Community. It takes 30 000 windmills to give the power equivalent of one modern nuclear power station, and anybody who thinks that windpower or wavepower far in the future can somehow create a soft option and evade the difficult problems of nuclear energy, is deluding himself, and deluding others. I would like to ask the Commission whether they are prepared to take a hard line in public on this.

Coal is hazardous to extract, and environmentally harmful to exploit — and those of us who represent mining constituencies know that the price of coal is often pneumoconiosis, and too often life itself. The use of this abundant energy source must not be greatly expanded. Therefore, unless we proceed to develop nuclear energy, the Community is likely to face a serious energy shortage from the 1980s onwards, and I would ask the Community to say how great they see the energy shortage after the 1980s from the latest figures available.

Dalyell

Then the question arises : why do we need to develop fast-breeder reactors ? The short answer is that they are more than efficient conventional reactors. If we continue using light-water and gas-cooled reactors, as at present but on a larger scale, the world's existing uranium reserves will only last for a few decades. Fast-breeder reactors are fuelled with plutonium reprocessed from the used fuel elements of these existing reactors. This brings us to the question of plutonium. All existing reactors produce, of necessity, substantial quantities of plutonium from their uranium fuel elements as part of the fission process. The big question is : what to do with it ? There are two alternative — bury it or burn it. Now if the plutonium is not reprocessed, it must be disposed of, along with the other nuclear waste. This both adds to the waste disposal problem — because plutonium is highly toxic and has a very long radioactive half-life — but if it is also a wasteful solution, because plutonium is a fissile material, and therefore a valuable nuclear fuel. It is therefore much better to burn it in the fast reactors. Fast reactors have in fact existed for quite some time. The Community's first one at Dounreay, in Scotland, began providing grid electricity back in 1961. Since 1974, two prototype fast-breeder reactors have been operating successfully in the Community. The next stage is therefore to build demonstration, full-scale breeder reactors. We, in the Socialist Group, believe that this step is necessary in order to prove that fast-breeders are operationally safe, economically viable and that, by the late 1980s they will be necessary.

The Socialist Group can only support this next step to create a fast-breeder option, on certain conditions. First, we stress the need for extensive public information. We cannot agree with the way in which the present French Government has pushed ahead with the development of the Superphénix fast-breeder without, as the Socialist Group sees it, any real public debate or scrutiny of the project. In Britain, no decision has yet been taken to build the first commercial scale fast-breeder, and no decision will be taken without this first being subjected to the scrutiny of a public inquiry. This the Socialist Group thinks is the right way to proceed. But we would like to ask the Commissioner to state in his wind-up whether he has any thoughts on the ideal kind of public inquiry for this problem. Many of my colleagues remember what happened at Windscale; they do think it was endlessly long, interminable and expensive, and have doubts as to whether this example should be followed in future. Does the Commission, in view of their recent experience of this matter, have any view of the type of inquiry that is appropriate in these circumstances ?

Secondly, the Socialist Group emphasizes the safety aspects. We call for Community and international

safety standards in the design and construction of these reactors, and I ask the Commissioner to comment on this. The Socialist Group wants to ensure that no civilian plutonium can find its way out of a closed fuel cycle from reactor to reprocessing works back into the reactor. The Socialist Group call for a strict Euratom and international control and surveillance of plutonium. The Commissioner will not be surprised at this because many questions have been asked about surveillance, but I wonder if, in his wind-up, there is any comment that he would like to make. The Socialist Group ask that studies be made on other fast-reactor cycles, for example making use of thorium.

Finally, we stress that any fast-breeder reactors which may be authorized now must only be demonstration plants to provide us with conclusive proof that we can and should develop them further. Any decision on the full exploitation of this type of reactor must only be taken when adequate experience is available. The Socialist Group does not expect this to be available before the late 1980s given the long construction times involved. We would like to ask if the construction times need to be quite so long. The Socialist Group also believes, however, that for the Community to deny itself a fast-breeder reactor option for the 1990s — and thereafter, when we might otherwise face a serious energy shortage — would be a shortsighted and foolish decision. We ask that the Commission should lose no opportunity of demonstrating publicly such shortsightedness and such foolishness, because there are many of our colleagues who feel that the Commission as a whole have a role to play in public education on these difficult matters.

IN THE CHAIR : MR YEATS*Vice-President*

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

Mr Verhaegen. — (NL) Mr President, any of us who, after reading Mr Noë's outstanding report, might still have doubted his command of the subject have surely been convinced of his ability after listening to his excellent explanatory statement. He has drawn attention to the various aspects of this subject, and I shall therefore not dwell on them. I would, however, like to explain our group's position with regard to the policies to be based on these technical data and studies. This question must be seen, after all, against the sombre background of increasing energy requirements and steadily shrinking energy supplies. At any rate,

Verhaegen

the forecasts are pretty frightening, as we saw again yesterday evening in the debate on coal. Your committee endorsed the report, as well as the policies it advocates. My group, just like the Socialist Group, regards safety as of prime importance. The political conclusions to be drawn from this report are uncomfortable and require, in my view, a good deal of political courage. In most of our countries there is more or less well-organized opposition — organized perhaps on an international basis — which is, all in all, not to be underestimated and is sometimes also based on well-founded objections. The fact remains, however, that a certain amount of political courage is needed to face up to this, and we feel a Community approach is necessary here.

The main thing is proper information and, as the previous speaker said, the European Community has recently gained some experience in this respect. This experience has not, as far as I know, been particularly favourable, but in any case the point is that the prevailing ignorance, which gives rise to so much discontent and resistance on the part of the public must be tackled as resolutely and effectively as possible.

If there is to be a Community energy policy, we must thus make a joint effort to inform the public. Indeed, with this in mind, I would give priority to the last paragraph of the motion for a resolution, in which the Commission and the governments of the Member States are asked to draw up a programme for improved information to the public on the nuclear energy problem. In view of the present and future worldwide energy shortage, the Community cannot afford to remain aloof with regard to the fast-breeder reactors which will be necessary after 1990.

The Christian-Democratic Group supports the Socialist Group's position, but has reservations with regard to safety standards and would also ask for attention to be given to the problem of temporary storage of waste. This should preferably be done in the context of Community legislation.

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

Mr De Clercq. — (*F*) Mr President, the Liberal and Democratic Group welcomes the Commission communication on the fast-breeder option in the Community context. It represents the most sensible choice possible, since this type of reactor is the Community's only hope. Indeed, we must recognize that our own sources of energy are limited and that we therefore depend to a very large extent on external sources for our energy supplies. The present situation is worrying — on the one hand there is the increase in oil prices, and on the other the limited world resources of fossil fuels in the face of rapidly

expanding world demand. By the year 2000 there will be a world shortage, because demand will be three times greater than at present.

Of course, the first measures we take must be to save energy and then to develop our own sources of energy such as coal and natural gas, but coalmining involves technical problems and natural gas resources are limited. As for the development of new sources of energy, such as geothermic or solar energy, they will become economic only in the long term.

Uranium reserves are not inexhaustible, and the Community depends on external sources for its supplies. Finally, let us not forget that inflation, the decline in the rate of growth and the economic recession are the results of increased energy prices.

This objective assessment leaves no room for choice. The choice is made for us in favour of electro-nuclear energy. No other source of energy on its own could take the place of oil. The fast-breeder reactors therefore offer considerable advantages for the Community. They consume the plutonium produced by ordinary nuclear power stations, yet produce more of it than they consume. They make full use of our uranium stocks, since 100 % of the fuel is used, whereas an ordinary reactor actually uses only about 2 % of the uranium it requires. Thanks to fast-breeder reactors, 5 000 tonnes of uranium can produce as much energy as all the oil in the North Sea. It is easy to see that this fast-breeder type of reactor is the most economical for Europe, which has little uranium. In this way, Europe will have adequate supplies of fuel for several thousand years. What is more, the fast-breeder reactor situation in the Community is unique. Several experimental reactors and prototypes have been successfully constructed and brought into service.

There are already cooperation agreements between Germany, France, Belgium, Italy and the Netherlands relating to fast neutron reactors. This cooperation will make national projects more efficient. The communication from the Commission also aims at a Community approach, but the essential problem which arises and which is linked to fast-breeder reactors is that of reprocessing irradiated fuel and disposing of radioactive waste. That is why the Commission has issued two communications on the subject.

It is therefore essential to examine these three questions together. Reprocessing plants are necessary to extract the unused uranium and plutonium. The Member States must act jointly in this field. The disposal of nuclear waste raises the problems of its toxicity and radioactivity, but these can be overcome by disposing it in a safe place. The anti-nuclear lobby will argue that plutonium is dangerous. But the chemical industry makes other products which are even more toxic.

De Clerq

The problem of proliferation of nuclear weapons exists whether or not plutonium reactors are built. An official study carried out in 1977 shows that a country which had the political will to do so and a very modest level of technology, like that of the light chemical industry, could build in a few months a reprocessing plant capable of producing several kilos of plutonium per day, enough to equip that country with nuclear weapons. At all events, action is being taken within the framework of the conference on the assessment programme for the nuclear fuel cycle with a view to reducing the danger of proliferation without jeopardizing energy supplies. Moreover, the Non-Proliferation Treaty, the Vienna Agency and the Euratom Treaty all constitute safeguards against the misuse of plutonium for non-peaceful purposes.

The anti-nuclear lobby has also attacked fast-breeder reactors on grounds of safety and environmental hazards. In fact, accidents due to natural gas or occurring in mines are much more frequent than those in nuclear power stations. In addition, experiments have been carried out which prove the toughness of fast-breeder reactors, such as bringing the fuel into contact with the coolant without any untoward consequences. Fast-breeder reactors will pollute the environment less than most nuclear power stations, since their high efficiency will reduce thermal discharge. The risks of nuclear energy cannot be denied, but they must be assessed at their true level. We in Europe must establish a hierarchy of risks.

If one weighs the disadvantages of developing the fast-breeder type of reactor against those of not doing so, one must admit that not to do so would be foolish. It is up to the Community institutions and more especially to us parliamentarians to reconcile public opinion with nuclear energy, for it is not enough to declare that fast-breeder reactors represent progress. In a democratic system, one cannot make the citizens happy in spite of themselves. This problem of nuclear energy must be demystified. Because ordinary people are ignorant in this field which involves highly scientific questions, some pressure groups have made political capital out of it. The response must be to provide not merely technical information, but also a basis upon which the public can make value judgments. It is not merely a case of explaining how nuclear reactors work, for public opinion is more interested in the great political or philosophical problems of our time such as those of the consumer society, pollution, war and peace. Up to now the supporters and opponents of nuclear energy have been talking at cross purposes because they are not talking about the same thing.

I shall end by repeating that the Commission is right to opt for fast-breeder reactors, since these will assist the progress of mankind. The Liberal and Democratic Group welcomes this initiative, and at the same time

appeals to the Commission to solve the psychological problem of convincing Europeans that this policy is reasonable.

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

Mr Jensen. — (DK) Mr President, Mr Noè's report is, as we all know, of fundamental importance for the future of the Community.

First of all, therefore, I should like to thank the rapporteur for the excellent work he has done in producing this outstanding report.

In view of the anticipated continuous and progressive deterioration in the Community hydrocarbon supply situation after the year 2000, it is important that the part played by nuclear energy in the Community's total energy supply should be maintained and if possible increased after the turn of the century. If fast-breeder reactors were introduced, nuclear energy could, within a few decades, make a substantial contribution to the search for alternative energy sources and noticeably alleviate the Community's balance of payments situation.

We must realize that fast breeders are extremely efficient in their use of uranium — indeed they can produce approximately 60 times more energy from uranium than thermal reactors, i.e. approximately 0.6 million t.o.e. per tonne uranium.

For example, by using fast-breeder reactors, 5 000 tonnes of uranium could produce as much energy as the usable proportion of oil in the North Sea, i.e. approximately 3 000 million t.o.e.

Although the fast-breeder reactor alone can make extremely efficient use of uranium — 60 % more efficient than a thermal reactor — the overall yield of a combined system using both thermal and fast-breeder reactors depends upon the ratio between the two types of reactor.

The overall efficiency of a combined system increases with the proportion of fast-breeder reactors in the total nuclear capacity. Considerable time will therefore be required — at least 20 years — to build a sufficient number of fast-breeder reactors to produce an appreciable improvement in the overall efficiency with which uranium is used.

If, then, the programmes currently in progress or at the planning stage for the development of fast-breeder reactors within the Community were to be discontinued or cancelled, this could mean that the fast-breeder reactor would fail to live up to its promise as an energy option at the beginning of the next century.

Jensen

To prevent the use of fissile materials for non-peaceful ends, there must be coordination at Community level long before fast-breeder reactors are extensively introduced on a commercial basis, so that it will be possible to take all the measures necessary to promote the technical, economic and industrial solutions for ensuring that fissile materials are used only for peaceful ends.

In addition, if fast-breeder reactors are to be accepted, it must be demonstrated that they are similar to thermal reactors as regards safety and their effects on the environment. Gradually meeting this need must be one of the primary objectives of these demonstration programmes for fast-breeder reactors and the safety programmes which they include.

We must also realize that fast-breeder reactors cannot be introduced in practice until adequate facilities for reprocessing irradiated fuel are available. The technical problems peculiar to the reprocessing of fuel from fast-breeder reactors should be dealt with now in view of the time which will be required for the development and demonstration of the necessary technology.

As regards technical obstacles, the transfer of fast-breeder technology from one country to another and the harmonization of implementation procedures may be difficult, in view of the disparities between the regulations and provisions governing the design, construction and operation of nuclear power plants. We therefore expect the Commission to put forward concrete proposals on these matters.

The development of nuclear energy is not a luxury but a necessity in the light of the current energy situation. The Community and its Member States must therefore ensure that it will be possible to employ fast-breeder reactors for the production of electricity on a commercial basis by the beginning of the 1990s.

If this is to be done, the current demonstration programmes must be continued and brought to a successful conclusion, the industrial infrastructure needed for the reactors must be expanded and — this is extremely important — the necessary technology must win the public's approval, which means that suitable solutions must be found to the problems of safety and radiological and environmental protection.

I am therefore looking forward with great interest to hearing Mr Flämig's report on reprocessing and the problems of waste disposal the next part-session.

Nuclear energy therefore appears to be not only an economic necessity for Europe, but also a political necessity. This was also the view put forward by Professor Andrei Sakharov, winner of the Nobel Peace Prize and champion of civil and human rights, in the edition of *Le Monde* of 24 December 1977, in which he said, among other things, that we must build not only ordinary nuclear power plants, i.e. those which use enriched uranium, but also fast-breeder reactors,

since this would enable the economically viable exploitation of the deposits of depleted uranium ore which are found in many parts of the world. It is known that fast-breeder reactors represent one of the possible solutions to this problem. We have already made considerable progress at the technological level in matters of safety. The question of nuclear energy has not been exhausted when the technical and economic aspects have been fully investigated, however. The development of nuclear energy is a necessity if the economic and political independence of each individual country is to be maintained, regardless of whether it is already highly developed or is still in the process of developing. Professor Sakharov goes on to say that people should have the necessary knowledge, the right and the opportunity to assess clearly and responsibly, without prejudice or unfounded suspicions, all the interrelated economic, political and ecological problems arising from the development of nuclear energy and the need to find alternative energy sources in anticipation of future economic developments. It is not simply a question of comfort or maintaining what is known as the 'quality of life'. Much more fundamental issues are involved, by which I mean economic and political independence.

The Group of European Progressive Democrats take a very positive view of Mr Noè's report and intend to vote in favour of the motion for a resolution.

Now that I have put forward the general attitude of the Group of European Progressive Democrats regarding fast-breeder reactors I should like to add a few personal observations. I have followed the debate in the Committee on Energy with interest during recent months, and congratulate Mr Noè for his deep understanding of this difficult field. I fully agree with Mr Noè's view that the Community's coal production alone, for example, will not be adequate to fill the anticipated energy gap without serious social and economic consequences, and that the Community's pronounced dependence on fuel supplies justifies the adoption of measures different from those adopted by certain other industrialized countries. Furthermore, we must take a realistic view and recognize that the alternative energy sources will at best meet only a small percentage of the energy demands between now and the end of the century. My support for the fast-breeder reactor does not represent a statement of principle on behalf of the Danish Progressive Party on the introduction of atomic energy in Denmark, since in this case we take the view that such an important question can only be decided by a national referendum. However, a small country such as Denmark must be able to take advantage of the progress made in the nuclear energy sector by its neighbours Sweden and Germany, which will in future be able to supply Denmark with electricity at reasonable prices. Finally, I should like to thank Mr Noè again for the admirable work he has done for Parliament and the Committee on Energy.

President. — I call Lord St. Oswald to speak on behalf of the European Conservative Group.

Lord St. Oswald. — Mr President, as will be known, I am replacing my noble friend Lord Bessborough who in the last several years has displayed a remarkable mastery and knowledge of technological matters, a knowledge to which I cannot lay claim. Fortunately for me this is not a very demanding occasion. All has been harmony, and I do not suppose it will offer much of a challenge to Commissioner Brunner.

I would like to say that on this, as in some other matters, I find myself in agreement with Mr Dalyell for more than one reason. Among the reasons is the fact that although I have never, unhappily, represented a mining constituency, I have a friendly envy for those who do, living as I do in mining country in West Yorkshire, many miners being my friends. I am therefore, like him, conscious of the dangers and rigours which they endure and the consequent need for alternative fuels.

In any consideration of energy policy in the Community, parliamentarians and officials must observe as accurately as they can the trends in energy demand in the economies for which they are responsible. They must also note what the competitors of the European Community are doing. This House does not lack parliamentarians capable of identifying a façade of morality used to conceal a commercial and political intention. The Soviet Union and the United States might be said to have some curiously comparable skills here. At a time when the world is in suspense about the 'go' and 'no-go' aspects of President Carter's energy policy, we must note the 'go' aspects within the United States for fast breeders. The summary of the basic spending programme of the United States Department of Energy shows a total of \$ 1 939 million on the breeder reactor of which \$ 669 million are given to breeder technology. In our consideration of the need for a Community option to use fast-breeder reactors, Parliament, Commission and Council must take a hard-headed view of the tools available for economic survival. By comparison, expenditure by Member States and the Community amounts to 60m EUA annually.

In a recent United States congressional hearing the Vice-Chairman of the Commonwealth Edison Company, an important electricity supplier in the United States, stated that during 1976 nuclear electricity costs were 20 % lower than those of coal-generated electricity. The Vice-Chairman during further cross-examination about the possibility that the United States administration was subsidizing nuclear electricity said this :

What is happening appears to be that the United States nuclear power industry is being asked to subsidize the Federal Government. The Government is now making a nice profit from enrichment services, one of the few cases where what was originally designed as a military facility has turned into a profitable business venture for the government. If this is a subsidy, it is different from any other kind of subsidy I know.

The European Community should note the useful price advantage of conventional nuclear power and the reasoning behind the United States administration's stipulation that United States uranium enriched in the USA must be returned there by Community, Japanese and other electricity undertakings for reprocessing.

I had to draw Members' attention to these facts before addressing myself to Mr Noë's report, which is excellent and thorough as always, an elegant argument for the fast-breeder reactor. The European Conservative Group wholeheartedly endorses the report. I would like to allude to some other enquiries about our energy future which point to the overwhelming need for the fast-breeder reactor. The British Royal Commission on Environmental Pollution pointed out that recoverable oil reserves represented 80 years supply at 1976 consumption rates, that gas reserves were probably sufficient for 150 years, coals reserves were probably sufficient for 200 years. In paragraph 456 of the same report, the Royal Commission stated :

A 1973 estimate suggested that at \$ 50 per lb of uranium, the extraction of 6.9 million tonnes of uranium would be possible, equivalent to the generation of 225 000 terawatts of electricity in thermal reactors. For a world nuclear programme of 3 500 gigawatts, this amount of uranium would last only for about 12 years.

In paragraph 457 the Royal Commission added :

The same quantity of uranium used in fastbreeder reactors would produce about 42 million terawatts of electricity.

Mr President, for a world programme of 3 000 gigawatts of fast-breeder reactors, the world would be free of anxiety about energy for 187 years, a period which would enable the Community's scientists and engineers to discover the means of harnessing fusion.

The citizens of the European Community cannot do without the fast-breeder reactor. The citizens of the world, particularly the citizens of the Lomé Convention States, cannot do without access to energy. The European Community cannot turn back on its political, cultural, spiritual, economic and material achievements, and for that reason we need to follow the advice in Mr Noë's report. The European Community must continue to be the economic motor for those economies which are developing or are nascent. This motor requires energy for economic progress in the Community itself. The increasing inter-dependence of the economies of the Lomé Convention States and of the Community require the Lomé Convention States to have access to reliable and continuous energy

Lord St. Oswald

supplies. President Kaunda has already called for African uranium enrichment facilities. What will be the European Community's response to this appeal for fundamental economic and technical aid?

Fast-breeder reactors depend on an initial supply of plutonium which must be created in thermal reactors. The rate at which fastbreeder reactors are introduced in the early stages of a world nuclear programme will depend on the rate at which thermal reactors are built and fuelled. It has been estimated that constraints on uranium supply are likely to limit the capacity of thermal reactors in service by the year 2000 to 800 gigawatts. If the Community gives an early start to fast-breeder reactors, then nuclear capacity might be expanded by as much as 50 % at that time. But this hoped-for, or at least potential development will only bridge one sixth of the world energy gap at that time. In the early stages of the next century there will be increasingly severe constraints on expansion in energy demand. World energy prices will rise, that will set the pace for inflation, and the result will make today's unemployment statistics look like full employment. I therefore hope that the Community will encourage the proving of commercial fast-breeder reactors without the luxury of endless debates which we cannot afford, particularly the increasing numbers of unemployed, whether they are in Holland, Germany, Italy or elsewhere.

I turn lastly in closing to the problem of storage of nuclear waste. If future fast-breeder reactor programmes are not to suffer from fuel starvation, it is essential to establish storage locations for the spent fuel of thermal reactors. I should like to echo Mr Noè's call for nuclear parks, where the nuclear cycle is as closed as it is technically possible to make it. Mr Noè calls for an intensification of work in this area. I hope that those Member States with fast-breeder reactor programmes will coordinate and economize in their work.

To the public, let us say this: most human activity results in some risk or danger and in some pollution or physical change. Whatever the purpose of the individual citizen, it is our task to care for the overall safety of the individual, including economic well-being. Through the Lomé Convention, the Community has a responsibility for the economic well-being of the world's less well-off citizens. To fulfil that responsibility we need economic tools — and energy is the first among them.

The world needs fast-breeder reactors.

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

Mr Veronesi. — (I) Mr President, ladies and gentlemen, I think that it was a mistake to bring before Parliament Document 251/77 in isolation from Documents 242/77 and 255/77. In fact these three

documents constitute a package of measures proposed by the Commission which must be assessed and judged in their entirety since they form part of a single subject of great political importance. I cannot disguise my astonishment at this decision, which is contrary to the agreement reached at an earlier stage in the relevant committee. I have not succeeded in understanding — and I hope that someone will be able to explain it to me — why it was decided to change what had been agreed to be the most useful and suitable procedure.

The Commission's three proposals refer to the fast breeder option in the Community context, a Community strategy for reprocessing irradiated nuclear fuels and a Community action plan for radioactive waste disposal. These three themes are very closely connected, the Commission studied them as such and they cannot be examined separately. Indeed, as a whole they express the *philosophy* of the Community nuclear option. Why then was it decided not to examine them together?

I do not intend to criticize anyone or to assume that there has been anything underhand going on, but I hope to receive adequate explanations on this. The connection which I have pointed out corresponds not only to a rigorous technical and planning logic, but also — and above all — to a basic political need. Mr President, ladies and gentlemen, we must not forget the two essential facts and the moral obligation on us — the two facts are public opinion's mistrust of nuclear energy, and the strict but legitimately exercised control over our choices; the moral obligation is the need for the greatest clarity and fullest presentation of the reasons for our decision. In this debate, which is concentrating on only a part of the programme put forward by the Commission, are we in a position fully to satisfy these fundamental obligations? I do not think so. By confining ourselves to today's terms of reference we will be unable to provide all the replies which public opinion asks of us, sometimes in anguished terms.

Finally, I think it highly improbable that the Council will approve the Commission's proposals one at a time. As is logical, it will wish to have before it a complete picture of the situation and to hear Parliament's opinion on the measures as a whole. We have the time — at the most it would mean broadening the debate sufficiently, and the importance of the problem would moreover fully justify doing this.

As to the decision which we must take, namely the vote on the motion for a resolution, the Italian Communist and left wing independent Members are in favour. The content of the Commission's communication and Mr Noè's full and detailed report completely justify our approval. Moreover, this motion for a resolution has been discussed several times — five to be exact — undergoing various modifications

Veronesi

in the Committee for Energy and Research and finally obtaining unanimous approval. In our view, particular stress should be put — as in the Noè report — on a few incontrovertible features of the energy situation in the world and particularly in the Community. There is a considerable measure of agreement on these features, apart from different ways of looking at the facts, and favourable or unfavourable attitudes towards nuclear energy.

Firstly, traditional energy resources are being exhausted — and this is nothing new. There are no doubts about this fact; give or take a decade, even if the forecasts are 100 % out, we are on the verge of exhausting traditional energy reserves.

Secondly, the policy of energy conservation is encountering considerable objective difficulties — the optimistic statements are many, but the results few. Even the debate in the British Parliament on the possibility of modifying street lighting provides extremely optimistic plans, but in my view they will be difficult to apply.

Thirdly, additional sources of energy offer some possibilities, but these are of limited value.

What then are the energy sources of the future? Where are these sources, which are normally described as alternative, that is substitutes for traditional sources, to be found? These questions, which have already been answered at the technical and scientific level, now await a political answer.

The available possibilities are those of nuclear fission using fast breeder reactors, solar energy and nuclear fusion. I have listed these possibilities in order of their present prospects of utilization. Research and development plans must be drawn up for all of them; no reasonable possibility must be ignored. We must have a clear idea of the strategic perspective if we wish to avoid being overwhelmed by the disastrous effects of a not improbable energy shortage.

Thus alongside the commitments already made for solar energy and nuclear fusion we are now asked to consider commitments for fast breeder reactors. The reasons for this are clearly stated in the documents at our disposal; in essence, it is a question of being in a position to produce fast breeder reactors, with all the essential safety measures, to meet future energy needs. Let us not forget that this option would make the Community much less dependent on external sources of energy, provide mankind with energy resources for thousands of years, and make it possible to achieve this in a fairly short time.

Clearly, the choice we are making is not without difficulties and elements which require careful consideration. The most worrying problem is that of plutonium. We do not deceive ourselves about its seriousness, nor do we wish to belittle its dangers; on the

contrary, we want to stress the desirability and urgency of closer international cooperation; I repeat 'cooperation', in contrast to the proposals of Mr Dale Myers, United States Under-Secretary for Energy, who maintains that the plutonium problem can be solved only by setting up an international plutonium bank situated in the United States and under that country's control. We, on the other hand, think that there should be an extension and deepening of the spirit which led to the agreement on nuclear exports among the fifteen member countries of the 'Club of London', made public by the American State Department on 13 January 1978. The countries of the world — and the Community can play a very important part — must arrive at a common code of conduct to ensure that energy is available in the future and at the same time guarantee safety. In any case, the real dangers derive from the many nuclear power stations travelling underwater on board nuclear submarines and from the many nuclear weapons flown in bomber aircraft.

Many other questions remain, which we will raise when the time comes to discuss the other documents. For the moment, we shall vote in favour of the motion for a resolution.

President. — I call Mr Brunner

Mr Brunner, Member of the Commission. — (D) Mr President, I should like to begin by thanking Mr Noè for the great trouble he has obviously taken. In your debate you have thoroughly examined all the most important aspects of the question. You have discussed the advantages of fast breeder reactors from the point of view of safety, nuclear waste, supply and energy use. There is nothing for me to add except perhaps that nuclear energy was one of the subjects discussed when President Carter visited the Commission on 6 January. The President said on this occasion that he was in favour of the fast breeder reactor and shared the widely held view that this was a direction in which nuclear energy must continue to develop.

I think we should bear this view in mind since it is important for our relations both with public opinion and with the United States. An international conference on the fuel cycle is currently in progress. During this conference all the various aspects of this question will be considered, including the problems specific to the fast breeder. Now is not the time to predict what the result will be, but one of the things which we will certainly do is to examine new technical processes which will extend our knowledge in the fields of safety and fuel management.

We must therefore not be too hasty at this stage. The important thing is to keep our options open. Europe is moving in a sensible direction in this field. We cannot abruptly call a halt to this development, i.e. this research which already includes demonstration

Brunner

projects. We cannot simply disband the research teams without notice and then call them together again. Nor can we start to utilize and then withdraw the money earmarked for this purpose on a medium-term basis in the budget. The worst thing we can do is to keep chopping and changing. We must always bear in mind that what we are speaking about here is an industrial application which will not begin to show its effects until the 1990s. By that time the demonstration projects will have given us a clearer picture of safety and handling problems.

Thus we will have to gather all this necessary experience before we can go ahead with the industrial application of fast breeders on a large scale. This is the purpose of the document before us now. This document, which is in no way dramatic, belongs with the communications from the Commission regarding fast breeders, reprocessing and waste disposal. These documents taken together cover entire fuel cycle and, I think, provide us with a firm basis for the future work of the Community in the field of nuclear energy. We know the direction we must take, and we shall be able to ensure, by means of a continuous dialogue with the public, that no misunderstandings arise.

(Applause)

President. — I note that there are more requests to speak. The vote on the motion for a resolution — together with the amendment which has been tabled — will take place at the end of tomorrow's sitting.

The debate is closed.

10. *Regulations on the cereals and rice sectors*

President. — The next item is the report (Doc. 515/77) by Mr Kofoed, on behalf of the Committee on Agriculture, on the

Proposals from the Commission to the Council for

- I. a regulation amending Regulation (EEC) No 2727/75 on the common organization of the market in cereals;
- II. a regulation amending Regulation (EEC) No 1418/76 on the common organization of the market in rice; and
- III. a regulation amending Regulation (EEC) No 2742/75 on production refunds in the cereals and rice sectors

I call Mr Kofoed.

Mr Kofoed, rapporteur. — *(DK)* Mr President, the report I have the honour of submitting to Parliament is one of the results of the fact that the Court of Justice has ruled that the abolition of refunds in certain areas was contrary to the principle of equality.

The Commission's proposal therefore seeks to comply with this judgment by reintroducing refunds for the products concerned. The Committee on Agriculture has discussed the problem and a majority approved the proposal. It is possible that the reintroduction of production refunds will perhaps not completely re-establish equal conditions of competition and I would therefore ask Commissioner Gundelach whether the Commission is satisfied with the proposal or whether it is considering amending it subsequently. In conclusion I recommend that Parliament vote for the motion for a resolution. I do not feel it is necessary to give any further explanation, I assume that Members have acquainted themselves with the proposal, and will merely refer you to the report.

(Applause from various quarters)

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

Mr Pisoni. — *(I)* Mr President, ladies and gentlemen, I should like briefly to express my group's support for the motion for a resolution contained in the report by Mr Kofoed and to explain Amendment No 1 tabled by Mr Aigner, Mr Früh and Mr Lücker.

In principle, we are in favour of introducing export refunds for maize, soft wheat and broken rice. However, on account of the hop surplus, this amendment calls for the reimbursement of the production refund granted for the cereals in cases where they are used in brewing, in order to prevent further distortions of competition.

President. — I call Mr Gundelach.

Mr Gundelach, Vice-President of the Commission. — Mr President, I just want to thank the rapporteur for his report, and for his clear vindication to the House of the problem we have to deal with. I want only very briefly to restate that the proposals before the Parliament are to reintroduce production refunds and are firmly based on the judgment of the Court of Justice at the end of last year. The only exception to reinstating exactly the same system as had existed for over 10 years until 1975 is that we are proposing that the refund for quellmehl be applicable only to its use in baking. We found that without this limitation a considerable and increasing quantity of subsidized quellmehl was being used as cheap animal feed. Moreover, the judgment of the court related only to quellmehl used in the baking industry. So, in our view, the adoption of this proposal is necessary at this time in order to put our house in order and ensure compliance with the rules as laid down and now interpreted by the Court of Justice.

Gundelach

But the rapporteur is quite right that there might be other ways in the longer run in which to deal with this problem. It will, however, take some time to develop a different policy inside the rules as defined by the European Court of Justice. We shall give that consideration. In the meantime, we cannot accept a situation where the rules of the Community are not in accordance with an interpretation of the Court of Justice. We are therefore bound to bring them into line with this judgment. This is the purpose of these proposals, and in the light of this I must ask the Parliament to accept them, while leaving open the possibility of a different solution, which, given time, the Commission will take the responsibility for proposing when proper studies have been undertaken.

I cannot accept on behalf of the Commission, the amendment submitted by Mr Aigner, Mr Früh and Mr Lücker, which rejects a refund for maize and broken rice used in brewing, since in their view this would lead to further distortions of competition. I disagree. The Commission's view on this matter is that the introduction of a refund for these two products would not introduce a new element since :

- (a) production refunds on starch, which is also used in brewing, are currently available and have been for over 15 years ;
- (b) Production refunds on groats were available for 10 years until their suppression — I must now say faulty suppression — in 1975 ;
- (c) the rate of refund proposed, 17 units of account per tonne, is less than half the rate available on groats and starch used for brewing in 1974 ; and
- (d) malt enjoys considerable protection in certain Member States, for instance Germany, where a law is enforced which precludes the use of anything other than barley-malt, yeast, hops and water in the brewing of beer, or France, where a minimum of 70 % barley-malt must be used in brewing.

For these reasons, Mr President, I cannot accept, I repeat, the amendment submitted by Mr Aigner, Mr Früh and Mr Lücker, but can accept the report and the rapporteur's conclusions, including the verbal conclusion he added in his introduction today.

President. — Does anyone else wish to speak ?

The motion for a resolution will be put to the vote together with the amendment which has been moved at the end of tomorrow's sitting.

The debate is closed.

11. Directive on the marking of foodstuff prices

President. — The next item is the report by Lady Fisher of Rednal, on behalf of the Committee on the Environment, Public Health and Consumer Protection, on the proposal from the Commission to the Council for a directive on consumer protection in the marking and display of the prices of foodstuffs.

I call Lady Fisher.

Lady Fisher of Rednal, rapporteur. — Mr President, may I say, in bringing the committee's report before the Parliament this afternoon, that this is another of the directives from the Consumer Division of the Commission. This series of recommendations has to be looked at as a total package and it is important to explain that this is one of a package of schemes from the Commission offering as far as possible complete protection to the consumer.

For those Members who do not readily understand unit pricing, may I briefly say that the principle behind unit pricing is that the consumer should know how much he is being charged per unit — whether it be per ounce, per pound, per gramme, per kilogramme — for the product he is buying. This allows the consumer to compare prices per unit of weight or volume at the point of sale, but it does not take into account quantity or compositional factors. Obviously, consumers are not always looking for the lowest price but the best value, and as well as looking at the unit price, they will take the compositional factors into consideration when they make their purchase. This directive on unit pricing aims to protect the consumer in a very different way from the previous one on prescribed quantities. In prescribed quantities, the packs are the same weight or the same size or are packed in mathematically related sizes. In unit pricing the size and the weight of the contents is of no importance and therefore this directive, recognizing that packaging in prescribed quantities is an alternative method of helping the consumer to compare prices, lists certain exemptions. An exemption from unit pricing is given for products made up to conform to the prescribed-quantity directive or packed in nationally allowed ranges of prescribed quantities. The two things running together, prescribed quantities and unit pricing, will thus be a dual help to the consumer.

But there are some doubtful questions arising from the directive which were not readily answered in the committee, and I would like to draw these to the attention of the Parliament. The directive does not appear to consider the sale of collective groups of foodstuffs which might be packed as gift-hampers, the kind of things one can purchase in department stores and from mail-order catalogues where a whole range of articles are packed together. Members of Parliament are no doubt readily aware that these very often

Lady Fisher of Rednal

contain pâté from France, cheese from Holland, ham from Denmark, black cherry jam from Germany, etc. and comprise a collection of items sold, as a gift-hamper for example. Here there would be no sense in unit-pricing the individual items, according to my reasoning, because the only way the purchaser could compare value would be to compare different collective packs. Therefore I think the directive should contain provisions applicable to this kind of buying, which takes place as I said, very often through very high-class department stores or from catalogues.

We draw attention in paragraph 13 of the explanatory statement to the anomaly that, with regard to the marking of selling price and unit price, a degree of flexibility is allowed in Article 4 which seems to be overruled and contradicted by Articles 9 and 10. One would like to feel that the Commission could overcome that difficulty.

In paragraph 15 of the explanatory statement, the committee draws attention to the fact that the drained weight is being used in the directive although the Commission have not yet submitted their drained-weight directive. Those of us who know anything about consumer affairs know that drained-weight poses a considerable problem which manufacturers and Trading Standard Institute officers have difficulty in solving.

The other point which the committee were not very happy about because we were not able to get real clarification concerns canned goods. I would like an assurance from the Commission confirming the answer given to the committee and recorded in the minutes of the meeting of 23 November, when Mr Gough of the Commission, replying to several questions raised by Lady Fisher, stated that canned goods were excluded from the scope of the directive. I would like to receive that clarification from the Commission this afternoon, because there appear to be some difficulties and different interpretations.

If I may strike a particular national note as a Member from the UK, there appears to be a great deal of evidence to suggest that there is a low level of awareness amongst consumers in the Community about Community directives. Very often distortions are exploited in the press without any real foundation. To obviate all misunderstanding about the doorstep selling of milk, I would ask the Commission a direct question. The price of milk in Great Britain is fixed by the government. No dairy can sell above that fixed price, and the milk also has to be sold in prescribed quantities. What one reads in the press and various other sources suggests that the retail delivery of milk to the doorstep will have to be based on unit pricing. Since the consumer seems to be well protected by the government fixing the price, I would ask the Commission if this is necessary or whether a misreading is being exploited by the media.

Different points of view have been expressed regarding the merits of unit pricing, and the committee have tried to enumerate these in paragraph 8 of the explanatory statement. Representations have been received from many retailers to the effect that increased prices might follow as a result of this directive because of the increased labour costs entailed in marking all the packages not only with the total price but also with the unit price. This may not be correct, but it may be suggested to the Commission that there might be a need to undertake research in the Member States following this directive to see the effect of their proposals and whether there has had to be an increase in prices to the consumer.

At this stage, I think it would be safe to say the committee favour the principle of unit pricing but they are not completely sure that the proposed manner of executing it is entirely satisfactory. There are the unresolved questions which centre on the exemptions which would be allowed, the relation between standardized or prescribed quantities and unit pricing, and the means of declaring unit prices on canned and bottled foods. These unresolved questions, Mr President, could, I feel, cause confusion, and any confusion in the market-place is more likely to benefit the seller than the buyer.

On behalf of the committee I have pleasure in moving the report.

(Applause)

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

Mr Meintz. — *(F)* Mr President, the Liberal Group naturally welcomes the Commission's proposal which is, moreover, consistent with the principles set out in the Community's first programme on consumer protection and information policy which dates back to 14 April 1975. My group congratulates Lady Fisher on her highly concrete, precise and thorough report and supports her unreservedly. We wish in particular to draw the Commission's attention to paragraphs 7 and 8 on the motion for a resolution which we feel are particularly important.

I do not wish to go into points of detail, with regard to either the report or the directive. I should merely like to make a few general comments on the overall context in which this directive on consumer protection in the marking of the prices of foodstuffs is set.

The supply of goods is becoming increasingly more diversified and as a result consumers are experiencing increasing difficulties in finding their bearings on the market. In this respect the proposal will make a positive contribution.

Meintz

The proposal is also extremely valuable in respect of products subject to a degree of standardization and to a lesser extent in respect of qualitatively diversified products. However, this latter category of products will pose a consumer information problem in the future which may be solved in two ways :

- (a) administrative measures affecting the producer and dealer, and
- (b) better consumer information and education.

Although these two policies are not mutually exclusive and complement each other in many fields, my group prefers the second solution.

Our reasons for this choice are as follows. We do not of course automatically rule out the first solution, but we feel that it should be recommended only in cases where its positive implications are obvious and the administrative drawbacks are not too serious. However, if a policy which implies administrative constraints is taken too far, certain factors which may have a negative effect on the free operation on the laws of competition may become apparent since these constraints affect most seriously small and medium-sized undertakings and small businesses, the problems of which we have already dealt with at length this morning. Such a policy might result in reducing the choice of products available to the consumer and might also encourage monopolization.

We feel that the best way of ensuring that the consumer's needs in respect of consumer goods are fully satisfied is to allow competition to operate freely. Under such a system the consumer exerts an influence on production and ensures that it is geared to its needs.

The consumer must be aware of the fact that he will have to bear most of the extra financial burden resulting from regulations making consumer information compulsory. It is therefore up to the consumer to decide whether he is willing to pay this increase. On the other hand, there is a generally-felt need for an awakening of the consciousness of consumers, which will enable them to derive greater satisfaction from the goods they purchase. In this context various avenues might be explored, such as compulsory information in schools, at all levels, and more consumer information through press, radio, television, etc.

This policy offers various long-term advantages. It will primarily serve the interests of the least well-informed people since, as certain recent studies and surveys have shown, such people do not derive any benefit from the improved marking and labelling of products. Moreover, producers will be gradually compelled to satisfy increasingly more exacting consumers who will be demanding better objective information. This long-term consumer policy, instead of producing a category of consumers protected by regulations, will lead to the emergence of a new generation of more discerning consumers. We firmly believe that this directive constitutes an initial step in that direction.

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

Mr Power. — Mr President, I think it is only right that a lady should introduce this particular report, seeing that women are so concerned with the purchase of foodstuffs, and I compliment Lady Fisher on her report.

The proposal for a directive on consumer protection in the marking and display of the prices of foodstuffs contains many ideas that are good. The aim of the proposed directive is to introduce compulsory marking and to display the total price and the unit-price of foodstuffs on sale to the consumer. In fact, the Preliminary Programme for the European Economic Community for Consumer Protection and Information Policy adopted by the Council in 1975 stipulates that common principles for stating the price and possibly the price per unit of weight or volume should be drawn up, and this proposal must be regarded as giving effect to this particular provision of the programme.

I am convinced that a clear indication of the unit price will give the consumer a direct means of comparison and also increase market transparency and intensify competition, and this must in the end be of benefit to the consumer. But there appears to be a claim that the marketing and display of unit prices would affect the prices themselves and thus act as a counterbalance to inflation. I think we must regard that as being a little difficult to prove.

The motion for a resolution advocates tightening up several points of the Commission's proposal. We have an example of this in paragraph 4 of the motion, insisting that the marking and display of the prices of all foodstuffs sold in hotels, restaurants, cafés, public houses and similar establishments be made compulsory. I feel that this can be regarded as an unnecessary tightening up of the original proposal. Attempts to push legislation to lengths such as these are, to my mind, a misrepresentation of the problem. What should be done is to keep in view the ultimate object. It is a good thing to protect the consumers' interests, but these interests are not always best safeguarded by introducing all-embracing rules and regulations and, indeed, they could even be harmed thereby. Consideration must be given to the expense incurred by the various links in the production and distribution chain as a result of introducing these comprehensive rules. I think Lady Fisher herself made reference to this. In any case, we should not be in too much of a hurry to introduce extensive compulsory provisions, as these can involve businesses in a great deal of extra administrative work. The general principle must be not to harmonize for the sake of harmonization but to pursue a selective policy to safeguard producers as

Power

well as consumers. Here I must say that there is a tendency nowadays to show that what is good for the producer is not always good for the consumer. This is something we should guard against and something where we should help, in this Parliament and elsewhere, to mend the divide that is not there in reality but which people seem to highlight at every opportunity.

There have recently been some adjustments to legislation in many Member States, and a certain flexible harmonization in the application of uniform rules in the pricing of foodstuffs should therefore be seen in connection with other actions affecting consumers. We refer here to the directives on liability for defective products and door to door selling and the fact that Community provisions on prepackaged products and the standardization of prepackaging have been adopted by or submitted to the Council. Provisions adopted within the political area of consumer protection must be carefully coordinated to achieve a system of legislation reflecting collective action to benefit all parties concerned. Another essential condition of harmonization must be that it does not create inflationary and unnecessary administrative work, and this is the one reservation I have about the motion, that it might in the long run, because of the increased cost to the producers, have that very effect of increasing inflation. I think we should, in any way we can, avoid anything that will give customers the feeling that we are so bureaucratic here that we are adding to their burdens and adding to their prices.

President. — I call Lord St. Oswald to speak on behalf of the European Conservative Group.

Lord St. Oswald. — I shall find myself echoing to some degree the words of the previous speaker. It is with regret that I have to say that the European Conservative Group cannot support the report by Lady Fisher on unit pricing. We shall not vote against it, we shall abstain on the report by way of showing that we feel it is inadequate to cope with the requirement.

Since the committee meeting at which this report was approved, my colleagues have had a number of meetings with producer and consumer interests in the United Kingdom, and the evidence received convinces us that we are correct in withholding our support for this report. We recognize unit pricing as an important way of making prices more comprehensible to the consumer. For that reason, it has our full support as a policy, but we do not believe that the directive which we are dealing with today is likely to give consumers the type of guidance through unit pricing which they most need. Indeed, we believe it is destined to undergo a very long debate in the Council, and if it does come into operation, we sincerely hope that it will be considerably changed from its present form.

The directive aims to cover all food on sale to the consumer, both loose and packaged, with the exception of those foods included in the prescribed quantity proposals which the Parliament discussed earlier this year. We believe that it is important to point out that the cost of implementing such a directive may be considerable, and certainly will be passed straight on to the consumer. We would also like to point out that if, as the directive proposes, unit pricing is introduced right across the board, then there is a danger, and a very considerable danger, that the shopkeeper and, in particular, the small shopkeeper, will be unwilling to take on the burden of marking unit prices himself, and will leave it to the manufacturers. I am well aware that Lady Fisher has in mind and takes into full account the directive on prescribed quantities, but she makes no reference to it in her report. It seems a further indication of the inadequacy of this approach.

Mr President, this other directive is still under discussion in the Council and we simply do not know what form it will eventually take. However, we can see that if the directive eventually includes a large number of different sizes for different products, then the eventual range of products to which unit pricing may apply will be small. In that case consumers will not be much better off in terms of their ability to compare value for money. I am told that this is now the case in West Germany, where the law requires unit pricing, but the list of exemptions is so great that the net effect is that there is no unit pricing of prepacked food. We therefore believe that the Commission should have borne this possibility in mind before submitting this directive.

Another aspect of our reservation about the directive is that it has come forward before the Commission has finalized its ideas on a number of points which are vital to it. Lady Fisher does refer to one of these in point 6 of the motion for a resolution.

How then, if we are in favour of unit pricing in principle, do we wish it to be applied? We think that there is a very good case for a Community directive requiring unit pricing for goods sold loose or by random weights. This is really the area where the consumer is in most need of information. At the same time, we believe that the prescribed quantities directive should concentrate on basic commodities where there is no reason why they should not be sold in prescribed quantities in all Member States. Thirdly, we believe that the Commission should then proceed on a product-by-product basis to consider what would be the best way of offering the consumer the opportunity to judge value for money. As Lady Fisher has indicated, this would give the Commission the possibility of looking not merely at food, but also at other household products which form a very important part of the family budget. Finally, we believe that the Commission would be well advised, when it brings forward a directive of this sort, to assemble some evidence of consumer preference.

Lord St. Oswald

Mr President, I hope I have said enough to indicate that my comments on Lady Fisher's report are prompted only by a real concern that the report is inadequate to deal with the question. Any rapporteur on consumer questions for the Committee on the Environment, Public Health and Consumer Protection is obviously in a dilemma, because in this area in particular Parliament is often most anxious to further the Commission's efforts. But we feel that this directive cannot command Parliament's entire confidence. It is, in fact, another indication that in the consumer sphere the Commission is too concerned with what we look upon as tearing about doing good. We do not feel that this is ultimately in the consumers' best interests, and we feel that it is a duty to say so.

President. — I call Mrs Squarcialupi to speak on behalf of the Communist and Allies Group.

Mrs Squarcialupi. — (I) Mr President, like many other consumers, I am sure, I have awaited this directive with great interest, but confess to feeling somewhat disappointed, although we must recognize that Lady Fisher has done miracles with the text in question. We consider that this directive does not make for greater clarity or market transparency and, above all, does not help the consumer.

First of all, we would stress that there are two forms of consumer protection — a minimum protection indicating the price of the article on sale, and a wider form of protection specifying, as in this case, the price per unit of weight or volume.

Some time ago the Commission began drawing up the first directive, which provides for a minimum protection with regard to the marking and display of the overall price of all products. The present directive, on the other hand, is limited to the price of foodstuffs and their unit price.

The second directive ought of course to be tied in with the first to ensure uniform application periods; this would also make it easier for the consumers to interpret it. However, it would seem even more logical for this latest directive to be followed by another covering a wider field.

I approve unreservedly what Lady Fisher has said in her report, namely that it is essential to implement a directive on drained weight first, just as it would have been advisable to have first provided for standardization of packages or of the weight of packaged products. I would refer now to what I consider another false interpretation of market transparency. I had personally submitted specific requests to the Commission concerning the marking order: for example, the unit of measurement price would come first, followed by the weight and quantity on sale and, finally, the purchase price. My hope was that marking would be in a fixed order for the convenience of

consumers and, naturally, that this system would be formalized in the directive. My request was rejected.

I must therefore point out that, in the articles of the directive itself, these specifications which are of such importance to the consumer are frequently referred to in different ways, which will mean that in one shop the weight will be marked first followed by the unit price, while in another the unit of price will come first, followed by the weight and the purchase price for the particular product in question. In my opinion, none of this helps the consumer.

I should like to raise another point: given that we want to standardize packaging, I fail to understand why, with the means and expert advice available to the Commission, we could not also standardize the size of the type indicating prices. For example, if the prices on standardized packages could only be read with the aid of a magnifying glass, this would hardly be serving the interests of the consumer. Here too the Commission refused my request, almost as though it amounted to a restriction on the freedom to sell goods, when in fact my aim was to bring into play another instrument for the effective protection of consumers and in the interests of greater market transparency.

I have laid emphasis on these points regarding the order of prices on packages because I know what it means to be a woman consumer. In general, if the woman has some activity outside the home, she must do her shopping in great haste with an eye to both her own needs in the factory or the office and those of her household. Do you think that these women have time to linger over the minuscule figures showing prices? In other words, in my opinion the most vulnerable members of society will not derive any advantage, given today's living conditions and social structures, from this directive. This we regret, as we had awaited it with great interest. An opportunity has unfortunately been lost.

President. — I call Mr Tugendhat.

Mr Tugendhat, Member of the Commission. — Mr President, although many Members have had to leave or have engagements elsewhere, this is clearly a matter that arouses considerable interest, not just in this House but also in the world outside it. It is an example of the Community tackling matters which are of direct concern to ordinary people, rather than high policy or broad theories outside the realm of experience of people who go into shops and who lead their daily lives, and who are not concerned with high politics.

In that sense, I think this is a particularly useful proposition, and I would first like to thank your rapporteur

Tugendhat

for her positive approach to the proposal for the directive on the marking and display of prices of food-stuffs, and also to say that the Commission shares much of the concern expressed by the honourable Member, and many of the views which have been expressed by others. It is encouraged to continue its efforts in this field by the very obvious support shown in this House now.

I would also like to reply to a number of specific points in the motion for a resolution. Firstly, as regards point 2, the notification of Parliament of the opinions of the Consumers' Consultative Committee, I must point out that my colleague, Mr Burke, stated at a recent meeting of the Committee on the Environment, Public Health and Consumer Protection, that he was prepared to forward the opinions of the Consultative Committee to Parliament after consideration of each case, and at the request of honourable Members. The Commission shares the concern of your rapporteur, Mr President, that the marking and display of unit prices should apply to all household products. I can therefore confirm that the Commission will put forward a proposal for a directive in this field in 1978, thus meeting the wishes expressed by Lady Fisher in point 3 of the motion and, I hope, setting to rest some of the anxieties felt by other honourable Members.

With regard to point 4, the Commission would reiterate its intention of giving careful consideration to the problem of displaying the prices of services to consumers, but believes that the unit-pricing system is not suitable in displaying prices of restaurant and hotel services. For this reason, it has excluded food-stuffs consumed in hotels, restaurants, cafés, public houses, and similar establishments. While dealing with these exclusions, I might perhaps take up a point raised by Lady Fisher during the course of her speech, when she asked about canned goods, and wanted confirmation that they were not covered. My understanding is that that is indeed correct, as was said by the representative of the Commission. The problem of milk, to which she also referred, is a trifle more complicated because when one looks at the Community as a whole — as distinct from the country from which both she and I come — milk is sold in a variety of different forms and different ways. The manner in which it is sold in the United Kingdom is largely confined, although not exclusively, to the United Kingdom. Milk is a question which will need to be studied although I would have thought that the position as regards pre-established and prepacked quantities of milk was the same as with the quantity of any other sort of prepacked and pre-established commodity. The Commission is favourably disposed towards the amendments to Articles 5 and 12 proposed by the honourable Member, and will initiate the necessary procedure under Article 149 of the Treaty for transmitting a proposal for amendment to the Council.

The last point I would like to deal with, Mr President, is this: I recognize that there are some people, not just in this House, but outside, who feel that we have not gone far enough. As I said earlier, to some extent we share that proposition, and I mentioned the fact that we would be introducing a further proposal for household products a few moments ago. But in drawing up this proposal we have had to bear in mind not just the protection of consumers, but also the manner in which these proposals are to be implemented by the trades concerned. If we are to ensure that our proposals are practical and well-based, and in the public interest, it is very important that we should take account of the interests of the trades concerned, as well as those of consumers. In many ways, it is in the interests of the consumer that we should also safeguard good business practice and be sensible in our dealings with the trade. It is for this reason that, on the basis of past experience at national level, the Commission decided to exempt sufficiently standardized products and packaging from the obligation to show the unit price, and has provided for flexible price-labelling arrangements at the point of sale. With so many different types of product available to the consumer, I think it would be unreasonable to insist on an identical way of labelling each and every sort of product, and a certain amount of flexibility is required. As a result of this appraisal, the proposal has received fairly widespread support from the trades concerned and, in my view, that is a helpful and desirable thing.

I hope, Mr President, that I have managed to cover the great bulk, at any rate, of the points that have been raised, and to show to some degree the way the Commission is thinking on these matters.

In conclusion, I would like to repeat what I said at the beginning and say how pleased I am that we are at one over such a very wide range of matters on this subject.

President. — I call Lady Fisher.

Lady Fisher of Rednal, rapporteur. — Mr President, I welcomed the observations which the Commission have just given. Perhaps I could speak to Mr Tugendhat at a later stage, when he might help us regarding packaging in gift boxes.

As the rapporteur for this item, I think it true to say that I was the most critical member of the committee regarding the directive. I think perhaps I was more vocal and more critical and aimed more bullets at the Commission when they came to the committee. What has been said this afternoon is therefore a little bit surprising to me, given that, at the meeting of 23 November, the committee unanimously adopted the motion for a resolution and the explanatory statement,

Lady Fisher of Rednal

and that that meeting was attended by Lord Bethell, a Conservative, Lord St. Oswald, a Conservative and Mr Spicer, a Conservative. They accepted the report, even though, as I said, I was more critical than any of them. Mrs Squarzialupi was also at the committee meeting — and the report was adopted unanimously. So it seems strange that those who were not as vocal in the committee as I was are now coming forward this afternoon and putting a different point of view. I felt I had to make that point.

I think Mr Tugendhat is as realistic as anybody and quite obviously realizes that this is not a perfect directive. I conclude from his observations that he will give the matter further consideration before it goes to the Council again. In spite of all the difficulties, I am still in favour of the report.

President. — Does anyone else wish to speak ?

The motion for a resolution will be put to the vote as it stands tomorrow at the end of the sitting. The debate is closed.

12. *Implications of failure to comply with the Charmasson judgment*

President. — The next item is the oral question with debate (Doc. 531/77) by Mr Houdet, on behalf of the Committee on Agriculture, to the Commission :

Subject : The legal implications for the Community of failure to comply with the Charmasson judgment and implications for Community producers of sheepmeat, potatoes, ethyl alcohol of agricultural origin and spirits.

According to the Charmasson judgment of 10 December 1974 the national market organizations for alcohol, sheepmeat and potatoes ought to have been replaced by common market organizations from 1 January 1978.

Parliament has already delivered its opinion on the proposals for regulations concerning sheepmeat and potatoes. The Council of Ministers has taken no action as yet.

Moreover, at the European Parliament's sitting of 16 January 1978 the Commission representative said that they saw no reason why the debate on the report by Mr Liogier (Doc. 472/77) on the amended proposal from the Commission to the Council for a regulation on the common organization of the market in ethyl alcohol of agricultural origin and laying down additional provisions for certain products containing ethyl alcohol (Doc. 504/76) should not be held over to the next part-session.

In this context could the Commission say whether failure to comply with the Charmasson judgment would have any consequences

- (1) for the Community because of the legal implications
- (2) for EEC producers of sheepmeat, potatoes, ethyl alcohol and spirits ?

I call Mr Houdet.

Mr Houdet. — (*F*) Mr President, ladies and gentlemen, we all remember the 'Charmasson judgment' of the Court of Justice of 5 July 1974. This

judgment ruled that if a national organization of the market existed at the date of coming into force of the Treaty, it could, during the transitional period, preclude the application of Article 33 thereof. This could not, however, be the case after the expiration of that period, when the provisions of Article 33 must be fully effective. The transitional period expired on 31 December 1977. However, at the present time market organizations set up pursuant to Article 40 of the Treaty account for 92 % of agricultural products. The few products not covered include, in particular, sheepmeat, potatoes, ethyl alcohol of agricultural origin, bananas, which were the subject of the Charmasson judgment, and honey. In respect of these products therefore there has been, since 1 January 1978, a legal vacuum as a result of which various actions have been brought by certain Member States against national organizations. The Commission tried to avert this vacuum by submitting, in 1976, various proposals. Parliament approved two of these proposals and on 15 January 1976 adopted the Gibbons report on the transitional common organization of the market in sheepmeat. The Council has still not acted on this proposal.

However, an action has now been brought before the Court of Justice by Ireland against France, on the basis of Article 170 of the Treaty. True, a provisional agreement was reached between these two Member States, but caused an immediate prejudice to a third State. On 16 September 1976, Parliament delivered its opinion on the basis of the Bourdellès report on the common organization of the market in potatoes. The Council of Ministers has still not acted on that proposal. As a result the Netherlands has brought an action against the United Kingdom and the Commission has issued a warning to France in respect of the organization of this market.

Obviously, consideration of these proposals has given rise to serious debate within the Council. Attention should be drawn to the illegal situation in which it has put itself and in which it has also put all the European producers on these markets as from 1 January 1978. The Commission is clearly convinced of this since it is seeking to obtain the Council's approval in respect of sheepmeat in the farm-price package in order that this organization can come into force from 3 April, when the market is opened. It is also seeking approval in respect of potatoes as from the beginning of the potato year, i.e. 1 August 1978.

As far as ethyl alcohol of agricultural origin is concerned, the Commission presented a new proposal on 7 December 1976, amending its initial proposal of 1972 which had lapsed as a result of the enlargement of the Community. Just recently, on 16 January 1978, Parliament deferred consideration of this proposal pending a request — fully justified in the circum-

Houdet

stances — by the Legal Affairs Committee that it be allowed to deliver an opinion on it. Without challenging this postponement, I would merely point out that Mr Giolitti, far from stressing the urgency of adopting the principles on which an organization of the market should be based, said he had no objection to Parliament's consideration of this proposal being postponed, despite the fact that both the Commission and Mr Gundelach in his 1977 report on agriculture had drawn attention to the urgency of this matter.

As regards bananas, which were the subject of the Charmasson judgment, there are no plans to modify the situation of this market in regard to the special arrangements in the French organization since, if the assurance given by the ministers in the Agricultural Council during their visit to the French Antilles are to be believed, the *status quo* is to be maintained.

The illegality of national market organizations since 1 January 1978 is confirmed — if indeed we need confirmation — by the Charmasson judgment. The various actions that have been brought and the warnings issued by the Commission show how confused the present situation is. Today's debate during Question Time on the potato market revealed the anxiety of several Member States. The Committee on Agriculture, which monitors developments on a case-by-case and day-by-day basis, has also become alarmed. Hence our question, the aim of which is to draw the attention of the Commission — which needs no convincing, I can assure you — and more particularly that of the Council of Ministers to the urgency of setting up the common organizations of these agricultural markets which, though representing only 8 % of overall agricultural production, have considerable political and economic implications.

Those are the observations which the Committee on Agriculture wished to bring to the Commission's attention in connection with the matter under consideration.

(Applause)

President. — I call Mr Gundelach.

Mr Gundelach, Vice-President of the Commission. — Mr President, I would like to say from the outset that I fully share the concern expressed by the chairman of the Committee on Agriculture at the lack of progress with the establishment of market organizations for a number of important products. In view of the Charmasson judgment, this has led to a complicated situation which, as evidenced in our discussion on potatoes earlier today, cannot last for very long. I consequently want to reaffirm to Mr Houdet and to the House, as I think I already did in the case of potatoes and sheepmeat earlier today, the Commission's

determination to push this work ahead as fast as possible in the Council with, I am sure, as always in the past, the full support of Parliament.

The legal situation I would like to clarify with few words. The Charmasson judgment actually was delivered in regard to bananas and not in regard specifically to the other products, but its general conclusions can apply to the other products. As I said earlier today, when the Community has not yet established a common market regulation, national market regulations can continue. That obviously is an undesirable situation, but they can continue provided they do not lead to an infringement of the Treaty principles concerning a free market for agricultural commodities, as of 1 January 1978. In other words, in the absence of a common market organization, national market organizations are involved, such as the French system of certain levies for sheepmeat, and the British system of certain restrictions on imports of potatoes. These measures became illegal by 1 January 1978 with the Charmasson judgment, but this does not mean that certain other elements of the national marketing organization have also become illegal. It is important to keep in mind that this is the situation created by the Charmasson judgment. The Charmasson judgment in itself naturally does not impose upon Community institutions the requirement that there should be a market organization for alcohol, or for sheepmeat or for any other commodity. That is not the task of the Court. But it follows from the Court's judgment that a situation arises with free trade as of 1 January, such that if there is no market organization suitably adjusted to the situation in the markets, then we are not fulfilling the provisions of Article 39, and in this sense I agree with the views expressed by Mr Houdet. In other words, we have a political commitment under the Treaties to establish these market organizations. That is why the Commission has made proposals. On sheepmeat we did not succeed with our first proposals, but we will soon renew our efforts to overcome these difficulties and present a new proposal with a view to a breakthrough on sheepmeat organization before the new set of prices and related matters enters into force for the new marketing year.

We have made proposals for a potato regime, you have indicated that you are basically in favour of it, certain amendments are being adopted and we are, as I said earlier this afternoon, pressing the Council as hard as we can to get them to adopt this proposal on the organization of the market in potatoes before the bulk of the harvest of this year comes on the market. Otherwise we will find ourselves in a situation of legal conflict, infringement procedures, court judgments and a very serious situation for producers. That will apply to the sheepmeat producers as well.

Gundelach

In regard to alcohol we made a proposal which was adopted by the Commission in December 1976 and thereafter submitted to the Council, then to Parliament. In the discussion in Parliament, which has been going on for some time, I understand a very considerable number of amendments — more than 100 I think — are being considered in various committees, and preliminary discussions in the Council have demonstrated considerable differences of opinion. On this particular issue we are in even greater difficulty than in the other, because I can foresee within a period of time an agreement in regard to potatoes and sheepmeat, but we obviously have greater difficulties in the alcohol sphere. It may be necessary for the Commission, in the light of the views of Parliament, to make a different effort in order to bring about an early solution to this problem. The number of amendments seems to indicate that a rethink is necessary, but so is a market organization. This has been on the Parliament's table for a long time.

I do not think that the views expressed by Mr Giolitti on my behalf at an earlier stage indicate that the Commission feels that one can drag one's feet or one can in any way slow up this process in regard to alcohol. That impression has been gained; I would personally like to rectify that in this debate. In my view the action to be taken on alcohol must be speeded up.

I regret that we were not able to discuss this at the January part-session. I had to plead that I might not be available for that discussion myself owing to a prolonged discussion in the Council on fisheries. As a matter of fact I was available when all was said and done, but having asked for understanding for the delay in January, I must say I had not understood that this would lead to a delay until April, in which case I would have done whatever was humanly possible to avoid such a delay. I had thought it would only be delayed until February. I hope that through the constructive cooperation which has always existed between the Committee on Agriculture and Mr Houdet and myself that we will find ways and means to overcome this delay and get this matter on the table of the Parliament as quickly as possible in order that we can be in a position to press the solution through in the Council. This will not be possible before we have finished our debate in this House, and I would like to try and organize with Mr Houdet the speediest possible way to bring this matter back to the table of this House in order that we may press on in the Council at the earliest possible stage.

There are, if I may say so, other matters where the absence, for legitimate political reasons, of rapporteurs causes certain delays, understandable but nevertheless unfortunate, like the one on alcohol. I would mention

a different matter to which the same question of procedure applies — research on vineyard acreage, which is being delayed for a long time owing to absence for political reasons. I hope a solution to this can be found, because our whole Mediterranean package — structural policy and market-policy changes for wine — depends on our having the results of this research. It is not a technical matter, it is a matter of great importance for political decisions.

So these recent delays in regard to alcohol do not indicate a lack of political urgency — the political urgency is great. It is a matter of finding solutions to certain problems, with political reasons preventing certain rapporteurs from being available at certain times. It should be possible to overcome that. I agree with Mr Houdet, when, at the end of his oral question, he raises the interest of the producers and the difficulties they may be put in if there are further delays in the adoption of these market regulations. It will put sheepmeat producers, potato producers, and producers of raw materials for alcohol in difficulties if these market organizations are not adopted. But of course, they must be adopted in an appropriate form, because if the form is not appropriate, then there will be losses to the economy in general. One must realize that the taxpayer has to pay some of the cost — premiums, intervention and related items — and, as the number of amendments, in particular to the alcohol regulation, indicates, there is a balance to be struck between the legitimate interest of the producers and those of the consumers and the taxpayer.

With these comments, Mr President. I want once again to assure the House and Mr Houdet that the Commission is determined to push on with these proposals for market organizations, which we consider necessary to fulfil the Community's political obligations under Article 39.

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

Mr L'Estrange. — Mr President, I wish, first of all, to thank Mr Gundelach for his statement, for his sympathy and for the fact that he is doing his part to secure common market regulations for the agricultural produce mentioned in the question. Under the Accession Treaty, Article 62, later reinforced by the Charmasson judgment, obstacles to intra-Community trade in agricultural products not covered by common organization of the market had to disappear on 1 January 1978. According to the Charmasson judgment of 10 December 1974, national organizations for sheepmeat, potatoes and ethyl alcohol should have been replaced by Community measures for the common organization of the market in these products by 1 January 1978. This has not been achieved, although negotiations, as Mr Gundelach has told us, are in progress on all three products.

L'Estrange

Mr Houdet's question refers to the fact that a judgment of the Court of Justice has not been respected. Producers of these products, especially sheepmeat and potatoes, have undoubtedly suffered hardship in the absence of guaranteed prices and intervention systems. I believe now that it is highly desirable, if not essential, that a common organization exist for all three. Irish sheepmeat producers — and remember most of them come from the hilly and the poorer regions of Ireland, where there has always been the greatest imbalance in income — have suffered great hardship, because the French blocked the sale of our sheepmeat on their market for five years, in violation of the Treaty. It is only fair to say that the French allowed in a small amount of sheepmeat at certain times of the year to help stabilize the price in their own country, but that was only a drop in the ocean as far as Irish sheep farmers were concerned. Sheep breeders became the poor relations of Irish agriculture and their income dropped drastically while the incomes of all other sections were improving. Owing to the poor prices and the poor returns, sheep numbers in Ireland fell by over 1 million. The then minister for agriculture served notice that he was taking the Irish sheep breeders' case to the European Court of Justice. The case was to be heard during January 1978. Following Irish threats to take the case to the European Court of Justice, the French Government authorized Ireland to export sheepmeat to the French market, dutyfree, from 1 January 1978. On 15 December, at the Parliament in Luxembourg, I raised the matter with Mr Gundelach. I quote the following from the report of proceedings :

Mr L'Estrange. — Can he give an assurance now to this Parliament, and to Irish sheep breeders, that they can sell their sheep on the French market after 1 January without any levies being imposed on them by the French Government.

Mr Gundelach. — Irish sheep, hopefully, will be exported to other parts of the Community after 1 January, including to France, and there will be no levy paid by the Irish producers. There will, perhaps, be limited quantities actually sold, but the effect will nevertheless be that prices in Ireland will improve considerably in the first quarter of this year, and therefore what has been qualified as a dramatic situation will improve on 1 January.

I want to thank Mr Gundelach and all concerned, because that has happened. The Irish sheep farmers are getting a fair price now for their produce; they have had to wait a long time for it, but better late than never.

Irish access to the French market is governed only by the Treaty rules, and I want to stress the word 'only'. There is no bilateral arrangement, and I want to repeat: 'There is no bilateral arrangement' in spite of what has appeared in the press. In Ireland, we want a

common agricultural policy for sheepmeat, and I hope Mr Gundelach will be able to deliver on a answer he gave to my question in Parliament on 19 January 1978 :

Mr Gundelach. — I cannot naturally commit the Council here, but as far as the Commission is concerned, it is a necessity that a common market regulation policy for sheepmeat be adopted before 1 April, that is in the context of the forthcoming price package.

That is what we ask, that is what we expect, and I hope you will be able to deliver, as you did on what you promised here in December.

As regards potatoes, we are in favour of a common agricultural policy. There are proposals before the Council for potatoes, but I believe the potato proposals are in serious trouble. It may be argued that the common agricultural policy is not perfect. We are living in an imperfect world, and I suppose it is hard, in an imperfect world, to have everything perfect. But the common agricultural policy gives stability and continuity of supplies to consumers without violent fluctuations in prices which can have such disastrous effects on both the consumers and the producers. I think that should be remembered by all sections. Because we have no common organization for potatoes. In Ireland, during 1975 and 1976, potatoes went as high as £200 per tonne, and the consumer could not afford to buy them. And in 1977, they fell to as low as £10 per tonne, and many growers left them to rot in the ground.

There are proposals also before the Council for alcohol. The Commission's draft is highly complex and has given rise to many different interpretations, especially the consequences for various products on different national markets. The Commission is proposing a market organization for ethyl alcohol of agricultural origin only, and this is causing concern about industrial alcohol, which could become less competitive, and about the EEC's relations with third countries. There are fears that the proposed levy on alcohol imports could lead to reprisals. The proposals, as they stand, also present some problems for Irish interests. The exclusion of molasses alcohol from the scope of the proposed regulation, with the result that it will not qualify for a marketing guarantee, would be injurious to Ceimici Teoranta, a major Irish chemical industry that use molasses alcohol. The proposed regulations may also be damaging to the Irish whiskey industry.

European countries are still suffering from serious problems of inflation and unemployment, and perhaps this does not create the best climate for policy coordination. I sincerely hope Mr Gundelach will succeed in securing common market regulations for those agricultural products.

President. — I call Mr Pisoni.

Mr Pisoni. — (I) Mr President, I would simply like to support what has been said by Mr Houdet.

I have listened to the statements by the Commissioner, who has said that everything possible will be done to speed up the adoption of these common market organizations in the five sectors not yet covered. He added that he would be giving particular attention to the organization of the market in alcohol, which will be more difficult to adopt in view of its many controversial aspects, such as the problem of wine within the framework of, in particular, the Mediterranean measures and the new regulations.

I should like to ask the Commissioner whether this proposed regulation on wine which has recently been forwarded to us does not conflict with the statement on rules for the sectors not yet covered, and with the principle of a single European market. Does the Commissioner not feel that, assuming that we want to eliminate the remaining obstacles to the creation of a single market, this proposal on wine introducing a minimum price will in practice jeopardize the single market? And what would happen if we went on to introduce a minimum price for milk? Does the Commissioner not feel that the introduction of minimum prices is in fact a rejection of any type of single market and brings us back to 'renationalization', thereby conflicting with the Charmasson judgment and with all his declared policy aims?

I wish to ask the Commissioner the specific question of whether or not this measure really conflicts with the general statements which have been made, and whether or not it represents a move towards a re-nationalization of the agricultural policy and away from the creation of the single market.

President. — I call Mr Gundelach.

Mr Gundelach, Vice-President of the Commission. — Mr President, if there are no further speakers, then I would like to express my appreciation for the statements which have been made in support of the policy which the Commission is seeking to pursue. I am glad to have been able to deliver on Irish sheepmeat, and I hope we shall be able to convince the Council to take the necessary decisions, so that our other objectives will also be achieved by the time the package of agricultural prices is adopted. Because of political events, I must guard against saying this will happen by 1 April, it may be a few days into April or maybe the end of April, but we shall see; that is due to other political affairs.

I have nothing else to say on the debate on these matters, but would like to reply to the remarks made on the wine issue. This was not under discussion here, but it is my own fault, because I introduced the proce-

dural question of the need for the Parliament to pass an opinion on a research project on vineyard acreage, which is necessary for the structural policy for wine. That is naturally a different matter from the one to which the last speaker was referring. But since he has asked me about the latest proposals made by the Commission in regard to the market organization for wine, I would like to give him a few indications here. Already, it is obviously a matter which will be more fully discussed in Parliament when these proposals are referred to it, as they must be, by the Council, for full debate and consultation. But I would like to give a few indications here and now.

I want to make it quite clear that there is no question of using these proposals to re-nationalize the agricultural markets. That is neither the objective, the intention, or the effect these proposals could have. Nothing could be further from my mind. What this proposal does is to put the main emphasis on the necessity of restructuring the wine-growing capacity of the Community with whatever means we can apply, by providing assistance for grubbing up of vineyards, assisting conversion to alternative crops, so as to ensure that wine is grown in regions and on soil most suitable for it, and not, as now, in unsuitable areas which often provide great quantities of very cheap and very low quality wine which distorts the wine market, with the result that the livelihood of people living in areas where they have no other economic alternative is undermined. Since this is a Community of solidarity, that obviously is a situation which is not acceptable, for just as fisherman need the protection of the Community, so do wine growers too.

The solution lies in a proper structural policy. But a proper structural policy on which there is agreement basically in the Council, as I have previously indicated also in this Parliament, takes a little while to take effect. It also takes a little while to carry out. In the meantime there must be some market guarantee, as there is for other commodities for the producers, and in particular for the producers of higher-quality wines in the table wine area.

And that is what we are proposing — measures whereby, if prices fall to a very low level, the Council, on proposals from the Commission and after consulting Parliament, can establish a floor price for operations inside the Community. But that has nothing to do with the frontiers. Therefore, it is not a re-nationalization. It is a safety net. And when that safety net is hit, then what we already have on an *ad hoc* basis, intervention in the form of distillation or aid to private storage, comes into operation. So nobody is put in the situation, by the operation of this floor-price, of not being able to sell their wines. Therefore it cannot be a re-nationalization, or a hindrance to the free market. But it does provide a certain safety

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net, which is necessary in the interim period until the structural policy can enter into effect. If we do not introduce these safeguards for that period of, say, four years, we will see, as we have seen in the past, excessive production of cheap wine of poor quality upsetting the production of quality wines, with grave social consequences as well as serious consequences for a rational wine policy.

Since we protect ourselves against that kind of event in the field of dairy products, meat, and are now trying to do the same for sheepmeat and alcohol it should be possible to do it also for wine. But we would wish to do it on a temporary basis, because our main action should be in the field of reconversion of vineyards, with a view to confining wine production to land most suited to it and using other land for something else. Why not maize, for instance? Or in certain cases, soya, or other fodder grains? It is eminently possible, and it would help the balance of the production of foodstuffs in the Community.

President. — The debate is closed.

13. *Employment subsidies*

President. — The next item is the oral question with debate (Doc. 536/77) by Mr Evans, Mr Ellis, Lord Bruce of Donington, Lord Murray of Gravesend, Mr Price and Mr Mitchell, to the Commission:

Subject Employment subsidies

All the institutions of the Community have for some time recognized that the reduction of unemployment should in 1978 be the prime aim of economic activity at national, Community and world level. In spite of this figures in the Community budget for the Regional and Social Funds remain totally inadequate in the face of the immense unemployment problem which all Member States are facing.

In these circumstances does the Commission accept that as well as creating new employment, governments are bound to take action to protect employment in industries particularly hit by the current economic crisis?

Furthermore, given that protectionism is unacceptable as a policy option at national level is not the subsidization of employment inevitably an absolute, if unsatisfactory, necessity?

How many Community countries now operate job subsidies? What forms do these subsidies take?

It is well known that complaints have been made to the Commission concerning the British Temporary Employment Subsidy. Can the Commission assure Parliament that no action will be taken in the Court with regard to any national subsidy prior to the consideration of the whole problem of job subsidies by the Commission and the Council?

Will the Commission proceed with the preparation of Community guidelines with regard to job subsidies, which can be considered by the Council and Parliament as a matter of urgency?

I call Mr Evans.

Mr Evans. — Mr President, in making what in effect is my 'swan-song' in the Assembly, I am rather pleased to return to a theme which I have raised on many an occasion, that of unemployment. Indeed, at every part-session of this Assembly there has been, over the past couple of years, at least one major debate about unemployment. The last four incoming Presidents of the Council have made the fight against unemployment the central theme of their inaugural addresses. Mr Jenkins, in his inaugural address to this Assembly, following his appointment as President of the Commission, last year spoke at length and with feeling about the growing problem of unemployment. This week, in his presentation of the General Report for 1977 and the programme of the Commission for 1978, Mr Jenkins again returned to the theme of unemployment. He said:

The present reality is of 6 ½ million unemployed. The future reality, between now and 1985, is for a further 9 million young people added to the Community labour force and looking for jobs. This is not merely an economic problem: it is tragic for individuals and it could threaten the foundations of our society and its institutions.

Those are words of wisdom and I certainly endorse them. At every level — the President of the Commission, most Commissioners, the Council, the heads of government, the national parliaments and this Assembly — all recognize that mass unemployment is the greatest single crisis that the Western world faces. Everyone, with the single exception, it would appear, of Commissioner Vouel. He, it seems, is more concerned with the sanctity of Community competition policy than bothering about such tiresome problems as unemployment.

Unemployment is the background to this oral question that I have tabled. Surely, even Commissioner Vouel accepts that, at this time of crisis and given the inability of the Western world to take the necessary collective action to stimulate world trade and thereby create new jobs for the unemployed, it is logical and necessary to protect existing jobs in various industries during this crisis period, until economic activity resumes, or until such time as the Member States, acting in concert through the Commission, take the necessary steps to protect domestic industries from destruction by unfair trading practices on the part of third countries. That is what the British Government's Temporary Employment Subsidy is all about: the protection of jobs for a limited period. However, when one examines the history of temporary employment subsidy, and Commissioner Vouel's current objections and threats, one is struck by the lack of any apparent logic in his position.

Evans

The Temporary Employment Subsidy was introduced by the United Kingdom Government in August 1975 as a measure to combat growing unemployment, particularly in regions which were already suffering badly. Since then, it has been extended in time and expanded in scope, and its purpose is to persuade employers to defer redundancies, particularly in cases where there are prospects or proposals which would improve a firm's viability. At present there are almost 200 000 jobs in the United Kingdom which are being maintained by the Temporary Employment Subsidy, and this against a background of one and a half million unemployed in the UK. The subsidy, which is £20 per week for every redundancy deferred for twelve months, is remarkably cheap. Indeed, it is the opinion of most experts that it gives a considerable financial saving to the government because, if the workers were made redundant, they would immediately qualify for substantial unemployment and social security payments. Instead, they remain in employment and continue to pay income tax and social security contributions to the government. Surely, a scheme which helps workers in employment and shows a profit to the government has considerable merit.

But the United Kingdom is not the only country which has employment subsidy schemes. Every single member country, including Luxembourg, Commissioner Vouel's own country, has a wide variety of schemes, much too numerous to list on this occasion. Those schemes are designed to protect employment, many of them costing considerable sums of money. The United Kingdom has other schemes besides the Temporary Employment Subsidy, but Commissioner Vouel is not objecting to these other schemes, only to the Temporary Employment Subsidy. It must also be made clear that the Commission has not objected to this subsidy in the past. Indeed, the Commission accepted it in 1975 and they have continued to accept it on the six occasions on which it has been extended since then. Now, suddenly, Commissioner Vouel reacts violently to a scheme which has had the Commission's backing for the past three years. He has informed the British Government that major changes must be made in the scheme immediately, and that it should be banned in certain sectors forthwith, — the textile, clothing and footwear sectors for instance — and he has given the British Government three weeks to notify the Commission of their acceptance of his directive, or he will put Britain in the dock of the European Court. I leave Members of this House to imagine the effect on British public opinion of over 100 000 workers being tossed on to the already extended dole queues, because of an arbitrary act by the European Commission. But there are other questions which must be answered by the Commissioner. Has he consulted Commissioner Vredeling, the Social Affairs Commissioner, who has responsibility for unemployment, about adding to the dole queues of Britain? The majority of these jobs are in regional

priority areas. Has he consulted Commissioner Giolitti, the Regional Policy Commissioner, about this action? Commissioner Giolitti is supposed to be responsible for coordination of all Community action which has an impact on the Community regions. This will most certainly have a major impact on the regions of the United Kingdom.

But the truly absurd thing about Commissioner Vouel's initiative is that he is determined to act against the clothing and textile sector. As this House knows, some of us demanded, over a considerable period, Community actions which were necessary to protect this sector against unfair third-country practices. We have just won that fight, and Mr Jenkins in his speech this week drew attention to the success of the Commission's activities in this sector. But in our moment of triumph, when the actions we had demanded to save this sector were put into operation, and the Temporary Employment Subsidy was specifically designed to give this industry succour until its prospects improved — as they have now done — Commissioner Vouel is snatching the victory cup from our lips. Surely, this timing is crazy. Surely, Commissioner Vouel can recognize that this sector's prospects have improved and that the TES will not be required over a much longer period. Has Commissioner Vouel consulted Mr Jenkins, or Mr Davignon who is responsible for the textile negotiations?

Mr President, this oral question puts forward a concrete and worthwhile suggestion which is in every country's interest. I suggest — and surely this is common sense — that the Commission should immediately, and with urgency, undertake a study of every employment subsidy scheme where every member government in the Community pays for its worker citizens to remain in employment. They should evaluate all of them, and come forward with recommendations based upon the best of each country's schemes as the basis of a Community-wide employment protection policy. I would submit that if they do that, they will undoubtedly come forward with the TES as one of their major recommendations.

In the meantime — and I close on this note — every scheme which is in operation and which is saving jobs should remain in operation in the interim period. If Commissioner Vouel objects to employment subsidies, he should in all logic object to them all. I suggest that no one would agree to that proposition with six and half million unemployed in the Community. Certainly workers cannot and will not tolerate being sacrificed to the over-rigorous logic of a classic market system. If this Community cannot or will not bend the requirements of its rules to its citizens then I suggest Mr President, that the citizens will rise up and smash it up.

(Applause)

President. — I call Mr Tugendhat.

Mr Tugendhat, Member of the Commission. — Mr President, in the absence of Commissioner Vouel, I have been asked to reply, but I think, in the light of some of the statements which were made during the course of the honourable Member's speech, I should emphasize the fact that the Commission is a college, and that therefore, in a matter of this kind, it is just as appropriate for me to reply as it would be for Commissioner Vouel. I would also like to say that I very much regret the strain of personal hostility, almost abuse, which underlay and was explicit in what was said.

(Uproar)

The assumption of guilt, without hearing another side, and of the lack of understanding, without studying the facts, was not worthy of the honourable gentleman, and I regret that he should have attacked my colleague in that way. My reply, Mr President, will be a little long, but I make no apology for that, because we are dealing with a subject which is an important one, a subject which involves the lives and the welfare of many people, and which must, therefore, be explained and argued about and dealt with in as much detail as the House wishes and as I can provide.

First of all, the honourable Member is completely right in stating that all the Community institutions, and in particular the Commission, have repeatedly confirmed that the primary aim of economic policy in 1978 must be to reduce unemployment. We are at one in that. The Social and Regional Funds can make a considerable contribution here, though they have more specific functions to fulfil. The Commission is bound to agree that the resources made available to them from the Community budget are still inadequate. It is open to the Member States themselves to do something about that and to increase them.

The Commission considers that, under current social conditions, the protection of existing jobs, particularly in industries hard hit by the crisis, may well be warranted along with measures to create new jobs. But this is subject to the limits which my colleague Mr Vouel outlined on 16 November last, when this House held its plenary debate on the Sixth Report on Competition Policy. Aids to preserve employment can only be a temporary expedient; if prolonged, they lead to ultimate disillusionment among the benefiting workers, and in the long-term make unemployment worse. Their aim is to relieve firms, for a period, of a major proportion of the labour costs involved in uncompetitive production, which may well one day have to be abandoned.

These aids, when too great, or of too long duration, are the cause of future unemployment for two reasons. First, they lull firms into a false sense of security at a time when they should be adapting and converting

their business to market conditions. Second, they waste financial resources that could be used for social or industrial purposes in developing other production, and therefore jobs with a brighter future. They can also be an expression of self-interest which directly damages the interests of partners in the Community. Certain Member States are maintaining production in industries that are in a state of crisis throughout the Community. They thereby impose on their fellow workers in other Member States — whose social situation is just as acute, if not worse — closures and redundancy. They aggravate changes, not only at national level but everywhere in the Community, as a result of worldwide changes in the structure of supply and demand. These aids lead to no improvement whatsoever in the overall Community employment situation, but simply transfer difficulties, in an arbitrary fashion, from one region to another. When employment aids have these effects they are no more than one of the possible forms — perhaps more sophisticated than customs duties or quotas — of national protectionism, which is a phenomenon which the honourable Members of this House rightly regard as unacceptable national policy. They bear the same fruit as any other form of protectionism: loss of competitiveness and hence, in the long term, loss of jobs, reprisals from other Member States whether or not in the form of comparable aid, and in a process of outbidding which is sterile in itself and, in any case, damaging to the weaker members. These are all phenomena against which both Parliament and the Commission must fight energetically in the common interest which they both represent. Even so, while it would prefer other types of employment aid which are less likely to do damage of the kind I have just spoken of, the Commission can accept those aids, subject to two conditions. Firstly, that they are given for a strictly limited period — and this I think is an important aspect of the question — as a means of dealing with genuinely transient difficulties in certain industries, or to giving breathing space for the preparation and implementation of plans for structural reform, or for the redeployment of labour. The aid must not be paid beyond such a period. Secondly, assistance should be given on such terms that it is not heavily concentrated in industries and sectors which are in difficulty throughout the Community, and does not thereby simply export social and industrial difficulties from one Member State to another. These conditions do not flow only from considerations of competition policy, but also from the need for sound and fair social and industrial policies in the Community. Member States of the Community should not, I believe, play a game of beggar-thy-neighbour which problems of this sort can easily give rise to.

I turn now to the part of the question concerning the Temporary Employment Subsidy. It is the case that job preservation subsidies — under which employers

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are paid to keep workers in employment and producing, thus subsidizing production which would otherwise cease — exist only in the United Kingdom. I hope very much that the honourable gentlemen bore what I said very precisely in mind: that the feature of the Temporary Employment Subsidy is the fact that it is a job-preservation subsidy under which employers are paid to keep workers in employment and producing, thus, in effect, subsidizing production which would otherwise cease. All other Member States have some form of aid: income guarantees, for instance, paid to fully or partly unemployed persons, aids to improve the vocational training of workers, or to help them retrain and acquire new skills, aids to promote the recruitment of disadvantaged workers, such as young people, the elderly and the handicapped, and aids to promote the creation of new jobs. The Commission has never objected to such measures since they do not maintain uncompetitive production and are hardly likely, if at all, to create the same problems of exporting industrial difficulties and unemployment from one Member State to another. This I believe is a very very important distinction. It is not the existence of aid as such that the Commission has objected to. The Commission's support for measures and policies that will reduce unemployment is certainly clear, and absolutely on the record.

The difficulty comes when workers are being maintained in factories and in plants which would otherwise have gone under, when there is not a restructuring element, when what one is doing is holding the present and not building for the future, and when difficulties are being moved across one frontier to another. So far as the Temporary Employment Subsidy is concerned, the Commission has not, and I emphasize the word 'not', objected to the principle of the scheme, but chiefly to the intensive application of it to three industries: textiles, clothing and footwear, which are in serious difficulty everywhere in the Community. In response to these difficulties, the Commission has already worked out a Community approach to aids in the first two prohibiting grants of purely conservatory aids precisely because they solve no problems, but shift them from one place to another.

One of the Member States that officially complained to the Commission about the TES has just asked its parliament to take a reprisal measure in the form of a £5 employment subsidy to be paid every week to every worker in the three industries, as long as the United Kingdom maintains the scheme. In my view, this sort of thing brings us very close indeed to the dangerous situation to which I referred earlier, where, at least in certain industries, the Member States are likely to engage in a process of outbidding which will seriously compromise the cohesion of the Community, runs counter to every notion of the common market, and simply lead to governments paying ever-increasing amounts for the maintenance of jobs,

instead of for rebuilding industries for the future. It is the rebuilding of industries for the future which is surely so absolutely crucial if we are to make any kind of permanent and long-term impact on the unemployment problem.

On 22 December, the Commission proposed to the British Government that it take certain appropriate measures to remove the harmful effects of the TES, and warned it that any plan to extend the scheme beyond 1 April this year would be regarded as incompatible with the common market, if the suggested changes were not made.

I cannot help noticing, Mr President — since this debate is being conducted in a slightly aggressive tone by some Members — that the honourable gentleman who shouted at me from a sedentary position has left the Chamber before waiting to hear the reply, and I hope that before attacking it in future he will at least read what I have to say in the record of this Parliament.

On 22 December, the Commission proposed to the British Government that it should take certain appropriate measures to remove the harmful effects and ask for changes to be made. The main points of these changes would be to introduce means of ensuring that the TES is no longer concentrated on the three industries I have mentioned, and to alter the terms for granting it, so that it would no longer be a purely conservatory measure. The aim then is to preserve what is really valuable in the scheme, and I should like to see what is really valuable in the scheme maintained, in the light of the immediate benefits it can bring to the United Kingdom, while removing the damage that is being done to other Member States. Talks are already in progress with the British Government on its plans, and we are optimistic that a satisfactory solution will be found as regards employment, both in the United Kingdom and in the Community as a whole.

Another point which I would like to make concerns the possibility of Community guidelines on employment aids. The Commission, in the exercise of the powers conferred on it by the Treaty, particularly Articles 92 and 93, can and does apply a policy that reflects the actual economic situation and the contribution which each type of aid can make to improving it. This policy is built on case law, which is public and familiar to Member States, as a result of the consultations and discussions in this field which take place on a continuing basis. It would, of course, be possible for the Commission to lay down guidelines, as honourable Members suggest. I would, however, point out that this might reduce rather than enlarge the flexibility with which competition policy could be administered and make it more difficult to adapt it to changing circumstances.

Tugendhat

So far as changing circumstances are concerned, the honourable Member referred in his speech to the fact that this scheme has been in operation for a long time, that it has been renewed several times, and that the Commission has not previously raised objection. I think it is important to point out, in the context of that statement, that the nature of the scheme has changed very substantially since it first began. There have been six consecutive extensions; when it began the total amount budgeted for the scheme was some £6-8 million. The scheme now is of a scale that goes up to £430 million, so I think there is really quite a substantial qualitative, as well as quantitative, distinction between those two sets of figures. I hope it is not felt that the Commission has raised the matter now, as distinct from before, simply because of a change of mind. The scheme itself has changed very substantially, as those figures show. And it is the size of the scheme, and the degree of concentration, that causes the difficulties.

The honourable gentleman talked about Britain being in the dock, which was an unfortunate phrase, and certainly not the place in which I would like to see Britain, or indeed any other Member of the Community. It is certainly not the purpose of the Commission to wish to put, or to seek to put, countries in that position. As far as the Commission is concerned, there are perfectly amicable and constructive discussions taking place with the United Kingdom Government, and I hope very much that they succeed. We were, however, obliged to initiate those discussions at this stage because, as the honourable gentleman knows, we are at the moment just a very short time away from the moment when the scheme will be further renewed. That indeed accounts for being the problem raised now rather than at some time in the future. I hope that that, too, will be borne in mind.

I would also like to emphasize that the Commission certainly sought no publicity that would give credence to the idea of a country being in the dock. All the Commission's communications with the British Government on this matter have been of a private nature, and it is not from our end at all that the matter has become public. When matters of this kind do occur, as we see from the nature of the feelings which were aroused, publicity does sometimes create fears and give impressions that make it in some ways more difficult to reach a solution.

I hope, Mr President, that if honourable Members raise any other points, I will be able to answer them, as far as I am personally able, at the end of our short debate.

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

Mr Power. — I am very pleased to be here, Mr President, to hear the contributions of Mr Evans and Mr

Tugendhat, and am very pleased to note that great stress has been placed on the fact that we all know the value of an employment scheme, and we all agree that there is merit in the particular scheme. But this oral question has been prompted by the fact that the Commission examined the continuation of the UK Temporary Employment Subsidy or to use the very words that the Commissioner used here, 'the too long duration'. And while the Commission was fully aware of the employment difficulties that existed in the UK, it was the considered opinion of the Commission that the Temporary Employment Subsidy would not be justified in its present form, particularly as it shifts elsewhere, or even exports, the problem that it was intended to solve, namely, unemployment. This question and debate is an attempt to justify an extension of a scheme that the Commission examined and found it impossible to justify. The Commission even went further. It has asked the British Government to ensure that a number of adjustments be immediately made to this particular system, and the question, as it is put here, is an attempt to circumvent the decision of the Commission, and to justify the measures taken by the mother of parliaments in the face of, to use their own words, 'the immense unemployment problem'.

With the very words that are used in Working Document 536/77, the honourable Members from Britain give us a further insight into their very thinking on this matter, and indeed the contribution of Mr Evans has borne out that very thinking. They claim that all the institutions of the Community have for some time recognized that the reduction of unemployment should, in 1978, be the prime aim of economic activity, at national, Community and world level. You will note the order: national, Community, and world level. You will see that the national interest comes number one, that the Community interest is number two and the world is a poor third. It is no wonder that, in the English language, we do refer to the Third World.

It is well too that the movers of the motion agree that all Member States are facing unemployment. They should then recognize that the exporting of British unemployment, via the TES, is not the solution to Community problems. One might excuse the extension of this premium beyond the first term, but to extend it *ad infinitum* is inexcusable. Experience has shown that while the scheme may have helped Great Britain, it caused unemployment, and a higher rate of unemployment elsewhere, particularly in the textile and footwear and clothing industries in my own country, and I noticed that in his opening remarks the speaker for this motion made no reference to the fact that unemployment was being exported elsewhere, even though these matters were brought to his notice. I hope that in the contribution that he has yet to make, he will have an opportunity of explaining to us why he neglected to deal with this the first time he was speaking.

Power

It must be clear that this scheme should be withdrawn now, if it is to warrant the name 'temporary' at all. And it will be seen that it has not been as effective as it was claimed to be when it was first introduced. Is it therefore a temporary employment scheme at all, or is it intended that it should be a permanent employment scheme? Is the British attitude to this particular scheme to be that it will withdraw the scheme — but not just now? Like the reluctant saint who said: 'Save me, Lord, but not yet'. Mr Evans said that the TES will not be required for very much longer: 'over a much longer period' I think were the words used. The British scheme — and it is quite a big scheme, it is £1 000 per annum for every employee kept at work — is a carrot that only a very rich country could afford. If every big country were to use its resources like this to subsidize its industries until its neighbouring competitors were stamped underfoot, the Community would disintegrate into a rich man's club, where the survival of the biggest and the most ruthless would be assured. Those who pointed the way in the Rome Treaty did not share this particular vision. Indeed, the figures that were given us by the Commissioner — £6.8 million when it was first introduced, and £430 million now — will show us without any shadow of doubt how the scheme has been escalated.

I do know that the scheme has been implemented as a political measure too. It is very loosely framed, there is a high degree of tolerance in deciding in what areas and in what industries the £1 000 per annum will be dispensed, and there is a trend of opinion that indicates that borderline constituencies with a shaky Labour majority come out best when this largesse is being dispensed. This trend is unlikely to be stopped until the elections are over.

(Protests)

I notice the barracking on the terraces continues while I am speaking. I do not wonder that you will no longer be allowed to play in Strasbourg or Luxembourg. Conduct yourselves!

Mr President, this trend, as I have said, is unlikely to be reversed until the British elections are held, and just as direct elections are to yield pride of place to the British Government till their elections are held, so too will the withdrawal of this Temporary Employment Subsidy.

I say that we should reject this request that the Commission should not take anyone to court until such time as the whole problem of job subsidies is fully discussed. The issue is pretty clear to me. The United Kingdom Temporary Employment Subsidy has been found to be wrong, the British have been asked to withdraw it, and they have asked in this particular working document that we should wait. I subscribe to a religion where we are guided by Ten Commandments, and if a member is found to be in breach of one of them, he does not ask that that parti-

cular commandment be held in suspense until it is fully examined. You play the game according to the rules, and as I see it, this is a game with the Community on one side and the United Kingdom Temporary Employment Subsidy on the other, and the Commissioner in the unfortunate position as referee. And I think you have already been shown the yellow card, and if you persist in your attitude, I think the only thing that the Commissioner can do is to show you the red card. I ask Parliament to reject this particular working document.

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

Mr Jakobsen. — *(DK)* Mr President, I could begin by offering my apologies to the Commissioner but since he comes from the British Parliament there is certainly no reason to do that — he knows the tone well enough! But I can at least tell the Commissioner that he need have no fear that we, who have the greatest respect for the British Parliament, will ever fall into its bad habit of shouting so loudly that the speakers cannot continue. You will never manage to convert us to the bad habits of the British Parliament! I regret that the Commissioner's statement, which was clear, objective, impersonal and free of any political bias, should have been treated in the way it was here. It didn't deserve that. I know I have the support of my absent group when I say that I fully endorse the Commissioner's views. But I would like to bring the following little point into the debate. The Commissioner is no doubt aware that we are having a slight difference with Sweden, a country that is outside the Community but nevertheless has certain connections with it. Denmark joined in and accused Sweden of practices similar to those we have just heard about. How on earth can the Community possibly conduct such a policy towards Sweden when Sweden can turn round and say that countries in the Community are doing almost the same thing? That is quite indefensible. We cannot lay down principles for other countries to respect and at the same time let our own Member States depart from them. That is just not on! And one other thing: I do not think the Commissioner should spend his time issuing instructions on how to solve the unemployment problem. But if you want an account of what is being done in the different countries, I can briefly read you a press statement which we Danish Members have received about developments at home. A lot can happen there while we are here.

We have received a report of what the Social-Democrat Prime Minister Anker Jørgensen said yesterday about the unemployment problem. The newspaper 'Politiken' states that 'Prime Minister Anker Jørgensen called yesterday in the Folketing for an open debate on a better distribution of the work

Jakobsen

available'. The Prime Minister was then asked to give his views of how to limit unemployment and proposed that all wage-earners should be given every tenth week off when they would receive unemployment benefit.

If any statement is to be issued about what is being done in the different countries, I would ask you not to forget to say that Danish socialists feel — and this is something I said the other day — that it is now time that the labour movement showed evidence of its solidarity. If we cannot find jobs for more people, we must distribute the work available so that some work less. They would receive slightly lower wages and could for instance receive unemployment benefit every tenth week as the Danish Social-Democratic Minister proposes. So if we are to suggest any solutions, I would ask that we don't just follow the traditional pattern. We should give consideration to the views of modern Social-Democrats rather than merely following the old Marxist principles.

But the Commissioner has the full support of my group and I personally want to compliment him for the way in which he has dealt with this question.

President. — I call Lord Bruce.

Lord Bruce of Donington. — Mr President, I thought the speech of the Irish delegate was perhaps a little unfortunate. It is always a little pathetic when an espousal of national interest is concealed behind an alleged high-minded regard for the Community as a whole. I do not think anybody was really deceived by what I consider to be an unfairly abusive speech, which at some later stage he will probably have some cause to regret. I do not propose to pass any further comment on what he has said. I therefore address myself to the Commission.

I thought Mr Tugendhat was perhaps a little unfortunate in the way he opened the debate by quite unfairly accusing my colleague Mr Evans of injecting some personal animosity into the debate. I do not think that was so. I think the degree of personal sensitivity that developed in the course of the debate was in fact induced by the Commissioner himself, and then, of course, he got the appropriate response.

Now Mr Tugendhat was kind enough — and, indeed, one would expect it of him — to take full responsibility for Mr Vouel and what Mr Vouel had done. I take the point and therefore I shall address him in precisely the same terms as I would have addressed Mr Vouel had he been here. He read very carefully through the brief — I thought without much relish. He shifted his ground in the course of it. He said that he did not of course object to the Temporary Employment Subsidy in principle, when for about a quarter of

an hour prior to that, he was telling us exactly where he objected to it on principle. But here again he shifted his ground. At one time he said the Commission objected to it because it infringed the competition rules. But then he obviously thought that was a bit inadequate, because at a later stage, when discussing the subsidy, he pointed out that it was to preserve old jobs rather than starting new ones — implying that of course if it had been used for rebuilding something new or constructing something new, it would have been all right. Then he shifted his ground again. It was not the principle itself, it was the very size of it. It was too big. It was too much. Well, we have a fairly large population in the United Kingdom — over 50 million — as compared with 2 million in the country of the colleague from Ireland.

So, here we are faced with the situation where competition is alleged to be the sole test. How is the Commission to judge what scheme is going to have any effect upon competition? Does the recruitment of new workers, for example, into new businesses have no effect on competition if it is done on a sufficient scale? Is it only where firms are maintained in existence that the effect on competition. Does the recruitment of young people into new firms and the subsidies paid to them have no effect upon production? Does that have no effect on competition? The answer is: they do not know. In spite of the responsibility laid on the Commission, under Article 93 to keep all these schemes under constant review, what has really happened in this particular case is that the Commissioner has eventually woken from a reluctant slumber after having received a complaint from the Irish Government and the Danish Government concerning the temporary employment subsidy; this is what has happened, and indeed it is characteristic of the Commissioner. The Commissioner does not act until he is prodded, until somebody complains. He does not bother to investigate; he does not even know sometimes the contents of his own reports. This is what happens.

Now, we have no complaint in the United Kingdom and have no complaint in the Socialist Group if the Commission decides, as a matter of policy, that it will make a review of all the schemes that are currently in operation, and there are many. There are many in Belgium: temporary reduction of employer's social security contributions (that has no effect, of course, on competition); compulsory employment and training schemes; employment and training subsidies; grants and loans to the clothing and textile industries — Commissioner Vouel might take account of that. In the Netherlands, there are subsidies for the long-term employment of young unemployed people; a subsidy for the employment of young people in part-time education; a subsidy to protect the training of school-leavers; a subsidy to provide jobs for unemployed apprentices; and a 30% wages subsidy scheme in respect of hard-core unemployed people. Has the

Lord Bruce of Donington

effect on competition of these schemes ever been checked by the Commission?

When the Commissioner replies, perhaps he will say whether they have been examined, and whether they have been assessed, when they were assessed and what the results of the assessment were, and what the evaluation was, in comparison with the schemes of other countries. Further, in the Netherlands there is temporary financial support for vocational training for young workers; a subsidy to encourage the training of people unemployed through lack of skills, and a subsidy for the minimum wages of young workers. Has the latter had no effect upon competition or upon competition rules? The Commission do not know, because they have not studied them. In Ireland, we have the employment incentive scheme, and we also have a tax incentive scheme, where manufacturing companies will pay corporation tax at a reduced rate. Has that no effect upon the competitiveness of Irish industry? These are all subsidies. France too: incentive bonus for employment creation; employment and training contracts for young people; relief for employers' social-security contributions; and so on. And Luxembourg: a very ingenious scheme was announced in Luxembourg when I was over there recently, whereby the Luxembourg Government by dint of subsidy had succeeded in reducing its wholly unemployed to seven. So let Commissioner Vouel look at his own country! The most sensible way to go about this, if I may say so, Mr President — and it is an important matter for the United Kingdom — is for the Commissioner himself and the Commission to take a hard look at the whole position in all the countries and then come back with their recommendation. What he should not do is to make an arbitrary action on the complaint of two countries that profess themselves to be disinterested but, so far as I can see at the moment, are bent on saving their own skins.

President. — I call Mr L'Estrange.

Mr L'Estrange. — Mr President, I was sorry indeed to hear the tone of Mr Evans's remarks here this evening. Surely, the present British Government should realize that they are now full members of the EEC; that negotiations have finished and that they cannot wield a big stick today and get away with it. They should act as equal partners in an enterprise, trying to improve the lot of each and every one of us. We are all in this together, and I think it is wrong for any members to try to beggar their neighbour.

The Irish Government, indeed the Irish people, are seriously concerned about the adverse impact which the United Kingdom Temporary Employment Subsidy is having on British-Irish trade. The British and the Irish economies are closely linked, having for practical purposes a common currency and very similar distribution patterns. Though the population

of the United Kingdom is 18 times greater than that of Ireland, the output of the British economy is 29 times as great and the industrial work-force 32 times as great. Since there is now unrestricted traffic and a free movement of goods between the two economies, a small economy such as Ireland's is greatly influenced by measures tending to distort trade taken in the larger neighbouring economy.

The United Kingdom Temporary Employment Subsidy was introduced in August 1975 as a scheme to counter redundancy. This subsidy is paid in relation to those employed who are in danger of redundancy at the rate of £20 per week. United Kingdom Government publications indicate that approvals in relation to 322 283 employees were made between August 1975 and September 1977. Of these, almost 50% related to the textile, clothing and footwear sectors, and a further 20% to the engineering industries. Furthermore, it is understood that there are at present 71 000 applications pending. The extent of its application is seen in proportion when it is realized that there are as many employees in British industry subject to this £20 per week counter-redundancy subsidy as there are total employees in the Irish manufacturing industry. And the effect is more severe in the labour-intensive industrial sector, which has also had to face increased competition from outside the Community. For example, the subsidy is being, or has been, paid in relation to 22% of all employees in the United Kingdom clothing and footwear sector. This represents a total of 83 000 employees, in respect of whom a 40% labour subsidy is being, or has been, paid for at least one year, and this compares with a total of less than 20 000 employees in the Irish clothing and footwear sector.

Now the bulk of Ireland's clothing trade, imports and exports, is with the United Kingdom, and the relation between exports to and imports from the United Kingdom has declined steadily in recent years. In 1974, the export-import ratio was 121%; in 1975, it was 108; in 1976, it was 84; and for the first nine months of 1977, it fell further to 78%. On the other hand, since 1975, the UK ratio of exports to imports has improved dramatically. The experience of the clothing industry has been repeated in other labour-intensive sectors such as textiles, footwear and furniture, and it is likely that between 3 000 and 4 000 jobs have been lost in Irish labour-intensive industries because of the impact of these schemes. As a result, an increasing share of the whole market has been, and is being, lost to imports from the United Kingdom. And Ireland is still the least economically-developed Member State of the European Community. It has 9 1/2% unemployed, a large portion of its population in agriculture and a growing labour force, and during recent years industry in Ireland has adapted successfully to the elimination of tariff barriers and has diversified its trade dramatically to the Member States of

L'Estrange

the original Community. We consider that the United Kingdom Temporary Employment Subsidy does not conform with Article 92 of the Treaty of Rome because of the adverse impact which this scheme introduced by a more developed region of the Community has on a less-developed region.

President. — I call Mr Dalyell.

Mr Dalyell. — Judging by this afternoon's performance, one might think it was Old Trafford on a bad afternoon. Let us cool it a little.

I say gently to our Irish friends that there are a million of their fellow-countrymen in Britain, many of whom benefit from this temporary employment subsidy, and before they wax too eloquent about this £ 1 000, of course my honourable friend, Lord Bruce, did refer to the employment incentive scheme. Now this scheme developed out of the premium employment programme which ran from June 1975 to January 1977, and the new scheme operates from 28 February 1977 to 24 February 1978. Under this scheme, I quote: 'Employers in manufacturing, agriculture, construction and the hotel and catering industry may receive a premium of £ 20 per week for each additional adult worker'. Now, Senator Yeats, £20 a week is roughly £1 000 a year, so let us not try to cast the mote out of each other's eye! We are both at it, and we both operate schemes, like other countries in the Community, that we think are sensible.

Senator Yeats, I would like to use my time to ask some factual questions. First of all, if the Commission is a college, why was it that Vice-President Vredeling, who has responsibility for social work, told Secretary of State for Employment Booth that he had heard nothing about it? Secondly, on what date did Mr Tugendhat himself know about this affair? Thirdly, why was it that Mr Vouel — I do not want to be unduly personal, but manners have been brought into this argument — did not contact the British Cabinet Minister responsible? Is it the normal practice of the Commission to do this thing, which, rightly or wrongly, they must know, leaks to the press, without in fact contacting personally the Secretary of State concerned? I return to the Irish situation, because I understand that Secretary of State Booth has excellent personal relations with the Irish Minister of Labour. My honourable friend Mr Evans heard that in fact the Irish Minister of Labour, who is most welcome in London and often drops in to discuss common problems, never mentioned this to Secretary of State Booth. I just mention that, in passing, that there are good relations here. One really wonders why they weren't mentioned.

Mr Tugendhat talked about the need to calm firms with a false sense of security. Now I honestly do not think, whatever else is said about these industries, that they have any false sense of security. What evidence is

there that they have a false sense of security? Most of them, in my experience, are run by extremely anxious, worried and often harassed men.

On this issue of exporting social and industrial problems, all right, let us take it that the figures here are 185 000 on the original basis, 85 000 on the modified form, and whatever the difficulties may be in Denmark or Ireland — and one can sympathize with them — I cannot conceive for a moment that they are of the order, as a result of the British temporary employment subsidy, of 185 000 or 85 000. I would like to ask either the Commission or our Danish and Irish colleagues: has anybody quantified the number of people who have been unemployed in either Ireland or Denmark as a result of the British temporary employment subsidy? Because one does, in this kind of argument, really want some kind of figures.

When I rang up, a fortnight ago, Mr Vouel's cabinet — one always tries to find the other side of the story first, and I shall be acquitted of not doing so — Mr Thomas, of Mr Vouel's cabinet, first of all told me that it was the Danish Government and the Irish CBI. He then rang 48 hours later to say that the Irish Government had complained and that it was both the Danish and Irish Governments. I would like to know a little more about this mechanism of complaint, because if a government or an organization complains, do the Commission automatically then take action? Because there does seem to have been — whatever the Commissioner says — a good deal of breakdown of communication in this matter.

The Commissioner made a point that there was a distinction between keeping people producing — which apparently was wrong — and creating or aiding a new job, which apparently was right. This is not a distinction that I follow very easily, because we know that with the creation of new jobs that are subsidized, often these new jobs are either uncompetitive or take a long time to become competitive. This is the nature of industry. After all, the Commissioner has written a very distinguished book on the multinationals, which was one of the first works which was ever done on the multinationals, and I really am surprised that some of this comes out through him. I might ask him in a fairly friendly way: this cannot have been his own brief — who wrote it? It really is a bit unworthy of him, that brief that was read out.

President. — I call Mr Broeks.

Mr Broeks. — (NL) Mr President, I should like to point out that the Treaty of Rome is still in force. It was a group of European visionaries, who had learnt from the difficulties of the 1930s who first of all founded the European Coal and Steel Community which later expanded to become the European Economic Community.

Broeksz

This European Economic Community must be safeguarded. This is extremely important since, if we slide back to the problems of the 1930s the number of employed will not be 6.5 million but a great deal higher, just as it was in 1930s. It is thus extremely important that we be vigilant. There are a number of points in the questions asked by my British friends which I heartily support. But there are a number of other points to which I would object, because of the Community. When people say that national protectionism is unacceptable, I give them my full support. But when they say that sometimes it can in fact be necessary, I think this has to be examined very carefully. This is the point raised in the fifth paragraph. Once the Commission has made thorough examination of all these matters it will probably turn out that what Great Britain is doing is usually unexceptionable and that no criticisms need to be made.

I do have objections, however, to the fifth paragraph because they ask for nothing to be done until consultations have taken place with the British Government. And if the British Government does not give in, nothing should be about bringing the case before the court. Mr President, I am against this. If the Community, in this case the Commission, finds that something conflicts with the Community, I think that it is the Commission's job to bring it before the Court, and not itself to pronounce judgment. My friend, Lord Bruce, says that the Commission has woken up rather late; that makes no difference to me. That the Commission should wake up at all is for me the most important point. I do not think there should be any more waiting. If people in other countries, Luxembourg, Belgium or Holland, had done wrong, then consultations would have had to be made with the governments concerned and if these governments had not wanted to change their position, measures would have had to be taken. That is what I ask of the Commission.

Mr President, as you know I am a Dutchman. I am always somewhat shocked by the way the Irish — and here I am not referring to you, Mr President, I want to make that clear — behave in this House as though they were here to defend Ireland's interests. That is not the reason they are here, Mr President. Our Irish colleagues are here to serve the interests of the Community and not Ireland's interests. They can do that at home or leave it to their government to do. I want to say that once again since, at the moment, we seem to be going astray here.

It is the job of all of us to see that the Community remains intact and works as well as possible. If it is true that national protectionism is unacceptable and that the distortion of competition cannot be tolerated, the logical consequences must be drawn. On this point, I completely agree with what my friend Mr

Evans says in paragraph 6 of his question: let the Commission look into it. If other people do wrong, let the same measures be taken against them. For goodness sake, don't let the Commission be cowardly, since the worse thing that can happen to us is that no action is taken against these infringements.

I have no objections at all to the greater part of Mr Evan's questions. My main objection is against what he asks for in the fifth paragraph i.e., not to take any action whilst this investigation is taking place. I know this type of investigation. It means that they are asking that nothing should be done for four or five years. However, these measures must be stopped as quickly as possible. Not before consulting with the British Government. I think that is only right, I think that is the Commission's duty and, if the Commission did not undertake consultations, I would utterly condemn it. The Commissioner has said that consultations in fact are taking place. Good. If no agreement can be reached with the British Government, if the British Government will not conform with the rules, there is no other option but to go to the Court.

I should like to say in passing, Mr President, that I hope that if agreement is reached on fishing in accordance with Article 43 and a majority vote is taken and if the British do not resign themselves to it, the Court will have to be approached once again. This is the only way that we can keep the Community in business!

I am convinced that we can do much more for the unemployed if we keep the Community going than if we let things continue as they are, 6.5 million unemployed is not such a large number in comparison with a number of unemployed in the 1930s although it is a dreadful thing in itself. If we carry on in this way, however, and accept all these things that the Treaty of Rome forbids, we shall surely one day reach an unemployment figure that will terrify us all.

President. — I call Mr Tugendhat.

Mr Tugendhat, Member of the Commission. — Mr President, in view of the nature of the discussion which we have had, I thought it might be helpful if I tried to meet some of the points and sum up at the end. The thing which has distressed me most about the debate has been that the underlying tone has been so distinctly confrontational — in a variety of different ways — and that really is certainly not the way in which a problem of this sort ought to be approached.

All of us share the view that unemployment is serious, and that we must find ways of tackling it — ways that will have an impact on the problem and not simply shift it from one place to another, and ways that will have some lasting effect, and not simply endeavour to act Canute-like to keep back the tide.

Tugendhat

I would like to address myself first to some points which were raised by Mr Dalyell. The Commission first began to discuss this question with the British Government as far back as June. These were private discussions, at a time when the Commission began to have serious cause for concern; and, as I said earlier, there was certainly no desire on our part that anything should be made public. Our effort was to find a way of adapting these schemes so that they should fit in with the criteria which I have outlined at some length. The first approaches, therefore, were made as long ago as last June. It was in December that the Commission wrote its formal letter. Mr Dalyell is extremely experienced in Community affairs and will therefore, I am sure, agree with me that the normal way in which the Commission raises a formal point with a member government is through the Permanent Representatives, and that was how the formal point was made. I know very well that the Secretary of State for Employment, to whom he referred, has taken a personal and active interest in this from an early stage, and certainly, all my own knowledge of it suggests that he has known since a very early stage indeed what has been happening.

It would have been open to the Commission, under the terms of the Treaty, to make out a case against the British Government in public, and it would have been open to us to have initiated legal proceedings straight away. Those powers certainly do exist under the Treaty. But, as I emphasized earlier, and as I would like to emphasize again, it is very much the desire of the Commission not to do things in that way — not to bring cases, not to take people to Court, but to try to find amicable, satisfactory and reasonable measures for settling these problems as between members of a community. In this particular case, far from invoking those powers, far from doing anything that would justify statements about Britain being put in the dock, what the Commission did was to write a private letter to the British Government, setting out its objections to the TES as it stood — these were of course by then thoroughly well known to the British Government from the contacts which had been taking place over some months before — and drawing attention to guidelines for arrangements that might make the scheme acceptable. In other words, the idea was to try to find a way around the problem, and as the new scheme was starting in April, it invited HMG to reply within the normal deadlines for such matters. It really was — and I do want to emphasize the point, because I think the matter of style and approach is important — a matter of trying to resolve a problem together, and not a matter of invoking powers in the first instance, or putting people in the dock, or trying to take people to court.

That was the first point I wanted to make, Mr President. Now, as I said in my speech — and I will not weary the House by going over all the points I made

then — under current conditions, the Commission certainly understands that protection of existing jobs may well be warranted. The difficulties arise when the scale of the operation becomes very large, and when the duration of it appears to be becoming increasingly long-term.

There were two problems to which I drew attention in my speech. One was the fact that the emphasis of this scheme appeared to be on conserving and not on rebuilding, and the second was the question of displacement. Now, so far as displacement is concerned — and by displacement, what I mean is supporting jobs in some factories and some firms, at the cost of jobs in other factories and other firms — and this displacement is not simply a matter of jobs being protected in one country and being lost in another. Reliable British sources estimate the displacement effect of the TES at some 50 %, that is to say, that for every two jobs kept alive, one job will be lost, or not created, in nonrecipient firms. And those figures apply to the UK alone. In other words, even within the UK itself, one effect of this particular scheme is either to lose jobs or to prevent new jobs from being created, within the country itself.

There is another aspect of the matter, too. As with so many forms of government aid — and this is a matter with which I know Members from all sides of the House are concerned — it tends to be very often the biggest firms, the firms with the most know-how, sometimes the firms about which some honourable gentlemen have been complaining in another context during the course of this part-session, who are the spryest, and the most effective, and know their way down the corridors of power most exactly, who get the aid, and often it is the smaller firms who lose out. That too is a point that should be remembered.

Now Lord Bruce, in his speech, talked about the fact that there were many types of scheme in existence, in many parts of the Community. He suggested that the Commission should take a great sort of Domesday survey of all these things. I am one of those people who do not believe that the Commission's bureaucracy should expand or that the Commission should take on tasks needlessly. That kind of activity really is not necessary. All the Member States have signed the Treaty, all the Member States have very good and proficient legal advice, and are certainly able to discern when another Member State may be in breach of the Treaty. And when those situations arise, they are perfectly well able to draw the Commission's attention to matters of this kind. That is really by far the most effective way of proceeding. When matters of this kind are brought before us by other Member States, we, the Commission, are ourselves forced to look into them. There is no element of choice in it. If a *prima facie* case is brought to us, and we do not respond, we ourselves can be taken to the Court, as Lord Bruce very well knows.

Tugendhat

Now, I do not want at this stage to go into discussions of all the schemes the Commission has queried, but I would like just to give one example, because I hope that it will illustrate the kind of difficulty in which the Commission finds itself. Not so very long ago, a large British-owned and British-based multinational company applied for the TES for some 1 500 employees at one of their main nylon-producing plants in the north-west of England. If granted aid to that particular multinational company would cost about £ 1.5 million pounds, or 2.4 million over a period of 12 months. That level of aid, for which one British-based multinational was applying, compares with the proposal to grant 2.6 million EUA to five Italian textile companies, against which the Commission opened the procedure of Article 93(2). Now, the Commission has, in the past, opened procedures against other Member States, with quite as much reluctance as would be the case with the United Kingdom. And it really would be inconceivable for the Commission, having done that in other cases, then to turn a blind eye in this one. If we did turn a blind eye, we would, of course, be open to being taken to the Court ourselves.

Those, Mr President, are the main points which I wish to make. But I would like to conclude in the same spirit with which I began, and say that the Commission perfectly well understands that the state of the European economy, and that of the economies in the Member States, do lead to extraordinary measures. The whole spirit in which we have approached this matter has been to try to work together with the particular Member State concerned in order to find a solution. That was the way in which we approached it. The fact that this matter was subsequently raised in the House of Commons, the fact that it was treated as if it were some kind of attack, the fact that it has led to this kind of rather confrontational approach which we have had here tonight, is something I very much regret. Lest there be any misunderstanding, I must say, speaking from personal experience, that I know only too well that it is by no means only the British Government that sometimes reacts in such a way to the approaches of the Commission when the Commission is doing its duty. I have personal experience of similar reactions from other governments in the areas for which I am responsible. I hope very much that it will be possible to work out arrangements, and that precisely the same kind of situation can be created in the United Kingdom as exists in other Member States, where schemes of various sorts are in operation which, in our view, do not have the deleterious effects of this particular scheme, and do not cause the kinds of difficulties that this one does.

I hope that I can conclude on that note, and that the end of the debate will at least be more amicable than some of the passages during the course of it.

(Applause)

President. — I call Mr Evans.

Mr Evans. — I was rather surprised at the outset of Mr Tugendhat's remarks where he took objection to my style. I would have thought that by now, after two and a half years, he knows that my style is always the same. I do hope, Mr Tugendhat, that you have not been out of the House of Commons so long that you have lost the taste for the British style of politics. If you have I think that would be a tragedy.

However, the major point I do want to make is that, as far as I am able to understand, I am pleased to hear that the Commission has not threatened to take action against the United Kingdom under Article 93(2). I hope I have got that right. I will read the written record with interests, because I was under the misapprehension that the Commission had given a limited amount of time to the United Kingdom Government to take certain steps in relation to proceedings under Article 93 (2).

I think there is one other central point in the debate that I have brought about with this question. One of the reasons for Temporary Employment Subsidies being paid in the first instance, particularly in the textile and clothing industry, was the need for protection from third country producers. That has been achieved. There are brighter prospects for that industry in the United Kingdom, in Ireland and in the other member countries. It was in that context that I made the statement that it would hopefully be not too long before temporary employment subsidies could be dispensed with in the textiles sector. But no one who is taking any interest in the textiles and clothing sector is unaware of the decimation which has been taking place within the textile industry throughout the Community over the past few years. It must be recognized that this was a necessary measure to retain any form of measure the industry in the United Kingdom.

With regard to the honourable gentlemen from Ireland, I will not reply at all to the first speaker's comments, because quite frankly when he referred to suggestions that this subsidy is only paid in Labour-held marginal constituencies, that is beneath contempt and I will not seek to reply to it. To the second delegate could I make the point that I am as concerned about unemployment in Ireland as I am in any other member country. I would point out that if my government ever sought to persuade the Commission to take action against your employment incentive scheme, which gives a subsidy of £ 1 000 a year, as does the TES, to workers taken on, I would be the first to object. I recognize the problem that Ireland has and the need that they have to solve their problems, but could I make it absolutely clear to my Irish colleagues that our concern is about unemployment throughout the Community, and it is my view that if the Commission did what I asked them to do — study all the employment schemes which are in exist-

Evans

ence — one of the schemes which would come out of any review and the suggestions resulting from it would be a form of temporary employment subsidy for firms which are running into cash-flow problems or are faced with sectoral or short-term problems. Of that I have no doubt, and with the greatest respect to you, Commissioner Tugendhat, that is the one area that you have left out altogether. I hope you will still take advantage of this debate to suggest to your colleagues in the Commission that it is high time the Commission in fact looked at this dreadful problem of unemployment and brought forward proposals about employment protection schemes which are obviously desperately necessary in this period of the European Community's history.

President. — Thank you very much Mr Evans. Since you yourself have described your speech tonight as your 'swan song' in this Parliament perhaps I may say that you have ended your career with us in typical vigorous style.

I call Mr Tugendhat.

Mr Tugendhat, Member of the Commission. — It is not only because Mr Evans is leaving but because the point which he has raised is quite sufficiently important to justify it that I hope that you will forgive me for rising again. He asked a specific question and I would like to provide as specific an answer as I can. The Commission has made no move to initiate a procedure against the United Kingdom. What it has done is to set out fully and formally the present situation, which certainly includes explaining that in our view a *prime facie* case exists. There is always some difficulty about this, when one writes formal letters from the Commission to a Member State, because inevitably a formal statement of the case, whether on paper or whether spoken, sounds harsh and uncompromising. But I think it very important if needless litigation and needless misunderstandings are to be avoided, that the Commission, when it does believe that a *prime facie* case exists, should explain exactly why it does and what its opinion is, so that there can be no misunderstanding between it and the Member State, and so that, if litigation should arise at some

point, it will not come out of the blue and lead to a quite unexpected crisis.

As I said in my speech, certainly our very profound hope is that it will be possible to reach a satisfactory conclusion. Equally clearly — and I hope it will not be felt that I am making fearful threatening noises, because that is not my intention — since we have explained that we think a *prime facie* case exists, obviously a situation could arise in which proceedings would have to be initiated. I hope they will not. I am certainly encouraged to believe that they will not by the honourable gentleman's point about the fact that he does not think that the scheme, in its present form, will have to last indefinitely. I listened very carefully to what he said there, and I am sure that my colleagues will read very carefully what he said there.

So that, I hope, Mr President, sets the record as straight as possible and gives Mr Evans, if not exactly the answer he wants, at least as full and frank an answer as I am capable of providing.

President. — The debate is closed.

14. Agenda for the next sitting

President. — The next sitting will be held on Friday, 17 February 1978, at 9.00 a.m., with the following agenda :

- Procedure without report ;
- Aigner report on the export earnings stabilization system ;
- Nolan report on agricultural products ;
- Oral questions with debate to the Commission on direct sales of agricultural products ;
- Oral question with debate to the Commission on data processing in the Community ;
- Oral question with debate to the Commission on negotiations with Cyprus ;
- Guerlin report on feeding stuffs.

End of the sitting : vote on motions for resolutions on which the debate has closed.

The sitting is closed.

(The sitting was closed at 8.35 p.m.)

ANNEX

Questions which could not be answered during Question Time, with written answers

Question by Mr Blumenfeld

Subject : Steel policy

Having regard to the unilateral action by the United Kingdom Government, which is tantamount to an autonomous ban on steel imports from the Soviet Union, what steps does the Commission intend to take in view of its recent adoption of a Community steel import policy?

Answer

The United Kingdom Government has proceeded to withdraw liberalization in respect of imports of certain steel products originating in the USSR falling within the terms of the ECSC and EEC Treaties, by virtue of Article 3 of the decision taken by the representatives of the governments of the Member States of the European Coal and Steel Community at the meeting of the Council of 21 April 1975 and of Article 6 of Council Decision 75/210/EEC of 27 March 1975 respectively.

The Commission has invited the Soviet Government to begin consultations with it in an effort to find a solution to the problem of steel imports into the Community as a whole.

Question by Mr Corrie

Subject : Grain-based spirituous beverages

Does the Commission consider that there exists within the Community discrimination against grain-based spirituous beverages which conflicts with the principles of free competition established by the Treaties?

Answer

Certainly Community countries are taxing grain-based alcohol more heavily than alcohols produced from other raw materials.

The Commission considers this arrangement to be incompatible with Article 95 of the Treaty. It has therefore initiated a number of infringement procedures as provided for in Article 169 and considerable progress has been made in the preliminary investigations.

Question by Mr Schmidt

Subject : French Government regulation laying down a maximum price for beer

Does the Commission consider that the French Government regulation laying down a maximum price for beer complies with the letter and spirit of the Rome Treaties, and what does it intend to do to counteract the discrimination against Bavarian beer brought about by this French Government regulation?

Answer

The Commission has asked the French authorities to forward to it all necessary information to enable it make a fair assessment of the provisions recently adopted relating to the price of beer for consumption in catering premises (Decreets 77-129/P, 4 November 1977 and 77-134/P, 25 November 1977). It will be necessary to determine whether the maximum price of FF 3.50 should be considered as constituting a measure having an effect equivalent to a quantitative restriction on imports; in its rulings on Case 65/75 (Tasca) and Cases 88-90/75 (SADAM), the Court of Justice stated:

A maximum price, in any event in so far as it applies to imported products, constitutes a measure having an effect equivalent to a quantitative restriction, especially when it is fixed at such a low level that, having regard to the general situation of imported products compared to that of domestic products, dealers wishing to import the product in question into the Member State concerned can only do so at a loss.

The Commission is, moreover, seeking evidence from the complainants to enable it to determine whether this is the case.

Question by Mrs Ewing

Subject : Nuclear Waste

Will the Commission consider urgently the possibility of producing proposals to deal with the disposal of nuclear waste, bearing in mind the considerable disquiet that the transport of nuclear waste from reactors and the dumping of this dangerous material in other places is causing, particularly in Scotland?

Answer

Nuclear energy is destined to make an important, though limited contribution towards safeguarding our economic and political future and this, even if, as we hope, greater progress is made in the development of alternative energy sources. By 1985 nuclear energy should cover 9 % of the Community's energy requirements and provide 18 % of its electricity supply.

The treatment and storage of radioactive waste is therefore an essential aspect of energy policy.

There are two problems here : the storage of highly active waste and the storage of low-activity residues. Public concern centres on highly active and long-lived by-products, which have to be treated and stored away from the biosphere for extremely long periods. At present such substances are generated only in very small quantities.

The Commission feels that safe final storage of radioactive waste is vital to ensure public safety and the protection of the environment.

On 26 July 1977 the Commission submitted to the Council a Community plan of action in the field of radioactive wastes. In this communication we propose a long-term action programme (1978-1990) and the setting up of a high-level advisory committee of experts. The plan of action should help to bring current methods gradually out of the experimental stage into an operational phase. The crux of the programme is the creation of the necessary conditions at Community level for the final storage of highly active waste. The appropriate national bodies are, however, to be responsible for the construction of storage sites.

Solutions agreed at Community level would facilitate the construction of a limited number of storage sites and in this way the necessary safety conditions could be improved and costs reduced.

This plan of action is at present being discussed by the parliamentary committees concerned.

Question by Mr van Aerssen

Subject : Introduction of a Community pass for the disabled

What steps does the Commission intend to take to introduce a Community pass for the disabled in order to ease the position of disabled people when making journeys within the Community?

Answer

The problem referred to by the honourable Member is not at present one of the priority tasks of the Commission, which are strictly limited to vocational rehabilitation. The Commission considers that it is essential to focus all the means that can be allocated to the disabled on carrying out the action programme on 'Vocational Rehabilitation for the Disabled' adopted in 1974. That programme is an official Community commitment and the funds available are at present very limited.

The line of action is further justified by the fact that major steps have been taken by the Council of Europe to improve travelling conditions for the disabled. Work undertaken within the framework of the 'Partial Agreement in the Social Field and in Public Health'¹ has led to the following resolutions on :

- (a) the utilization of public transport for physically handicapped persons (Resolution AP - 74 - 8);
- (b) the provision of personal means of transport for lower-limb amputees and paraplegics (Resolution AP - 72 - 4).

The Commission agrees with the Council of Europe that in order to improve travelling conditions for disabled persons, action should be taken with regard to means of transport in particular by removing some of the barriers preventing their widespread use and, for disabled persons who are unable to make use of them, by providing alternative, personal means of transport, adapted to their needs. The Commission will therefore provide all the support it can to Member States willing to implement the abovementioned resolutions as fully as possible.

¹ Only certain Member States of the Europe, all of whom are members of the Community, are taking part in the activities under the Agreement namely : Germany, the Benelux countries, France, Italy and the United Kingdom (not Denmark and Ireland).

Moreover, isolated action taken by the Commission outside the framework described above would, in view of present conditions, run into considerable difficulties. In order to have any real chance of success, it would be necessary to harmonize, in all the Member States, both the organization and tariffs of public transport and the definition of 'handicapped persons' and 'disabled persons.'

Once progress in the two areas has been achieved, the problem raised by the honourable Member can be approached with greater chances of success.

Question by Mr Zwiets (H-434/77)

Subject : Rise in living standards

What practical application will the Commission make of the result of the as yet unpublished study by the United Nations Economic Commission for Europe (ECE) according to which agriculture and industry form the backbone of our living standards whilst the contribution made by the public sector has diminished rapidly over the past 20 years ?

Answer

The document to which the honourable Member refers is edited by the services of the Economic Commission for Europe. Experts from the Commission of the European Communities participated in this project, which is still continuing.

The chapter dealing with relative growth in different sectors has not yet been completed. One difficulty is related to the fact that public sector productivity is assessed according to widely varying standards from one country to another and cannot be determined as rigorously as that in other sectors.

This means that there will be considerable difficulty in interpreting the results of this study.

The services of the Commission will at all events continue to follow the work of the Economic Commission for Europe with great interest.

Question by Mr Lezzi

Subject : Equal treatment for Community citizens

Is the Commission aware that, despite the clear rulings of the European Court of Justice, Community citizens from other Member States, and their families, are still not granted equal treatment as regards certain social security facilities and other social benefits ? Can the Commission detail such instances and indicate for each of them any action taken to enforce the application of the Treaty, together with the results obtained ?

Answer

Yes. However, it should be stated firstly that Regulation 1408/71 which concerned social security applies only to those nationals of Member States who are defined as 'workers' as well as to members of their families, it does not apply indiscriminately to all citizens of the Community.

The equality of treatment may be invoked in respect of the following benefits, namely, those for sickness, maternity, invalidity including those benefits intended for the maintenance or improvement of earning capacity, old-age, survivors, accident at work and occupational activity, death, unemployment and family. Regulation 1408/71 does not apply to social assistance. Cases have been argued before the European Court of Justice to determine whether a certain benefit was included within the scope of that regulation. The two Member States concerned, namely France and Belgium, have each indicated that they will comply with the Court's Case Law.

The European Court of Justice has decided three cases under the provisions of Article 177 of the Treaty of Rome on the recognition by France of periods of insurance accomplished in Algeria before that country achieved independence for the purposes of Community social security law. As regards the implementation generally of those decisions by France the Commission has already instituted an infraction procedure under the provisions of Article 169 of the Treaty of Rome.

Concerning equal treatment as regards 'other social advantages' the rules are laid down in the Council's Regulation 1612/68. Few cases have been taken to the Court of Justice. The Commission has no knowledge of instances where the Member States are not following the Court's decisions.

The Commission is following the interpretation in the Member States of the EEC regulation on equal treatment for the migrant worker and his family. The Technical and Advisory Committees on free movement are two important instruments to ensure equality.

The Commission is, when, it comes to its knowledge, always ready to take up cases or pursue matters concerning the abuse of fundamental rights of free movement for the citizens from the Member States.

Question by Mr Aigner

Subject: Community aid to Uganda

With reference to the problem posed by grave violations of human rights in Uganda, the Nine have agreed to ensure that all aid to which the Community contributes is properly used for the benefit of the people of that country. The Commission has recently taken a number of decisions on financing from the resources of the Fourth EDF including the grant of a 2.5 m EUC subsidy for the 'development of a five-year training programme' in Uganda.

Can the Commission give precise assurances that, in conformity with the position adopted by the Nine, this aid will be properly used in Uganda?

Answer

Following the favourable opinion delivered unanimously by the EDF Committee at its meeting of 10 October 1977, the Commission decided on 28 October 1977 to implement a multiannual training programme for Uganda.

The programme, to which 2.5 m u.a. have been allocated, provides, in particular, for bursaries and training schemes, with special reference to the agricultural and industrial sectors.

Training will be provided to a large extent outside the country, in particular in the case of technical courses and courses for vocational-training instructors.

The Commission will of course take all appropriate steps to ensure that aid is used according to the terms of the programme and that it is not applied to purposes incompatible with the overall objectives set out in the preamble to the Convention of Lomé.

Question by Mr Schyns

Subject: Legal Status and tolls of the Rhine-Main-Danube Canal

Is it intended, in line with the Mannheim Act, to internationalize the Rhine-Main-Danube canal once it is completed or has the Commission knowledge of any plan by the Member State concerned to review the relevant provisions, or to seek an amendment of the Act, in order to introduce tolls covering at least the costs involved?

Answer

The question of the internationalization of the Main-Danube Canal is disputed in international law. In the opinion of the Member State to which Mr Schyns refers, the canal will be a purely national waterway to which the provisions of the Mannheim Act will in no way apply.

Moreover, opinions vary on the question of whether, in the event of internationalization, the Mannheim Act would preclude the introduction of tolls.

The Commission has, however, no grounds for assuming that the Member State referred to intends to introduce tolls. It therefore sees no need to consider the matter further at this time.

Question by Mr McDonald

Subject: Driving test and driving licence

In view of the important role played by the motor vehicle in facilitating mobility and contacts between European citizens, will the Commission take steps to introduce a common European driving test and a European driving licence or, failing that, national driving licences which would be equally valid in all Member States?

Answer

At its last session of December 1977 the Council recorded its agreement in principle on the introduction of a Community driving licence and instructed the Permanent Representatives Committee to continue examining the proposal from the Presidency, giving special priority to:

- the mutual recognition of national licences;
- the establishment of a Community model for national licences;

To enable the Council to take a decision at its next meeting on transport questions the Commission is now taking the necessary action, in collaboration with Council bodies, to provide the necessary information for the Council to arrive at a decision on this matter.

Question by Mr Scott-Hopkins

Subject : Slaughter of animals in Italy and France

What is the latest position regarding the introduction of regulations governing the slaughter of animals in Italy and France ?

Answer

Italy has not yet adopted legislation applying the provisions of the Council Directive of 18 November 1974 concerning the stunning of animals before slaughter (No 74/577/EEC) in its national legal system.

The Commission has recently brought this infringement before the Court of Justice under Article 169 of the EEC Treaty.

In respect of France, the Commission is of the opinion that the provisions of the directive have been adequately transposed into national legislation.

Question by Mr Johnston

Subject : Observance of basic human rights in Ethiopia

Whether in view of the expressed opinion of Commissioner Cheysson on the role the observance of basic human rights could play in the Community's relations with signatories of the Lomé Convention, the Commission has explained to the Ethiopian authorities that the atrocities they are committing could lead to the ending of Community aid for Ethiopia ?

Answer

As the Commission has pointed out on several occasions, the Lomé Convention is an international treaty involving mutually binding obligations. Unless notice is given terminating the Treaty, the Community therefore has obligations towards each ACP country, including the technical and financial aid agreed under the terms of Article 51.

In carrying out these programmes, the Commission does of course ensure that in each country the aid granted is used to pursue the objectives laid down in the preamble to the Convention and hence to benefit the general public, this is verified by the Member Governments during consultations within the EDF Committee.

Question by Mr Evans

Subject : EEC Regulation 543/69 (Harmonization of certain social legislation relating to road transport)

Is the Commission satisfied with the way the Governments of the UK and Ireland are implementing Art. 6 of EEC Regulation 543/69¹ ?

Answer

In the United Kingdom and Ireland Article 6 of Regulation 543/69 has been applied to domestic road transport only since the beginning of this year.

The Commission is therefore not yet able to assess the practical application of the Community regulation in these two countries. It is true that Ireland has not yet adopted any national implementing provisions for inland transport ; on the other hand, rules governing the implementation of the regulation entered into force in the United Kingdom on 28 January 1978.

As regards international transport, Article 6 of Regulation 543/69 has been applied to British and Irish vehicles since as long ago as 1 April 1973. According to reports submitted to the Commission, there have been few infringements of Article 6 in the United Kingdom.

Unfortunately no information is available on Ireland's international transport. In view of the geographical position, however, international road transport should be of little significance.

¹ OJ L 77, 29. 3. 1969, p. 49.

Question by Mr Leonardi

Subject: The state of relations between the EEC and Comecon

Can the Commission provide details about the state of relations between the EEC and Comecon and possible future developments, after the latest meeting between the President-in-Office of the Council and the Commissioner responsible for these matters and the President-in-office of the Executive Council of Comecon in Brussels on 21 September 1977?

Answer

During contacts between representatives of CMEA and the Community, which took place in September 1977, it was agreed to start negotiations in the first half of 1978.

So far, nothing indicates that this understanding will not be met by the CMEA.

As far as the Community is concerned, I would like to remind you that, as early as November 1976, we have declared our readiness to start negotiations immediately.

Question by Mr Vergeer

Subject: Economic measures to help Turkey

Has the Commission already considered the proposals put forward by the Turkish Government with a view to obtaining economic aid from the Community, in particular to boost employment in Turkey?

Answer

In the general offer it made to Turkey at the Association Council in December 1976, the Community tried to meet Turkey's specific economic development requirements. All the proposed measures — agricultural concessions to increase Turkish exports on the Community market, the initial measures for free movement for Turkish workers, investment aids under the Third Financial Protocol, or the attempt to provide Turkish industries with better protection — are directed towards improving the level of economic activity in Turkey and, hence, the employment situation.

Question by Mr L'Estrange

Subject: Grants from the EAGGF for Group Water Supply Schemes

Will the Commission give an undertaking that grants from the EAGGF will continue to be available for group water supply schemes in the foreseeable future?

Answer

In the allocation of EAGGF guidance appropriations priority is given to common measures and it is evident that from 1978 such measures are likely to exhaust the appropriations. However, group water supply schemes may qualify for assistance from the European Regional Development Fund if they are so situated as to qualify for Member State Regional aid and are also within a less-favoured area within the meaning of Council Directive 75/268/EEC.

Question by Mr Durieux

Subject: EEC man-made fibre industry.

Can the Commission give details of the agreement concluded between Community producers of man-made fibres on a programme for rationalizing that sector, and what will be its legal basis?

Answer

The Commission wishes to draw the honourable Parliamentarian's attention to its answers to written questions No 634/77 by Mr Terrenoire and 744/77 by Mr Couté. In these replies it was stated that apart from its request to Member States to apply a two-year ban on public aid for projects leading to increased production capacity of synthetic fibres the Commission was also engaging in discussions with producers and trade unions in order to find a way of reducing the overcapacities in this sector.

These discussions are continuing and recent contacts between the Commission and the fibre producers give reason to believe that ways and means of resolving this problem will be found. The legal base for any measures to be taken still remains to be resolved.

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IN THE CHAIR: MR MEINTZ

Vice-President

(The sitting was opened at 9 a.m.)

President. — The sitting is open.

1. *Approval of the minutes*

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

Are there any comments?

The minutes of proceedings are approved.

2. *Draft supplementary budget for 1978: Time-limit for tabling amendments*

President. — A draft supplementary budget of the European Communities for the 1978 financial year is to be submitted. Since the Committee on Budgets is to meet on 1 and 2 March 1978, the *pre-report* time-limit for tabling draft amendments, proposed modifications and proposals for outright rejection is fixed at 12 noon on Tuesday, 28 February. This is also the date by which committees wishing to deliver an opinion are required to forward them to the Committee on Budgets.

As usual, a new *post-report* time-limit will be fixed later.

3. *Procedure without report*

President. — On Monday, I announced the titles of the Commission proposals to which it was proposed to apply the *procedure without report* provided for in Rule 27A of the Rules of Procedure. Since no Member has asked leave to speak and since no amendments have been tabled, I declare these proposals approved by the European Parliament.

4. *Export earnings stabilization system*

President. — The next item is the report by Mr Aigner (Doc. 539/77), on behalf of the Committee on

Development and Cooperation, on the communications from the Commission to the Council on

— the operation during 1975 of the system set up by the Lomé Convention for stabilizing export earnings;

— the operation during 1975 of the system set up by the decision on the association of the OCT with the EEC for stabilizing export earnings;

the reports from the Commission on the use of the funds transferred for 1975 under the export earnings stabilization system set up by the Lomé Convention; and the first results of the export earnings stabilization system for 1976.

I call Mr Aigner.

Mr Aigner, rapporteur. — (D) Mr President, ladies and gentlemen, since the Lomé Convention came into force, this House has rarely had an opportunity to discuss the important questions of development and cooperation policy and to express its views on them, although it is common knowledge that the European Parliament has always spoken out strongly in favour of the Community's taking a greater part in initiating and implementing measures to improve relations between the industrialized and the developing countries. The reason why these questions appear less frequently than other in our order of business is, of course, that we have a specific instrument for development and cooperation policy — the Lomé Convention — which at least up to now, may be regarded by and large as operating satisfactorily.

Today's examination of the use and operation of one of this Convention's instruments gives us an opportunity to take a fresh look at part of the Community's development and cooperation policy, and an important part too, because it concerns the system for stabilizing the export earnings of the ACP countries.

In the negotiations on the Lomé Convention, the European Parliament, after long discussion, insisted on such a system. The question of a guarantee for export earnings from raw materials has long been a

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subject of discussion between the industrialized and the developing countries, not only in GATT and UNCTAD but also in the discussion on the North-South imbalance.

During the preparatory discussions for the Lomé Convention, the European Parliament took the view that we should not wait to see what results came out of these international conferences but should include in the Lomé Convention a system for stabilizing the export earnings of the ACP countries which, though incomplete, would produce immediate and definite results. When we see the slow progress in bringing in a full-scale programme for raw materials and the equalization reserves to be financed from a joint fund after the industrialized countries had agreed on the principle of such a policy, this positive side of the Lomé Convention cannot be too strongly stressed.

The issue in the report presented by me today, Mr President, is whether the Stabex system has fulfilled the hopes placed in it, for we had expressly asked the Commission to report to us in due course on the results achieved through this instrument. In my oral presentation, I would like to confine myself to what seem to me to be a few essential aspects. For the rest I would refer you to my report.

The first question is, or was, whether the mechanisms and instruments necessary for the operation of the Stabex system have been set up. It is clear from the documents submitted by the Commission that this has gone ahead rapidly and satisfactorily in spite of the doubts and fears that were expressed. This is extremely important, for it means that one essential condition for the success of the Stabex system has been met, particularly as regards the availability of statistical data and the possibility of proceeding with the transfers for 1975 — the first year of application.

The situation as regards the operation of the various mechanisms may also be regarded as satisfactory. Here we should look primarily at the considerable efforts being made by the ACP countries to provide the required data and statistics on a regular basis. We know that their administrative structure is not such that this can be expected of them simply as a matter of course.

All in all, I feel that the use of the Stabex system, both as regards the submission of requests by the ACP countries and the OCT, and also as regards their vetting and the making of the transfers, has put the quality, or shall we say the operability, of the system to the test. Apart from the administrative aspects, this seems to me of the utmost importance politically, because it demonstrates the interest of both sides in the smooth functioning of the Stabex system.

This brings me to that part of my report which deals with the general appraisal for the two financial years 1975 and 1976. You know that here we have

combined two reports in order to have a more continuous picture and to produce some kind of analysis.

In paragraph 17 of the explanatory statement, you will find a detailed table of what has happened. Transfers for the financial years 1975 and 1976 total 72.7 and 36.3 million u.a. respectively. A breakdown (disregarding for the moment the figure for transfers in 1976 as compared with 1975, to which I shall return later) shows that 56 % and 76 %, respectively, of the transfers went to the poorest ACP countries i.e., those not required to pay anything back.

The way in which the transfers to countries having to reimburse them — 44 % of the transfers in 1975 and 24 % of those in 1976 — are paid back, and how these refunds flow back into the Stabex system, may be regarded as a crucial test for its future. I shall confine myself today to that comment, although I would like to emphasize the fact that the real assessment of this system also depends on how refunding works, because it is, after all, a give-and-take system.

Countless observations, analyses and comments could be made on the basis of the breakdown of transfers among the ACP countries and among the commodities covered by the system, and several points of this kind are made in my report; but I would not like to complicate this introduction with too many figures, and will confine myself to two comments.

Firstly, as regards the criteria for the transfers in 1975 and 1976, the Stabex system has, as you know, the twofold task of protecting the ACP countries against falls in export earnings — firstly, on account of short-term economic developments and, secondly, because of local events. The system is therefore designed as a defence against cyclical downturns and local recession. Analysed on this basis, 67.4 % of the 1975 transfers were granted on general economic grounds, whereas local factors were responsible for practically 80 % (79.3 % of the transfers in 1976). There has therefore been a complete reversal of the trend between 1975 and 1976. The fact that the transfers for the two years concerned were caused by opposite factors is really — and I feel this to be a totally positive development — further evidence of the effectiveness and quality of the system that has been created.

My last comment under this heading relates to the effects of the transfers on the commodities concerned. The table in the Commission's document shows that the effects in some cases have been considerable and even extraordinary. In the case of Burundi, for example, the transfers for cotton in the financial year 1975 amounted to 63 % of the total export earnings for this product.

Mr President, ladies and gentlemen, you will not find in my report any analysis of the effects of the Stabex system on the economies of the countries concerned. I just feel that it is too early for such an analysis and that it might in certain circumstances, lead to negative

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conclusions. We simply have not come far enough to see things in perspective, nor do we have the necessary general data. I feel that we should report on this to Parliament after discussions in committee, possibly in a special report, with the negotiations on Lomé II particularly in mind.

In late 1977, however, the Commission made available the reports from the ACP countries on the use of these transfers. I would first like to remind you that, under Article 20 of the Lomé Convention, the decision on how these transfers are to be used is exclusively that of the recipient country, although they are required to report to the Community. We may not all be of the same opinion on this, but that is what the Treaty says.

These reports show that a little over 20 % — not even one-quarter — of the sums transferred in 1975 was used for developing the commodities occasioning the transfers. Twenty per cent went into the general exchequer and the balance, some 60 %, was used for agricultural or infrastructure projects.

My report contains figures on the use of the transfers broken down by recipient country and the relevant commodities. You can see, for example, that the Ivory Coast, which received 20.5 % of the funds transferred in 1975, and Western Samoa placed the funds in their national exchequers or, to be more precise, used them for the autonomous sinking fund or to help cover the budgetary deficit.

Since the recipient countries are free to decide on the use of Stabex transfers, our criticism of the use of these funds, coming after the event, has no teeth. I would therefore ask the Commission, in the negotiations on Lomé II, to be very clear in expressing the view of Parliament that, whilst respect for the right of possession goes without question (as previously) the recipient countries should have the sovereign right to decide on the use to which the funds are put, the Commission must stress more strongly than before that the funds must be used, at least in general terms, in accordance with our intentions in this policy instrument.

Now I admit that it would certainly not be very mature to pretend to deduce trends purely on the basis of the data for the financial year 1975. I feel we ought just to say that the pocketing of the funds in the general exchequer is at all events the policy intention of this instrument. For the rest, I would refer you to the breakdown of transfers for 1975 and 1976 and leaving the questions concerning the use of the funds.

I will now say a few words on what I feel to be one of the most important aspects — namely, the future prospects for the Stabex system in Lomé II and for the extension of the system that is continually being demanded.

As regards the extension of the Stabex system and in particular the list of commodities covered, it must be

borne in mind that originally it contained only 12. Since then, the ACP countries have voiced their concern that a whole series of commodities which they regard as essential are not included in the list, and they are pressing for them to be added. The possibility of changing the list, incidentally, is foreseen in Article 17, paragraph 3, of the Lomé Convention. As a result, the ACP-EEC Council of Ministers decided at its meeting on 13 and 14 April 1977 in Fiji to add other commodities to the list, but it did not go along with the proposals of some ACP countries to include rubber, phosphate and copper. All it did was to pass a resolution to the effect that full discussions should be held in international negotiations for exploring existing possibilities for solving the problems connected with the supply and marketing of these commodities. At the last meeting, the joint committee and the Consultative ACP-EEC Assembly stated their views on this question and referred to the need for the system to be broadened, strengthened and improved as the contribution of the ACP-EEC countries to progress towards a new international economic order. On 1 December 1977 in Maseru, Lesotho, the Joint Committee of the Consultative Assembly adopted a resolution demanding the immediate rectification of deficiencies in the application of the Stabex system.

Mr President, I feel that these deficiencies should in fact be discussed, as requested by the joint committee, and that solutions should be found, but only to the extent that they do not endanger the system as a whole. If you enlarge it too much, you will, of course, destroy the instrument. Moreover, a number of improvements has already been put in hand. For one thing, apart from the enlargement of the list of commodities covered by the system, the list of ACP countries included in the system has been recognized for exports to countries outside the Community, and the ACP-EEC Council of Ministers has taken steps to correct a number of errors in the reference periods.

It should not be forgotten that the Stabex system is not a scheme for financial cooperation aimed at correcting the structural imbalances of the developing countries by the implementation of development programmes. Nor is it a systematic and general measure for solving balance-of-payments difficulties. It is purely a way of helping when there is a drop in income because of reduced exports of specific commodities. Lastly, the system is not a global answer to the raw-materials problem at international level. These negative limitations being recognized — i.e., that this instrument should not be given a role that it cannot perform — it should nevertheless be developed to make it attractive as a model for discussion by other international groups.

Mr President, I would like, in closing, to make it clear that, in the view of the Committee on Development and Cooperation, the Stabex system must, in the light

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of the first two years of its application, be given a favourable assessment. This is clear from the motion for a resolution. We do, however, ask the Commission in its negotiations with the ACP countries to inform them of the misgivings expressed by the committee and in particular to urge that the funds transferred be used for the purpose intended, because we feel that this is essential if Parliament is to approve a Lomé II Convention.

President. — I call Mr Bersani to speak on behalf of the Christian-Democratic group.

Mr Bersani. — (1) Mr President, ladies and gentlemen, I would first of all like to congratulate Mr Aigner on having prepared a report that is truly masterly and contains a wealth of information, critical analyses and highly relevant judgments on a subject to which not only we but also other countries apart from the ACP countries themselves attach very special importance.

Our Parliament has a special interest in these matters, because it feels that, at bottom, it was the originator of the first idea for the Stabex system as a fundamental ingredient of cooperation with the associate countries. And here I would like to honour the memory of a late colleague of ours, Louis Armengaud, who put forward in a report of his a number of proposals which have undoubtedly inspired and facilitated the introduction of this instrument that is so important and significant for the Lomé Convention.

We are therefore particularly interested in the principle, but we are also interested in the satisfactory functioning and prompt implementation of the more important aspects of this instrument, which goes farther than the Lomé Convention itself. It is true, as Mr Aigner has justly remarked, that it cannot provide an overall solution to raw-materials problems and that its impact is therefore limited, but its significance, at a time when we are discussing the new world economic order, is certainly extremely high. It breaks away from the traditional approach, and in the framework of the market economy that we wish to preserve, it introduces a corrective mechanism in which factors of equality and social justice have concrete expression and correct the effect of the automatic rules in a system whose cost up to now has been paid so dearly by the weakest areas in the world. It is therefore inspired by principles of justice, transcending the boundaries of the countries that joined together in Lomé and taking concrete form in a proposal of the highest significance for the reasons I have explained and which all of us, I feel, will share.

As the rapporteur clearly explained in his report, the results during this admittedly brief period of application of so new an instrument may be said to be satisfactory and we had an opportunity to confirm this

recently in Maseru, Lesotho, on the occasion of the meeting of the joint committee. Very many of our African partners spoke on this aspect and their judgment was largely positive. In view of the fact that they are so directly affected by the functioning of this system, it is clear that their opinions are of the greatest importance for us. As the rapporteur has clearly shown in his report and summed up in his oral presentation, our partners in the Convention have also conceded that the implementation of the system has been extraordinarily rapid. Within a few months the Stabex system, about which there were so many reservations and doubts as to its functioning, has shown in concrete terms, with the first transfers, how efficient it is. This has been unanimously acknowledged by all. Stabex transfers have been made for a very wide range of reasons: this has spotlighted a further aspect, and that is the adaptability and flexibility of its mechanisms in giving the right response to problems which differ from country to country and from commodity to commodity.

The overall fact that, already in this first phase and especially in the last financial year, 76 % of the transfers went to the least privileged countries and sectors also bears witness to the effectiveness of the system from the social angle and not purely from that of supporting the financial and economic equilibria of these countries.

There is therefore a broad measure of recognition for these essential aspects. As Mr Aigner has recalled, there have been certain criticisms from the ACP countries, which we accept, attributable to the fact that, in some cases, the period of reference on which the transfer decisions were based was not always the right one. But we should also note that, in a number of cases, the Commission realized this fact and endeavoured to take the necessary corrective action.

With regard to the use of the funds, Mr Aigner has shown great originality in his thinking and analysis. It is true that, together with our partners, we ought to study a number of points. For example, without interfering with the sovereignty of the recipient countries, there should be more clearly defined agreement on principle along the lines suggested by Mr Aigner and implying a more proper use of the transfers. Certainly, in the preparatory memorandum for the negotiations on Lomé II, as Mr Cheysson told us yesterday, there is a clear statement, in this connection, of the criteria that would have to be accepted for the use of the funds, without this imposing a strictly or directly binding obligation on the recipient country. However this may be, it is a problem which in the interests of the recipient countries themselves and for the sake of further improving the operation of the Stabex system, we feel should be made far clearer in the new Convention which we are preparing.

Bersani

As regards the complex problem of the list of commodities, we know that this is a most difficult question. On the one hand, some countries are urging that the list be enlarged to include, in particular, certain mineral products. On the other hand, we have to recognize that, even on the part of those who were most insistent on this score, we met a generally objective attitude which shows that there is recognition, especially in this stage, of our need to proceed with a great sense of responsibility and to measure each step we take with the greatest care.

On the part of the Community, therefore, there is an open-minded and realistic attitude, in the interests of the associated countries themselves and of the proper functioning of the Stabex system. It is not, I repeat, the object of the system to arrive at a global solution for the fundamental problems of the world situation, particularly as regards the highly sensitive raw-materials sector, but — as I have said — it has broken new ground. We have shown in a practical way and for the first time that it is possible to tackle the problem of restructuring markets through measures in which, as I have pointed out, alongside an awareness of economic realities, allowance is made for considerations of social justice and international equality.

Thus we feel that the Stabex system is a highly valuable measure and therefore meriting, on our part, further responsible examination down to the minutest detail. As regards the detailed commodity by commodity analysis that has been made, I feel that this contains some facts that we can usefully think about. It emerges clearly that the Stabex mechanism is very much to the point in the way it fits in with the situation in the majority of these countries. Many of the commodities for which Stabex transfers have been made clearly have a decisive role in the economic and financial equilibrium of these countries and in the general planning they have set themselves.

After this first experiment, therefore, and in a frank and open discussion with the ACP countries associated with us through our Conventions and also with the overseas territories that have benefitted from it, we should think extremely carefully, gradually improve the procedure, widen the area covered through responsible measures and endeavour to bring the Stabex system closer and closer to that general vision of our cooperation policy that we have tried, up to now, to convert, with a high sense of responsibility, into concrete and positive facts.

When these things are being discussed we often hear the view: 'There is only one thing we value from the Community and that is that it seeks, and has sought, to convert its own concerns for cooperation into tangible results, operative structures and responses that fit the case'. The Stabex system is a clear and precise example, in the face of extraordinary difficulties. The fact that, within its limits, which we frankly acknow-

ledge, it should already have survived the difficult take-off phase and done so with serious-minded and positive recognition from so many sides, is an encouragement not only to improve the system itself but to enter into further Conventions with the same vigour and the same involvement, because this total resolve to achieve cooperation, justice and a new economic and social balance in the world can, with our collaboration, reach an ever greater and ever higher level.

President. — I call Mr Dalyell.

Mr Dalyell. — Mr President, I was glad that Mr Bersani said in his speech that it was not an overall solution to the problems but an alleviation and I am sure this is the case. Nonetheless, Stabex has been a success story.

I would like to ask two questions. I refer to a matter arising out of the discussions at Lomé, when the ACP met there two years ago, and our discussions in Luxembourg, a matter that was also raised by Mr Bangemann and others in the Budget Committee a year ago, which appears in paragraphs 41 and 42 of the explanatory statement — it is the issue of help to the Sahel countries that suffer from drought:

41. Thus, for example, some of the Sahel countries, despite their desperate economic and trade positions, have not been able to benefit from Stabex. During the period over which the reference level — and this is the object of the question — is calculated for each country and for each product (i.e., the four-year period preceding entry into force of the system — Art. 19 (1)) and on the basis of which fluctuations are calculated, production in the Sahel countries of certain products eligible under the system dropped to virtually zero as a result of the drought. Since this served as the reference level, exports during 1975 registered an increase, whereas had they been measured against the normal period before the great drought a very significant fall would have been recorded.

42. In the light of this situation, the ACP-BEC Council of Ministers noted that where, in individual cases, exceptional events gave rise to abnormal results in the application of the period of reference on which financial transfers were based, 'the Community will seek, with the ACP States concerned, a solution to these difficulties through as favourable as possible an interpretation of the existing provisions of the Convention.'

Now the question is, what is going to be done? Because the system's value can only be maintained by respecting totally the provisions of the Convention; any exception will be liable, by creating precedents, to weaken Stabex. Now there is an issue that was put to some of us some time ago — and it has been continually raised in the Committee on Budgets — as to whether this system is, in fact, operating to the relative disadvantage of those who need it most — namely, the countries that have been suffering and are likely to continue to suffer from drought. What is the policy here? Is there any way of tinkering with Stabex to overcome this problem? If I am told that

Dalyell

this is not the way to help the Sahel countries, I think I would accept it as a policy decision, but at least the question ought to be asked.

My second point is that when Mr Aigner, to whom we are grateful for this report, talks of achieving political objectives I am bound to say that there is a growing feeling in various parts of the Community that, on occasions and very rarely, we have to take invidious decisions against certain countries; there is a growing feeling that the Community ought not to be sustaining the present régime in Uganda. I understand very well the kind of argument that says one should not discriminate against a people, that this is not the right way to do it, that there are other ways of achieving objectives in relation to a régime like Uganda. On the other hand, there is very wide and growing public opinion that anything the Community does to help the present régime in Uganda ought to be reconsidered. I will put it no higher. My question to the Commission is this: what is the philosophy in relation to certain States where there are grave question-marks against human rights, and are we sure that a system like Stabex should be operated regardless of régime?

I would like a comment from the Commission on both those questions.

President. — I call Mr Tugendhat.

Mr Tugendhat, Member of the Commission. — Mr President, it is, I am afraid, the first of a number of speeches in which the House will have to listen to me on a variety of topics, but I am glad that we are starting with this particular one, because, as those Members of the House who were previously colleagues of mine in another place will know, it is a subject in which I was interested before I came here but with which I have very little direct dealings now.

I was, as they will appreciate, particularly glad that the comments made on the workings of the Lomé Convention and on the Stabex system have in general been extremely favourable. I think the Convention is one of the triumphs of the Community, and where there were suggestions or criticisms, they were mostly, or even entirely, directed towards finding ways of making the system work better, extending it and broadening its scope. The report and the resolution show very clearly that Parliament takes a continuing interest in this subject, and will continue to make a contribution which, I am sure, will be as substantial as that which was made in the past.

Three points were emphasized by the report and came through very clearly in the speeches made. There were a number of other points made in speeches which I will also try to deal with as I go along. So far as the report itself is concerned the three points are as follows:

Firstly, the parliamentary commission would like to assure — and indeed we would ourselves — the efficient management of the system as envisaged by the Convention, taking into account the modifications introduced at the last Council of ACP and EEC Ministers. Then there is a desire to finalize, notably in the light of the experience gained during the operation of the system, the improvements to be proposed to our partners as the Convention is renegotiated. Finally, there is a desire to contribute, on the basis of experience gained under the Lomé Convention, to the discussion of an international effort concerning the stabilization of export earnings, an international effort in which I think it is true to say that the Community has played an active part.

It was in this connection suggested that we ought to try to expand the list of products covered by the Convention, and this, I know, is a view held by many people not only in this House but also outside. If one has a system which seems to work well and to meet the needs of the developing countries, then there is naturally a desire to extend it, and I think the Commission should look very carefully at possibilities of doing so. At the same time, however, I should remind the House — I am sure it has noticed that I say 'remind' — that any extension of the list of commodities might become extremely expensive, not just because the bill is likely to rise the more commodities one covers, but because some of the commodities which are excluded at the moment and which, it is felt, should be included would require very much larger financial reserves than those we have at present. What I am saying is not put forward as an argument against expansion, but as an argument for examining the possibilities very carefully before we get involved in commitments that might become very much larger than those we have been dealing with up till now.

So far as the management of the scheme is concerned, this is — and I think the House shares this view — on the whole fairly satisfactory, and there is very good cooperation between the ACP countries and the Commission. A point noted particularly by the rapporteur, as it was by the Commission, however, concerns the very delicate question of the utilization of the resources which are transferred. Within this good relationship, there is undoubtedly some concern, again not just in this House, but outside, about the way in which the resources are utilized. One honourable Member pointed out that trying to tell the ACP countries what to do, trying to give them instructions, would very likely — in my view, almost certainly — prove quite counter-productive, and that any discussion of this rather difficult subject should be considered in the light of Article 16 of the Convention, which outlines the objectives of the system for stabilization — namely, to remedy the harmful effects of the instability of export earnings, and thereby enable the ACP States to achieve the stability, profitability and sustained growth of their economies which we want

Tugendhat

them to secure. This certainly does not mean to say that transfers must invariably be devoted to the product originating the transfer; but the programme of diversification would evidently conform to the spirit of Article 16, the purposes to which the money should be put are, I think, reasonably clearly understood, and there is no doubt that there are some cases — and it was, I think, said very fairly, not very many, but nonetheless some — where there is now mounting cause for concern in our Member States and where one sees a use of the money which is far removed from the purposes for which the Convention was designed. It is very natural that parliamentarians, with their concern for the interests of the taxpayer whose money goes to finance this operation, should be worried, and I think the Commission should be worried as well — not just because of the misuse of funds that might occur, but because if such misuse does occur, and occurs sufficiently flagrantly or sufficiently often to attract widespread attention, then the good name of the whole Convention is brought into disrepute; it becomes much harder to secure and maintain the necessary basis of public support that will enable us to continue to provide the assistance that we want to provide in the cases where it is deserved and where misuse is connection occurring. It is in that spirit that one wants to approach the matter.

One speaker mentioned in this connection the question of human rights. Speaking for myself, I think this is a question which ought to concern us very much with this Convention; when we find ourselves, as we increasingly do now, taking action against some States that are not members of the Lomé Convention, on essentially moral grounds, it becomes very hard indeed to justify to our taxpayers the continuance of aid and assistance to countries which are behaving sometimes — and we all, I think, know to whom I am referring — rather worse than the countries against whom we are taking action on moral grounds. This is a point which it is important to express, and it is important that it should be expressed not simply by those responsible for conducting negotiations but by those who represent the people who are in effect putting up the money. It is a difficult problem to resolve; it is extremely difficult to lay down standards; it is extremely difficult to be unilateral, and there are a great many other considerations that have to be borne in mind. So far the Community has managed to tread a rather narrow and delicate path with a certain amount of skill in the case of Uganda, which the honourable gentleman mentioned. The assistance is very much confined to projects which are direct and specific assistance to the population themselves.

One point which needs to be borne in mind is the fact that, if a country is unfortunate enough to have a perfectly dreadful régime perpetrating the most awful crimes, we must be concerned not to make the situa-

tion of the people of that country even worse than it already is. To find a balance between not making the position of the people themselves even worse than it already is and not maintaining the régime in power for longer than would otherwise be the case, is terribly difficult. But I myself am glad to hear concerns of this sort expressed, and I think that they are highly relevant.

So far as other matters in the report are concerned, I think we have now covered quite a lot of them. The stabilization of export earnings in accordance with the decision of the Development Committee taken on the basis of the results of the North-South Dialogue, is the subject of a study undertaken by the IMF and the World Bank. This study, on which the Commission is being consulted, will be able to refer to the actual experience which is being gained in this scheme, and will, I think, be useful.

On the question which was raised about the Sahel countries that have benefited — Niger, Upper Volta and Mali — I would like to write to the Honourable Member if there is any information that I am not able to give. No reference period other than the one provided for by the Convention would, according to our calculations, have brought greater relief to those countries. Lomé has provisions, of course, about exceptional aid under which a good deal has been done, and there is a certain amount that can also be done with food aid, but if the Honourable Member feels that he would like more information on this front, then I think it would be desirable for the Commission to write to him.

I have tried, Mr President, to cover a number of the points that were raised both in the report and in the debate. I hope the House finds this satisfactory. I would, however, on behalf of the Commission, like to thank it for its encouragement and for the very favourable response it has given to our efforts in this field.

President. — I call Mr Aigner.

Mr Aigner, rapporteur. — (D) Mr President, to be quite brief I feel I simply have to thank Mr Dalyell, and Mr Bersani too, for their kind words of appreciation.

A new dimension has, however, come into the discussion which I intentionally avoided in the report — namely, the question of human rights, the general notion of fellowship that underlies this instrument. Since the question has been raised, however, I would like to say something about it and fundamentally it is this.

Mr Tugendhat, and I would be grateful if you would tell Mr Cheysson this as well, everything that we have said in the way of criticism has only one purpose, and that is to make this partnership more effective and to improve cooperation; it should not be regarded as

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negative, therefore, but as positive and constructive. But there are also those mutual recriminations that are not raised in this House but are repeatedly heard outside. The developing countries are told that it is their own fault if they are so underdeveloped and if their intelligence quotas are lower than in Europe. To my mind one could not make a more stupid statement. Development has been completely different in those countries, and it has nothing to do with intelligence or with human qualities. North and South have developed in different living conditions. There are religious, cultural, climatic and geographical circumstances which all have to be taken into account. Conversely, it is also nonsense to keep accusing us of having stolen the riches we have by plundering other countries. This is just as idiotic, because we have not robbed anyone; instead, we have made it possible for these mineral resources to provide capital for the Third World.

If we had not achieved the technical development we have, they would not today be in a position to turn their mineral resources to account. This means that our partnership must be based on a process of mutual understanding and not mutual accusation. I believe that this House, the Committee on Development and Cooperation, the Association Conferences and the Joint Committee have shown that, wherever contact is really working, this mutual understanding, and therefore the capacity for cooperation, is growing on both sides. This, in my view, is really the most interesting feature in the whole field of our relations with the Third World — far more interesting than what is happening here at the bilateral level.

Mr President, allow me just one last word on human rights, to which Mr Dalyell and also Mr Tugendhat have referred.

I think, Mr Tugendhat, that you are right. I submitted a question about Uganda which could not be answered because there was no time. I shall presumably receive a written reply. I naturally understand the Commission's point that if people have to live under such a régime then we can hardly punish them further by withdrawing aid just because they have such a régime. On the other hand, Mr Tugendhat, we must not forget that, in the use of Stabex funds for example, countries have complete sovereignty and each government can apply these transfers as they think best. So we must clearly ensure, for Lomé II, that these funds of ours are not used in certain circumstances for further atrocities and therefore, speaking for myself, I say that the Commission must make certain — possibly in the general clause in Lomé II — that human rights are an indispensable condition for the validity of this treaty.

This can be put in such a way as to meet with the understanding of our partners. Naturally, there will be some suspicion that an instrument is being created to make the instrument unworkable in certain situations.

These doubts must be dispelled, but the Community and European taxpayers must have the certain knowledge that the funds we are providing are really being used for mankind and exclusively for humanitarian purposes.

What I ask, Mr Tugendhat, is that in the negotiations you should make clear to our partners this wish of Parliament, that Lomé II must include a general clause on human rights in a form acceptable to both sides.

President. — Does anyone else wish to speak? The debate is closed.

The motion for a resolution, as it stands, will be put to the vote at the end of this sitting.

5. Regulation on agricultural products originating in the ACP States or the OCT (debate)

President. — The next item is the report by Mr Nolan (Doc. 521/77), on behalf of the Committee on Development and Cooperation, on

the proposal from the Commission to the Council for a regulation amending Regulation (EEC) No 706/76 on the arrangements applicable to agricultural products and certain products originating in the African, Caribbean and Pacific States or in the overseas territories.

I call Mr Nolan.

Mr Nolan, rapporteur. — Mr President, it is my pleasure on behalf of the Committee on Cooperation and Development to submit this report. It is a very simple document recommending that the Parliament agree to the Commission's proposals for the partial reduction of duties on tomatoes imported from the ACP countries. Some Members may feel that if we import tomatoes from ACP countries it will affect tomatoes produced within the Community or trade with countries that individual Member States may have bilateral agreements with. But if you read the report, you will discover that this only refers to the period from 15 November until 30 April, and that is the period, within the Community, when tomatoes are not in excess supply and when we do not have overproduction. Briefly, therefore, this report was unanimously adopted by the Committee on Cooperation and Development and I have no doubt that the House will also give it its unanimous support.

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

Mr Martinelli. — (I) Mr President, the subject we are considering is of such simplicity that an in-depth discussion might be considered unnecessary, particularly in view of the brevity with which Mr Nolan, the rapporteur, has presented the conclusions of his report. But I feel that, in spite of its minor nature, we have a duty to devote some general consideration to this proposal by the Commission.

Martinelli

Considering that last season's production of tomatoes in the Community was nearly 4 200 000 tonnes, that imports came to slightly over 300 000 tonnes and that in this proposal we shall be changing a few rules governing our relations with the ACP countries in order to allow the importation of 600 — I said 600, not 600 000 — tonnes free of duty this year and 1 500 tonnes in the short term, there would seem no point in discussing the matter further, but we should bear in mind that there is no absolute certainty that, if imports of tomatoes into Community countries are authorized in the winter periods when Community production is not enough for internal consumption, things will go as we are told. No, because in adopting this general provision, although we know it refers in particular to tomatoes from Senegal, we make no allowance for the fact that other countries could take up tomato-growing in view of the fact that the Lomé Convention is in force up to 31 March 1980, if my memory serves me right.

We should also note that, in delivering its opinion, the Committee on Agriculture has asked the Commission that, during the next two years, it should look at tomato imports with particular care precisely because figures that may seem perfectly marginal today could become, or be the beginning of, a policy that would disrupt the Community's agricultural policy. These *ad hoc* provisions always encroach on the general picture of imports in the agricultural sectors and we know that looming up in the future is the accession of three Mediterranean countries which are big producers, among other things, of vegetables and therefore of tomatoes. The first comment, therefore, that I would like to make is this: at some time or other we shall have to take stock, in econometric terms as well, of the potential increase in production in the present and enlarged Community in order to decide what imports should be regarded as necessary for the Community market.

My second point is this: if we look at the activity of the European Development Fund, we see that a substantial sum from the Fund is earmarked for Senegal to help it increase horticultural production, and about one-fifth of this amount is allocated for increasing the area used for tomato-growing. What quantities can be absorbed by the Community market? The question I put is this: should we not bear in mind that this legitimate policy, which we have discussed so fully in the Stabex context as well, might cause a crisis in some sectors of the Community countries? It is not sufficient to say that only seasonal, that is to say winter, production is involved. Tomato-growing under glass, which is not seasonally restricted, is developing in more than just a few parts of Europe, enabling some Community sectors to improve farmers' lowly conditions of life, and therefore it would appear to be our duty to think about this situation.

I repeat that these remarks are in no way grounds for not approving the proposal of the Commission before us, but they should be borne in mind in the difficult negotiations for the enlargement of the Community and the renewal of the Lomé Convention on which the Commission is now working and in which its object will be, on the one hand, to uphold wisely the ideals and commitments that have up to now been its guide in its external relations and, on the other, to consolidate the Community's internal development.

I would therefore conclude by saying while we fully approve this provision we recommend that such measures be better dovetailed into general policy.

President. — I call Mr Tugendhat.

Mr Tugendhat, Member of the Commission. — Mr President, I should like to thank Mr Nolan for his report on the Commission proposal concerning certain import arrangements for tomatoes originating in the African, Caribbean and Pacific States. I would also like to thank the Committee on Development and Cooperation and the Committees on Agriculture and Budgets for having approved the proposal in question, for this product is of particular importance for the economies of certain ACP States which have been developing tomato production. Tomato production is in many ways very suitable for some countries with very hot climates which experience difficulties in developing more sophisticated forms of agriculture. I have seen for myself in some States in the Persian Gulf the way in which they have begun to produce tomatoes on soil which would be quite incapable of producing anything else.

In answer to the request from the Committee on Agriculture that the Community should show vigilance, given the increase in the quantities to be imported over the next two years, I can inform you that the measures are planned to ensure that imports do not exceed certain quantitative limits. Obviously a reply of that sort sounds a little vague, and may give rise to worry about exactly what these quantitative limits will be.

I thought, therefore, that, particularly in response to the Honourable Member who has just sat down, it might be worth going a little further and talking about some of the figures involved.

Imports of tomatoes from the ACP States—Senegal, Niger and Ethiopia are the ones I particularly have in mind—are very small indeed—about 800 tonnes in 1976—and account for only 0.4 % of total Community imports. Another point which I think is worth making is that, of a Community production of about 4.6 million tonnes, only 5 % actually occurs in winter-time—that is, at the time when the ACP tomatoes are imported, so that we are speaking here of very small quantities coming from the ACP countries at a time

Tugendhat

when only a minute fraction of Community tomatoes are being produced. I think it is important to bear those figures in mind.

This, then, is my reply and I hope that the figures I have given will do something to set at rest the possible worries about this matter, but I am delighted that in general we and the Parliament are once again at one.

President. — Does anyone else wish to speak? The debate is closed.

The motion for a resolution, as it stands, will be put to the vote at the end of this sitting.

6. *Direct sales of agricultural products*

President. — The next item is the oral question, with debate (Doc. 529/77), by Mr Willi Müller, Mr Dondelinger, Mr Evans, Mr Mitchell and Lord Murray of Gravesend, to the Commission, on direct sales of agricultural products:

Observations of the price of agricultural products at consumer and producer level show that in the last few years the agricultural component in the final price to the consumer has been declining. On the other hand, as ultimate consumer prices in all Community Member States have been rising sharply, one can only conclude that marketing and processing margins have — for whatever reasons — increased disproportionately.

On this assumption, it is clear that it is in the common interest of agriculture and the consumer to aim at direct sales, i.e., to eliminate intermediate undertakings as much as possible.

However, market observations show that direct sales are on the decline and the two marketing channels (1) farmer — wholesaler — retailer — ultimate consumer and (2) farmer — wholesaler — processing undertaking are predominant. The attendant concentrations in the marketing and processing sectors are weakening the market position of agriculture.

In view of these developments, the Commission is asked the following questions:

1. To the best of its knowledge, how important are direct sales of agricultural products today? By direct sales are meant sales both to the ultimate consumer and to the intermediate consumer (processing undertaking).
2. Can it indicate the percentage of direct sales in the total sales of agricultural products by country and region and by product and product groups?
3. Is there any evidence that in those regions of the Community where agricultural incomes are particularly high, direct sales of agricultural products play a more important role than elsewhere?
4. Does the Commission consider it necessary and possible within the framework of its agricultural structural policy to create conditions for the promotion and expansion of direct sales in agriculture?

I call Mr Evans.

Mr Evans. — Mr President, may I first of all apologize to the House for the absence of my colleague Mr Müller. I am sure everyone appreciates that Mr Müller has had urgent political business in the Federal Republic which prevents him from being here today to put this question personally to the Commission.

I am sure the Commissioner will appreciate that the purpose of this question is to attempt to obtain answers to certain questions because of the widespread concern at all levels in the Community, particularly among consumers, about the ever-increasing costs of agricultural products. We are constantly told, year after year, that it is necessary that the producers receive substantial increases to allow them to maintain their standards of living. Whilst no one will suggest that producers have not the right to maintain their standards of living, at the same time there is little doubt that European consumers are very concerned about the increasing costs and the fact that the policies which we have seem to wind up with large mountains of various agricultural products. I hope the Commissioner will appreciate that those of us who have tabled this question are members of the Committee on the Environment, Public Health and Consumer Protection, and that we have done so in the context of consumer protection. It appears that the producers have a genuine case when they ask for increases, that the consumers have a genuine case when they complain about the price of agricultural products, so it would seem that somewhere in the middle, something goes radically wrong. Someone makes large fortunes out of agricultural products at the expense of both the producers and the consumers, and we would seek to find out whether or not the Commission is concerned about this, whether they have any ideas about how this occurs, whether they are prepared to investigate a distributive chain. In other words: what are the Commission's views on this very important aspect of agricultural policy.

My colleague Mr Müller has put it in this way: we want to ascertain to what extent there are direct sales within the European Community. We would like to find out whether the Commission regards direct sales of agricultural products as being important, whether they believe that it would reflect on the price to consumers, and whether or not the producer would get a much better deal from direct sales. We would also like to know how widespread these already are. Because when one examines the figures for the various Member States, one sees that in some countries, where direct or cooperative sales are the traditional pattern, the producers appear to do better; and when one looks at other countries where direct sales are not the traditional method, the producers appear to do very badly and the consumers do very badly. So someone, Mr President, somewhere, must do very well indeed.

We therefore ask the Commission whether they have studied this, whether they have any views on this

Evans

subject, whether they believe that this is something that we could put to the Parliament, and particularly to the committee concerned with consumer protection. Because I am quite sure the Commission is aware of the strong feelings which exist about the end product as well as the primary role of the agricultural policy, and if someone is making substantial fortunes out of what at times appears to be a crazy policy, then we hope that the Commission will seek to put that right. I hope Mr Tugendhat can give us some answers to this question, and I am sure he appreciates that this is an ongoing question, that members of this committee will return again and again to the question of the deal the consumer gets from the agricultural policy, because it is my view that over the next few years the role of the committee responsible for consumer protection will continue to grow, while the role of the Committee on Agriculture, as far as consumer protection is concerned, will decline. If there is no improvement, the European consumer will reject the agricultural policy.

President. — I call Mr Tugendhat.

Mr Tugendhat, Member of the Commission. — Mr President, I had thought last night that I was bidding good-bye to this Parliament and to Mr Evans, so it is a double pleasure to be answering him again today.

I share the view that he expressed that this is an important question, and I share the view too that it does seem very mysterious often both to farmers and consumers—and, of course, farmers themselves are often consumers—that the gap between the farmgate price and the shop price is often so wide, and that increases and decreases in prices do not seem to work through to the consumer in quite the way that is sometimes expected.

There are several points, though, which it seems to me are worthy of consideration and which are not, strictly speaking, covered by this oral question. I shall not go into them at length, but I think the demand of the consumer now for an increasing amount of processed food—for instance, instead of buying ordinary potatoes buying frozen chips, and instead of meat straight off the butcher's slab buying it out of the deep freeze container in the supermarket—all this adds enormously to the overheads. The cost of fuel, both in distribution and in the maintenance of the establishments where food is sold, is another factor. I think that the price of oil has a very much larger impact on the price of food than is sometimes believed and sometimes apparent. As for the points raised by this oral question and put by Mr Evans I will do my best to answer them on behalf of the Commission. Unfortunately, the answers are not going to be as detailed as I would like. As far as points 1-3 are concerned, the Commission has no statistics available to give a complete picture of the sale structure of agri-

cultural products by Member State, by region and by product and product groups. The only guidance available at Community level concerns the agricultural produce sold to cooperatives and agricultural produce sold under previously concluded contracts. For fruit and vegetables, the importance of producer organizations is quite evident. Their share in the total national production varies from about 25 % in Luxembourg to 90 % in the Netherlands for all fruits and vegetables, and the same countries, from 30 to 80 % for all fruits and from 8 to 95 % for all vegetables, so the variations are really quite enormous. Neither is there any evidence available that would lead us to the conclusion that, in those regions of the Community where agricultural incomes are particularly high, direct sales of agricultural products play a more important role than elsewhere. Indeed, a point which would seem to us of greater importance is the proximity, or otherwise, of farmers to large towns. Where an agricultural region is very close to a large centre of population, the scope for farmers to benefit is much greater than where the producers are some distance from the centres of population and from the large markets. This, I think, is a phenomenon which applies in many other sectors throughout our Community.

On point 4, the last point, the Commission would remind the House that certain measures included in the common agricultural policy are intended to strengthen the economic position of farmers in the market and are, at the same time, capable of facilitating, within limits, direct sales by farmers. Chief among these are the measures relating to producer organizations which, without encouraging farmers to offer their produce to the final consumer, should in fact allow them to carry out certain activities concerning presentation and preparation, and to appear as valid partners in the processing industry. Such measures already exist for fishery products, fruit and vegetables, hops and even silkworms and should, according to the Commission proposals, also be introduced for potatoes and for most other agricultural products in regions where there is a serious structural deficiency in supplies.

I hope that the answer I have given to this last point shows that the Commission does not have a closed mind on these matters, and that some of the measures which we are already considering and introducing will go a little way down the road that the Honourable Member is suggesting.

We do feel, however, that farmers are by no means always the best people to engage in retail production: that the production of food on the one hand, and its sale and distribution on the other, are both fairly professional activities. It is not clear that people who are very good at one are necessarily ideally suited to the other. Where we can help farmers to improve their efficiency these by all means, let us consider possibi-

Tugendhat

lites. In an age when an increasing number of consumers, especially in the large centres of population, buy their food in a processed, prepackaged form which is far removed from the form in which the food actually left the farm, we must bear in mind the very different qualifications and needs of these two different activities.

I am sorry not to be able to provide more precise information, but I think the lack of precise information shows the need for us to pay very careful attention to the views which have been given, and shows also that the parliamentary committee has opened up a field for examination which others will perhaps be anxious to take up in the future.

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

Lord Bruce of Donington. — Mr President, I rise to comment very briefly on one remark that was made by Mr Tugendhat where he complained of a certain lack of detailed information on the structure providing for the distribution of food from the farm gate onwards. This surprises me. The responsibility of the Commission is quite clearly laid down in Article 39 (1) (e) of the EEC Treaty, the responsibility of ensuring that supplies reach consumers at reasonable prices. Now, we know perfectly well that over the years, Article 39 has been regarded as the farmers' charter. I pass no particular comment on that. It is quite right, as my colleague has indicated, that proper regard should be paid to the income of the farming community. They do have to live like the rest of us. But I am bound to say I find it astonishing that that particular part of the Treaty which relates to ensuring that supplies reach the consumers at reasonable prices has not attracted much attention from the Commission.

The Commission is very fond, from time to time, of commissioning enquiries, which it then proceeds to file away and which gather dust on its shelves. I do not know whether the Commissioner has been briefed in this respect, but if not, perhaps I can brief him by saying that there are two compendious studies in the Commission's possession dealing with the degree of concentration in the foodprocessing industry and showing quite clearly that the price divergence in the food-processing industry is quite considerable. If he refers to the Sixth Report on Competition, he will find reference, once again, to the food-processing industry, to the degree of concentration within it and to the very wide price spectrum that exists in the monopolies that conspire to control it, reference to incomes that would make the average member of COPA green with envy at the considerable margins that are made, not by the farmer on the farm, but by the persons responsible for processing and distributing it.

Now I put it to the Commissioner—I know it is not his specific brief but I ask him to take this on board because, undoubtedly, we shall be returning to it and I have no doubt that the Committee on Consumer Protection will be returning to it sooner or later: when is the Commission going to study, or commission the studies in order that we may know, just what margins are made throughout Europe, just what incomes are earned between the time when the farmer disposes of his products and the consumer receives it? It will be no good supplying us with bromides on this question either—that they are going to be considered in their generality at some future time. We shall want to know which Commissioner is going to be responsible for this: is it going to be Mr Vouel or Viscount Davignon, is it going to be Mr Gundelach or Mr Tugendhat, or any combination of these? This is what we shall want to know, and indeed, this is what lies behind the speech that my colleague Mr Evans has made. I hope, therefore, that we may be given some reassurance on this matter and that, in any event, a far more detailed study may be made concerning the prospects, concerning the efficiency, concerning the margins, concerning the whole value of distribution direct from the farm gate itself.

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

Mr Bersani. — (I) Mr President, whilst expressing my thanks to the members of the Committee on the Environment, Public Health and Consumer Protection, I too would like very briefly to stress the importance of today's debate. In actual fact this is a sector of vital importance for very large social areas of the Community for which little or nothing has really been done to date.

The problem is of major concern to consumers, and I shall add nothing to what has already been said by other speakers in this debate, but it is of equal concern to producers. It is true, Mr Tugendhat, that the marketing function has certain specific professional requirements, but I feel that, on the basis of the many experiments that have been made in the last few years with regard to producer cooperatives and producer associations, which we ought to increase and strengthen even more, we have already demonstrated there are other ways to tackle these problems.

In my view, the problem concerns both sides to an equal extent. We should reduce the influence of the big concentrations in the food industry, we should strengthen the producers' capacity for self-management and initiative and, in the interests of consumers, we should reduce the difference between producer and market prices, which is all too often scandalously wide.

Bersani

So there is a wealth of reasons for wanting the action of the Commission in this direction to become far more effective overall. It is true that the new regulation on structural action in the agricultural sector wholly focused on processing and marketing opens up new prospects, but with things as they are at the moment, I doubt whether its application is viewed with that flexibility and capacity for specific adaptation to the sector that would be desirable. I also feel that, up to now, consideration has been confined to episodic and marginal measures, whereas the only way to obtain convincing results is to take action that has a very firm and decisive impact, as Mr Evans has pointed out.

I therefore fully share in substance the concerns felt by the Members who tabled the question and I, too, on behalf of the Christian-Democratic Group ask the Commission that policy in this area, in the interests — I repeat — of consumers, producers and a more united, more harmonized and better ordered European society, be much better tailored to the effective requirements of the present situation.

President. — The debate is closed.

7. Common market in fertilizers

President. — The next item is the oral question, with debate (Doc. 530/77), by Mr Noè, Mr Fioret, Mr Früh, Mr McDonald and Mr Müller-Hermann, to the Commission, on the common market in fertilizers:

1. Is the Commission aware of the situation on the common market in fertilizers, especially as regards the trade policy followed by manufacturers from State-trading and other third countries whenever there are fluctuations in world prices, and how this affects the regular supply of nitrogenous, phosphate and potash fertilizers?
2. Would the Commission not agree that the entry on the market of suppliers of raw materials used in fertilizers, notably crude phosphates and potash, is liable to alter present supply patterns?
3. Does the Commission also agree that regular and secure supplies of fertilizers to the Community are important to agriculture, and that any dependence on third countries for fertilizers could have serious effects on Community producers' production and investment options?
4. If so, will it adopt a coherent common policy for fertilizers in order to prevent discriminatory practices and to create the necessary conditions for a regular supply of fertilizers to agriculture?

I call Mr Noè.

Mr Noè. — (I) Mr President, Mr Commissioner and ladies and gentlemen, the reason for our tabling this

question is the fact that — like others, unfortunately — the fertilizer industry too may soon be in a situation of crisis.

However, we are also concerned by another fact, and that is that agriculture in the Community — which needs a secure supply of fertilizers — may well, in the longer term, be affected by the negative repercussions of a possible crisis in the industry itself. This is sufficiently clear from the fact that fertilizers account for 17 % of farms' outside purchases. The situation can be summed up like this: on the one hand, third countries have reduced the outlets for the Community industry on some foreign markets and, on the other, they have begun exporting to the Community, mainly attracted by the possibility of earning valuable foreign currency. These exports, however, have not followed a regular pattern: in periods of low world prices they have been massive, whereas when prices soared they dried up.

The phenomenon is general and I shall just quote a few figures. Nitrogen exports from the countries of Eastern Europe to Germany and France rose from 32 000 tonnes in 1968-69 to 220 000 in 1972-73, an eightfold increase, and then fell away almost to nothing in 1974-75, when the world market was paying far higher prices than those of the Community. In 1975-76, these exports went up again to 190 000 tonnes. This gives you some idea of the vast range of fluctuation.

As regards future prospects, we are concerned on three counts. First of all, the United States has openly stated — and is acting accordingly — that they want to export large quantities of phosphoric acid and phosphatic fertilizers to the Community. Secondly, the State-trading countries are stepping up the rate at which they are developing their structures for making fertilizers. In 1980-82, Romania will become one of the biggest producers of composite fertilizers that is to say, phosphatic, nitrogen and potash fertilizers. Lastly, giant-sized plants have been, or are being, built even in the Persian Gulf to make nitrogen fertilizers such as urea — at different concentrations from those normally used in Europe — and ammonium phosphate.

In the light of these three facts we ask what the Commission intends to do before the crisis becomes more acute. Though we know that it is faced with a difficult task, we nevertheless feel obliged to remind it of our concerns for the agricultural sector. The deficit in the Community's agricultural trade balance is, as we all know, some 20 billion dollars. So we cannot, in the medium term, allow the supply of fertilizers, whose purpose is to sustain Community agricultural protection, to fall off.

Noè

I should therefore be grateful if the Commission would keep the European Parliament up to date on this question. For our part, we shall support any initiatives it may take.

President. — I call Mr Tugendhat.

Mr Tugendhat, Member of the Commission. — Mr President, with regard to fertilizers, an important industry in its own right, the Commission follows very closely indeed the evolution of the industry and indeed of the market for fertilizers within the Community. The industry in our countries is, as I think we all appreciate, working in a situation of very considerable over-capacity. It is by no means the only industry in the Community to be in that situation. It is, of course, directly related both to the chemical industry and to the oil industry, and the over-capacity should, to some extent, be seen in that light, apart from the other aspects which I would like to draw the House's attention to. One of the reasons is that US producers have proved themselves to be much more competitive than the European producers, and this, of course, is because they enjoy very substantial energy and raw-material cost advantages. Then we have the problem of the East European planned economies. Their production capacity for fertilizers has been developed in recent years well beyond the domestic demand of those countries, with the result that their over-production is aimed and directed at our markets.

We have, too, what are known by some people as compensation deals, by others as buy-back deals between firms in the Community on the one hand and Communist countries on the other. These have been growing at a very rapid rate in recent years, and are now accounting for quite a large volume in the exchange of chemical products. I here refer particularly to ammonia, phosphoric acid and nitrogen fertilizers. Our saturated markets offer virtually no outlet to these deals unless sales take place at what can only be regarded as political prices.

In the longer-term perspective, we shall I think, face another problem, that of the production of fertilizers and their intermediates, ammonia and phosphoric acid, from the Arab oil-producing countries, which are building up their own petro-chemical industries and will naturally move down-stream — some of them already have done — into fertilizers. I think this will increase the pressure on our domestic markets.

Our fertilizer industry is therefore faced with very serious difficulties to which it has, to respond. The Commission is doing its best to stop unfair competition, though when one is dealing with buy-back deals, one must bear in mind that companies in the Community have secured large and valuable contracts in Eastern Europe which bring many jobs to all the various primary and subsidiary manufacturers who send goods into the Soviet Union for these factories.

It can, I think, be seen that we are dealing with a problem which is not very clear-cut and where it is not very easy to formulate a policy which meets all the requirements.

Similarly, with the developing countries: on the one hand we want them to develop — and we were talking earlier this morning about Lomé; on the other, when they begin to move forward into industries which are well-suited to the type of raw materials or energy resources that they have, we find that this can then lead to problems which affect other industries of precisely the sort that we are dealing with now. So we are I think, in a difficult situation and one to which there is no immediate answer.

Bearing in mind that food supply presupposes fertilizer supplies to agriculture, it seems logical and strategically reasonable, however, that a certain degree of self-sufficiency should be guaranteed to the domestic industry, though, for obvious reasons, this need not be, and I think should not be, anything approaching 100%. Admittedly, the fertilizer industry, although essentially a chemical industry, is dependent on one single customer for its sales and supply, demand and prices are therefore frequently controlled to ensure balance between the various parties concerned. This implies that European fertilizer producers should be able to withstand international competition on our market with the limits and under the conditions which I have been talking about. Dumping and unfair practices cannot be accepted. The problem is, of course, that to distinguish between dumping and unfair practices, on the one hand, and providing access for foreign producers to our markets on terms which are not only fair to us but also fair to them, given their advantages, is a very difficult circle to square.

Two years ago, the Commission asked the Community fertilizer industry to develop its thinking on the industry's present structure and its future outlook. The industry has made an effort in this direction, and, in our view, is very much to be congratulated. Discussions will shortly take place between Commissioner Davignon and the industry, and I believe a date has already been set during the course of this month. Analysis will also have to be carried out on a number of points: the factors influencing the adjustments that will inevitably be necessary, and the development of a policy to cope with these adjustments. In tackling them we shall have to steer a course between complete *laissez faire* on the one hand and complete control of the market on the other. The Commission certainly looks forward to the active involvement of the industry in this subject, because, as I said, and as my whole speech reflects, we are dealing with an issue which is not only very difficult in itself but has a great impact on other important policy and other important priorities of the Community — aid to developing countries, our commercial relationships with other parts of the world and a host of other matters.

President. — I call Mr l'Estrange.

Mr L'Estrange. — May I point out that I am speaking in this debate on behalf of my colleague, Mr McDonald, who is unfortunately unable to be present today.

EEC fertilizer manufacturers are seriously concerned about the danger of cheap imports of fertilizers, especially phosphates, from the United States. American manufacturers can buy their phosphates from native mines at about half the cost charged to foreign manufacturers, including EEC countries. There is a danger of large-scale dumping by the Americans in Europe. The Americans are also attempting to get a foothold on the European market by buying into manufacturing companies here. The Commission in Brussels has just started an investigation into the whole matter.

The Americans are very important suppliers to the European market. In 1975 the Community imported over 700 000 tonnes of rock phosphate from America, and the biggest danger for farmers is that, whereas they might benefit from cheap fertilizers in the short term, they may well suffer in the long term if the home industry is ruined. The Americans can sell compound fertilizers abroad far cheaper than the actual cost of the raw materials to a foreign manufacturer. All the major American companies operate through a common exporting company, and in many cases manufacturers actually own the mines.

From an Irish point of view there are two problem areas. The trend of recent years for fertilizers to come in from third countries in manufactured form means a decline in employment opportunities in the fertilizer industry. For example, despite the development by NET the Irish State fertilizer industry, we reckon that the number directly employed by the fertilizer manufacturers, including blenders is now of the order of 1 800 people, whereas it was an approximate 3 000 some five years ago. Over that five-year period, the important product has increased its share of the Irish market from 35 % to 75 %. Of course, the close-down by Goldings of their Dublin factory was a big factor. Almost all Goldings products are now based on imported products mainly from the USA. Being so dependent on imported products puts the agricultural industry in an undesirable situation. We in Ireland believe that supplies of fertilizers are of strategic importance to our agriculture and to Community agriculture. It is essential that we do not have to depend on foreign supplies. We are in favour of an effective Community fertilizers policy to safeguard supplies for Community agriculture.

President. — The debate is closed.

8. Data-processing in the EEC

President. — The next item is the oral question, with debate (Doc. 532/77), by Mr van Aerssen, Mrs Walz, Mr Alber, Mr Jahn and Mr Klepsch, to the Commission, on data-processing in the EEC:

In the interests of a stronger EEC commitment to research and development in the data-processing sector, how does the Commission view the possibilities for decentralized data-processing, the stronger penetration of business and State monopolies, with particular regard to the impact of innovation in data-processing and telecommunications, and the tendency for users in the public sector to accept as *'de facto standards'* the specifications of companies which occupy a dominant market position?

I call Mr Alber.

Mr Alber. — (D) Mr President, ladies and gentlemen, with your permission I would like to make a few brief comments to explain the substance of our question.

Data-processing is extending to ever broader fields, and the people who talk about a new industrial revolution are probably right. Unfortunately, we are often far from properly prepared for everything that comes upon us. This concerns the social policy side, but it also concerns the legal side — with particular reference, in this case, to that area in which government undertakings are concerned as monopolies or quasi-monopolies — in a dual sense: firstly, as regards competition, because they are monopolies of demand and can therefore dictate the data and conditions which other firms may not perhaps be able to comply with. But they are also concerned in a second way, this relating more to the technical or practical field of application. Here again there are two aspects, the first being that they determine the norms to which others, and in particular the smaller firms, have to conform, and the second being that they are not all that keen to introduce the innovations that are technically possible. Because they are demand monopolies and represent the only customers that really count, many major innovations fail to materialize which could make a significant contribution to employment. I would just refer to a few new fields of data transmission and new communications techniques. It would be a pity if small firms were given no chance — because of this failure to innovate — to exploit their creativity potential.

We want to know about all these things, and this is the general sense of our question. Mr Noè will give the detailed views of the group on the subject.

President. — I call Mr Tugendhat.

Mr Tugendhat, Member of the Commission. — Mr President, the question raised by the Honourable Member and by the group of people on whose behalf

Tugendhat

he was speaking reflects one of the major concerns of the Commission, as he will know from studying proposals which we have put forward in the past, in connection with the budget as well as in others. In its proposal for a 4-year programme on data-processing, which is currently being discussed in the Council, the Commission has stressed the need for a Community policy on standards and on informatics with a view to freedom of choice for the user. The Commission's objectives, and the corresponding strategy to be aimed at, are as follows: first of all, we wish to promote at Community level the setting up of a public telecommunications subnetwork, equipped with standard interfaces and offering non-discriminatory tariffs as regards distances, suitable for supplying a wide range of services to users. Following the discussions which took place in Brussels at ministerial level on December 15 last year, the Commission has set up a joint working party of experts and of representatives of national post-offices to study a common approach as regards the services to be supplied by a future network and the advanced technologies which they will have to use. We also wish to foster, as part of the standardization aspect of the Community's data-processing policy, the application, initially in the public sector, of internationally approved standards. In this connection, it should be stressed that the standards on the use of data-processing networks, and I refer here to interfaces and protocols and things of that kind, are of especial importance. The Commission considers that this strategy, should encourage companies to innovate, in which case it might be possible to provide financial support in the form of Community premium contracts for projects which were judged particularly useful. The mechanisms for such contracts are contained in a proposal for a Council regulation which forms part of the multinational programme on data-processing.

Mr President, I hope that this reply will be satisfactory in the light of the contribution that has already been made. If further points are raised, I will do my best to add more: I do not know how many people wish to speak.

President. — I call Mr Noè.

Mr Noè. — (I) Mr President, three types of problem can be identified in this question. The first relates to the possibilities offered by decentralized data-processing. There is clearly a trend away from the earlier situation, in which a large central unit was connected to data terminals, to the network system which, incidentally, the Commissioner has now proposed as one of the developments to which it rightly attaches the utmost importance. Such networks connect different computers together or, in their most reduced form, connect a major central unit to terminals that are equipped with 'memories' and can therefore intercommunicate between themselves. In the United States this new technology has been adopted and developed by many small and medium-sized firms. The reason is

that this system performs just as well and is technologically just as advanced as that of the big computers, whilst calling for smaller-scale investment and shorter lead-times. It is therefore important that European industry should turn to the production of these sophisticated terminals which have their own memory and their own processing capability, and which do not, in other words depend exclusively on the one central unit.

In my country, incidentally, Olivetti have developed such peripheral computers in collaboration with other, larger, firms building big central computers. In other words, there are opportunities for collaboration between earlier and present technologies.

A second type of problem relates to private and public monopolies. Here, in my view, we need to be perfectly clear.

It is only through an improvement in the performance of the smaller firms, which will need to grow and enlarge, that we shall be able to achieve results. We shall certainly not achieve them by artificially restricting the field of activity of those firms that have been most successful in establishing themselves on the market, because in this way we might well create State monopolies which, fortunately, do not yet exist. It is therefore only by improving the quality of European firms that we shall be able to fill the gap in certain sectors, not by introducing protectionist measures which would be a setback to technology.

The third type of problem concerns the fact that the public authorities are, to some extent, governed by the technologies of the market-leaders. The reason for this is generally that the big and well-established firms satisfy their customers; in other words, they have developed their hardware and software primarily to keep their clients happy, and they have managed to do this as a result of discussions and meetings with users associations.

Even so, the public authorities have a range of possibilities because they can purchase hardware or they can hire it from leasing firms which buy machines and then rent them out at lower prices and for a far longer period of time than offered by the more advanced firms because the latter's equipment is more modern. For software, too, the public authorities have a wide choice. The big firms that build hardware also provide software, but in addition there are specialized software-only firms.

Here again (and this brings us back to the starting point) software needs to be developed so as to meet the objective requirements of the customer. Here again, firms have to be competitive. It is my belief that if the Commission can help to promote tele-data-processing, the connecting up of various centres, and the greatest possible use of this technology throughout the Community, using computer networks, we shall be able to make considerable progress.

President. — The debate is closed.

9. Negotiations with Cyprus

President. — The next item is the oral question, with debate (Doc. 534/77), by Mr Price, Mr Amadei, Mr Dondelinger, Mr Schmidt and Lord Brimelow, to the Commission, on the negotiations with Cyprus:

The Commission has now been given a mandate to prepare new proposals for trade relations between the EEC and Cyprus over a range of agricultural products, which comprise 87 % of all the exports from the island; in Vice-President Haferkamp's words (*Agence Europe*, 17 January 1978), it is necessary to avoid 'awkward political repercussions of an economic crisis in Cyprus'. In view of the fact that Cyprus lost, on 31 December 1977, its preferential access to United Kingdom markets; that its trade with the EEC has a negligible impact on EEC trade as a whole; and that the EEC has a responsibility not to allow economic conditions to develop which could hinder a final political settlement, what new proposals have the Commission put forward for reduced tariffs in sherry, potatoes and other vegetables; and when do they expect the present negotiations to be concluded?

I call Mr Price.

Mr Price. — It gives me great pleasure to be speaking on this oral question, since this is the last part-session of this parliament I shall be attending, as I am leaving the British delegation. The first speech I made here was about Cyprus, and, as it turns out, my last one is also. May I draw attention to the fact that, in the Italian translation of this oral question, it says that it is an oral question by Mr Spicer? That is a mistake. Mr Spicer has slightly different views about Cyprus from mine. I want to make sure everyone realizes that is a mistake.

I want to draw attention to the fact that Mr Gundelach made some quite important statements about the situation in Cyprus at Question Time yesterday. I am glad Mr Tugendhat is replying to this, although I must say that for a British member of parliament, it is slightly strange to observe the way the Commission views this Parliament. I do not really blame them, because I do not have much regard for it either, but the way the Commission views this Parliament is very often to send a Commissioner to reply to a question whose own area of responsibility is the furthest removed from the particular matter under review. We shall know the day the Commission takes this Parliament seriously by the fact that it sends a full team of officials and the appropriate Commissioner to reply to the particular questions that are on the agenda. But I make no complaints about that, because I realize it is custom and practice here.

I would first emphasize that this crisis between the Community and Cyprus — and it is a crisis — ought to have nothing to do with the predilections of people who favour the Turks or the Greeks in any final political settlement of the island. The crisis exists because

the Community has been disgracefully and scandalously dilatory in making a genuine effort to renew the Association Agreement with Cyprus. The Community's earlier Association Agreement ought to have been renewed on 1 July last year. Because of the total inability of the Council of Ministers to make up their minds about what sort of mandate they want to put forward, we have reached the situation where, nearly a year after the old Association Agreement ran out, we still have no proper agreement to succeed it.

The situation is made worse by the fact that the Community made some temporary arrangements last June to extend, until 31 December 1977, the arrangements for agricultural products. They were able to do this because the Commonwealth preference for certain products did not actually run out until the end of last year. But many of us gave warning at that time that simply making a temporary extension from June to December would, if there was no real will to find a solution, make the crisis even more serious after 1 January this year. And our warnings have turned out to be right. We are still in the position where there is no proper agreement about the arrangements for agricultural products between the Community and the associated State of Cyprus.

It is true, however, that the Community is at last taking this problem more seriously. The régime the Commission offered on 1 January was unsatisfactory, and the Government of Cyprus, very properly, took some initiative and wrote to all the nine heads of State or government and to the Commission, pointing this out. The Council of Ministers then changed its mind once again and allowed the Commission to come forward with new proposals. I have noted, as we say in the question, that Mr Haferkamp is reported as saying it was necessary to do this to avoid 'awkward political repercussions of an economic crisis in Cyprus'. The will within the Community to avoid these repercussions clearly is there, but the ability to carry this will into action is totally lacking.

May I briefly describe how the problem lies at the moment. Central to the Cyprus economy are potatoes — new potatoes for the United Kingdom market. They make up 40 % of the whole of the exports of Cyprus. For many years, particularly since the Second World War, there have been sensible arrangements whereby these new potatoes, which did not compete with any British supplies, had access to the British market. Those are arrangements which have gone on traditionally for years and years. Now, on 1 January, because Commonwealth preferences come to an end, they have to pay a tariff. Now, the Cypriots are aware that they will have to pay some sort of a tariff, and the Commission's latest proposals are very much better than their earlier ones, but still there is no agreement. What is happening now is that Europe's internal argu-

Price

ment about its own potato régime and the access of French and Italian potatoes to the British market is being allowed to upset the whole stability of a little country whose exports of potatoes are completely negligible on the Community market as a whole. What Europe is doing on this occasion is quite cynically prejudicing the stability of a small country like Cyprus, and, indeed, if it carries on like this, it will prejudice the stability of the whole of this area of the Middle East, simply because it is incapable of creating a sensible internal potato régime for itself.

As I understand it — and I would like the Commissioner to confirm this — the position is as follows. The French and Italians have a number of objections to Cyprus potatoes coming into the Community. It is true that there is a very limited amount of competition between Cyprus potatoes and some Italian potatoes. This is now recognized, and the Commission have proposed that some compensation payments can be given to the Italians in respect of this small amount of competition. But what now happens? I am told that in the Council of Ministers these compensation payments, which would have solved the whole problem this week, have now been vetoed by the Germans on the grounds that they set a precedent and are not the sort of thing the Community should do. So we go on from week to week getting nearer and nearer the beginning of the potato harvest, when some sort of régime has got to be instituted, without any sort of proper agreement at all. Incidentally, I am told this proposal of the Commission does not set a precedent, that pineapples from Guadeloupe, that well-known part of Europe, are subject to exactly the same sort of arrangement. So if this were to go through, there would be no serious precedent set.

My main point in making this speech though, Mr President, is that, if, within the next couple of weeks, we do not manage to solve this crisis and get a reasonable régime which enables the Republic of Cyprus to sell its potatoes, we shall threaten the whole economic stability of this country. For Europe it is nothing; for Cyprus it is everything. If we threaten the whole economic stability of this country, I will tell you what is going happen. Those politicians in Cyprus who have — sometimes against the odds — defended this Association Agreement with Europe and said that the future of Cyprus is to look towards Europe, will be quite unable to defend their position. And there are people in Cyprus who have said for many, many years that the Association Agreement was a confidence trick and the Europeans would get them in the end. The Council of Ministers in their recent action are doing nothing more than supporting those politicians in Cyprus who have said for years that it was all a con-trick with Europe, and what Cyprus ought to do is to swing right round and sell its goods either to the Arab world or the East European bloc. If we in Europe have

the slightest intention of taking our relations with these countries seriously, we must very urgently stop these niggling objections to this or that or the other, and give this small country, with whom we have signed an Association Agreement on equal terms, the ability to survive as an economy. If we do not, Europe will bear a very heavy responsibility indeed for the political consequences of its economic folly.

President. — I call Mr Tugendhat.

Mr Tugendhat, Member of the Commission. — Mr President, it seems that my task on this day of my *permanence* is largely to bid goodbye to former colleagues from the House of Commons who will not be reappearing in this Parliament, and I am extremely sorry to see Mr Price, who represents a London seat, go.

However, I cannot resist the temptation to answer the point he made about the relationship between the Parliament and the Commission.

What he said really was something of a travesty of the truth, and ought not to stand uncorrected in the record. He knows very well from his own experience in the House of Commons that, on Fridays in that House, when a number of different items of business are taken, it is often very difficult to ensure that the minister who is precisely responsible for a particular subject can be there. There has to be a certain amount of filling in and playing of reserves. The British Government, however, numbers some 90 to 100 people and is a very substantial body of chaps. The Commission numbers only 13, and we do not have a range of Ministers of State, parliamentary under-secretaries, the Scottish and Welsh Offices and so on; therefore, it is necessary sometimes for us to work what I think is a perfectly reasonable system, and to have somebody on duty on Friday. Anybody, including Mr Price, who reads the record of the debates that have taken place this week will see that my colleagues came down here, notwithstanding the climatic conditions, even if only for a short time, when there were debates or questions on matters for which they were responsible. I feel it is a pity that he should be leaving this House on quite such a sour and unjustified note.

I recollect vividly the many speeches which I have heard him make on Cyprus in different places, both here and elsewhere, and I know that Cyprus is a cause very dear to his heart on behalf of which he has fought in many different fora and on many different occasions. The Commission shares much of the concern which he expresses for the position of that country. We recognize the particular importance of potatoes to the Cyprus economy. We recognize very clearly the difficulties that have arisen for Cyprus at

Tugendhat

present, and I was struck by the fact that when Mr Price was speaking his fire was really directed at the Council rather than at the Commission, and at some members of the Council rather than others. Certainly we should like to see a substantial reduction in the tariff, and have put forward proposals to that end.

I would, however, like to say one thing in conclusion. Cyprus is a small country. It has a particular product, potatoes, on which it is very dependent, and it is certainly right that the European Community should behave responsibly and generously to it. At the same time, we must recognize that behaving responsibly and generously to it does create difficulties for producers of potatoes in some of our member countries and that if those difficulties are to be met, it will cost a certain amount of money. It is a characteristic of the Community — not, perhaps, its most attractive characteristic — that people from some Member States are always very anxious that the Community should behave generously to external producers of commodities which they do not happen to produce themselves, when their jobs are not at risk; whereas, when some other poor small country outside our Community is producing something which does put jobs at risk in a Member State, then the people from that Member State who pleaded for generosity in another sphere tend often to take a rather more restrictive and hard-nosed view of the matter. This is a problem that we should bear in mind, and it is always a question of whose ox is being gored. Nonetheless, the Commission's hands in matters of that kind are clean; perhaps it is easier to have cleaner hands if you do not have to run for elections, so I would not wish to take too high a moral tone about the matter.

The Commission understands the problems of Cyprus: we certainly wish to do all that we can to bring about a situation in which their potatoes can have access to the Community market on reasonable terms.

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

Mr De Clercq. — (*F*) Mr President, it is not my intention to examine in detail such concrete questions as the amount of certain customs tariffs. In our resolution of December 1977, proposed in a debate on a draft regulation of the Council of the European Communities regarding the conclusion of the financial protocol and the Additional Protocol to the agreement setting up an association between the European Economic Community and the Republic of Cyprus, we have already urged the Commission to activate negotiations regarding short-term trade measures between Cyprus and the Community in order that the Association may be extended after 1 January 1978 in some suitable legal formula. We also felt that the Association could produce better results, particularly as regards an increase in the trade between the two sides

and that as far as possible, obstacles to the development of trade stemming from the original rules as interpreted and applied by the Community at the moment, should be removed.

I feel that there is nothing to be added to this and that we can only repeat and stress this need once again. It is also pointless to go back over the events that have culminated in the difficult situation in which Cyprus now finds itself. We discussed all this at length in December 1977 in plenary sitting and before that in the Committee on External Economic Relations. The Commission, represented by Mr Ortoli, also set out its position regarding the objectives of the negotiations in detail during the debate. However, on behalf of the Liberal and Democratic Group, I would like to take this opportunity to stress once again — and this in our view, is the essential problem — the fact that the Community should do everything it can to prevent the proposed economic and financial association causing harm to a fraction of the population. The whole population of Cyprus should benefit from this cooperation, because we see this as an opportunity for persuading the two Cypriot communities to collaborate.

In conclusion, I wish to say that the Liberal and Democratic Group fully approves the position of principle taken by the Commission in this matter.

President. — The debate is closed.

10. Directives on feeding-stuffs

President. — The next item is the report by Mr Guerlin (Doc. 522/77), on behalf of the Committee on Agriculture, on the proposals from the Commission to the Council for

I. a directive concerning certain products used in animal nutrition;

II. a third directive amending Directive 70/524/EEC concerning additives in feeding-stuffs; and

III. a directive amending Directive 74/63/EEC on the fixing of maximum permitted levels for undesirable substances and products in feeding-stuffs and amending directive 70/373/EEC on the introduction of Community methods of sampling and analysis for the official control of feeding-stuffs.

I call Mr Dondelinger.

Mr Dondelinger, deputy rapporteur. — (*F*) Mr President, ladies and gentlemen, you all know that the French election campaign is in full swing although, officially, it does not start until Monday next. This is why all the French Members of Parliament have left and why Mr Guerlin asked me to present his report in his place.

Dondelinger

The texts before us have a twofold objective : first, to protect animal and human health and, second, to harmonize the legislation in the various Member States in order to prevent any distortions of competition. These two objectives, incidentally, are closely linked. The Committee on Agriculture wants legislation that ensures normal meat production and sales by the very fact that it would guarantee healthy animal feeding and restrain producers' natural tendency to look for maximum profit in disregard of the most elementary rules of health, which — ultimately — is harmful. All earlier directives were aimed in this direction but, firstly, experience shows that the measures taken were not all fully applied and required to be enforced more strictly or else had loopholes needing to be plugged by supplementary provisions and, secondly, situations change and call for new measures to deal with those changes. This was the twofold problem facing the Commission, and it proposes to solve it by the directives submitted for our consideration.

The second and third proposals contain either amendments to earlier directives or additional provisions. The second concerns additives and amends Directive 70/524. Its aims are :

- (1) to ensure that users are better informed ;
- (2) to revise the definition of premixtures ;
- (3) to extend the scope of the directive to straight feeding-stuffs which may contain certain additives ;
- (4) to provide for the registration of firms responsible for marketing in the Community antibiotics, growth promoters, coccidiostats and other medicinal substances ; the names of these firms will now appear as an annex to Directive 70/524, and special markings will be required on labels or documents accompanying the goods ;
- (5) to provide for bans on certain mixtures of additives belonging either to the same group or to different groups : the only authorized mixtures will be listed in the annexes ;
- (6) to place limitations on the supply of certain additives to feeding-stuff manufacturers or suppliers ;
- (7) to ban the sale of these products to other co-manufacturers.

The third proposal contains a number of improvements to Directive 74/63 regarding the fixing of maximum permitted levels for undesirable substances and products in feeding-stuffs and provides, in essence, for the inclusion of a dozen organochlorine compounds in the list of these undesirable products contained in pesticides. It gives rules for action by the

Standing Committee on Plant Health as regards pesticides and by the Standing Committee for Feeding-stuffs as regards all other undesirable substances. We are sorry to see the exemption made for fodder produced and used on the same farm in the case of grazing near motorways, airports or industrial areas and the non-inclusion of pathogenic micro-organisms — a gap that needs to be quickly filled.

The first directive is the most important. The reason for it is the fact that the Community has a shortage of protein for animal feed and that this shortage may worsen in the years to come. Hence the efforts to find alternative products. It has however, been realized that, in the prevailing conditions, they could be dangerous for both animal and man, so that it is necessary to regulate their use. The groups of substances concerned are as follows :

- single or multi-cell proteins,
- non-protein nitrogenous compounds, and
- amino-acids.

These products may be used only if they are included in Annex 1 and if certain specific conditions are met. Nevertheless, under Article 5, Member States are authorized at national level to add to them products listed in a second annex, provided they are guaranteed to be harmless. Conversely, a Member State can ban the sale of a product it considers dangerous on its territory. It must then advise the Commission and the other Member States with a view to amending Annex 1, under an accelerated procedure set out in Article 13, the Commission and the Council then having to take a decision within a very short time-limit to prevent any prolonged disturbance of the market. A longer procedure is laid down in Article 12 for all other amendments to Annexes 1 and 2. Further points are the possibility of exemption for scientific experiments on new, non-marketable products, the non-application of the directive to feeding-stuffs intended for export, the obligation to include the particulars set out in Annexes 1 and 2 on the label or documents accompanying the products, and the obligation on Member States to carry out official checks.

All these measures have been carefully worked out. They combine the strictness that is necessary in such cases and the flexibility necessary at the level of application. They should be approved, as they are, in the hope that they may be supplemented subsequently in ways lending them greater strictness. They will obviously not be effective unless they are applied, and above all checked, at the level of the individual Member States but that is another matter and not one for Parliament or the Commission.

Dondelinger

Mr Scott-Hopkins has proposed two amendments which the rapporteur firmly rejects. The first would add a new article, Article 6, to the effect that all matters affecting feeding-stuffs, including the pesticides where the Directive provides for the intervention of the Committee on Plant Health alone, are a matter for the Standing Committee on Feeding-stuffs. The rapporteur agrees with the Commission, which considers that there is no reason why action with regard to pesticides in the case of animal feeding-stuffs should be any different from that as regards pesticide residues in fruit and vegetables, for which, in Directive 76/895, the Community provides for the intervention of the Committee on Plant Health. Mr Scott-Hopkins's second amendment is based on the view that certain maximum residue contents, listed in the new section to be added to the Annex to Directive 74/63, are unrealistic. In other words, if Mr Scott-Hopkins wants to prove that the Commission's proposal is too severe, he is now erring in the direction of being easier on the manufacturers. For consumer-protection reasons, it is vital that the figures shown in the proposal be retained and complied with.

President. — I call Lord St. Oswald, who is deputizing for Mr Scott-Hopkins.

Lord St. Oswald. — Mr President, I should prefer to wait until the amendments are moved. I do intend to move the amendments, but I have nothing to say at this particular moment.

President. — I call Mr Tugendhat.

Mr Tugendhat, Member of the Commission. — Mr President, we all understand the reasons why the Honourable Member cannot be here: those of us who have had an opportunity to look at the television while in Strasbourg can see how active the French campaigning is, even if the official starting-date has not yet arrived.

I should like first to congratulate him, the Honourable Member who spoke in his place and the relevant committee on a balanced and constructive report. The Commission would welcome adoption by Parliament of the motion for a resolution, which it regards as an encouragement for its continuing work in the field of harmonizing legislation on animal feeding-stuffs.

So as far as the future work in pesticide residues is concerned, I can inform the House that the Commission is currently preparing two further proposals concerning maximum pesticide-residue limits: one deals with products of animal origin and the other with cereals intended for human consumption. A proposal concerning the marketing of medicated feeds is under study by the Commission. All these measures will further directly contribute to consumer protection.

As the honourable gentleman said in his speech, the Commission is unable, I am sorry to say, to accept the two amendments put forward in the name of Mr Scott-Hopkins.

First of all, Amendment No 2, proposing to add a new paragraph 5 (a) to the resolution. The problem of pesticide residues, in our view, is a horizontal one. By that I mean that the examination of residues in one group of foods or feeding-stuffs must be made in the full knowledge of problems arising from their possible presence in other groups or in the environment and having regard to the utility of the pesticide products to agriculture as a whole. The relevant directive, 76/895 (EEC) adopted by the Council in November 1976, relating to the fixing of maximum levels for pesticide residues and on fruit and vegetables consumed both by man and occasionally by animals, already provides for the intervention of the Standing Committee on Plant Health with regard to the operation of its safeguards clause and to the establishment of control measures. The proposal not to make the Standing Committee on Plant Health responsible for dealing with the matters provided for in this proposed directive would therefore run counter to the principles already endorsed by the Commission and the Council.

On Amendment No 3, it has been the Commission's aim to permit pesticide residues in feeding-stuffs only at the lowest possible levels in order to avoid contamination of foodstuffs of animal origin. The levels provided for in the proposed directive have been fixed after an exhaustive study of data obtained from agricultural practice and of requirements for the protection of public health. Once again, therefore, we feel unable to accept the proposal.

President. — Does anyone else wish to speak?

The debate is closed.

The motion for a resolution, together with the amendments that have been moved, will be put to the vote at the end of this sitting.

11. *Votes*

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

We will begin with the motion for a resolution contained in the Noè report (Doc. 519/77):

Communication on the fast-breeder option.

I call Lord Bruce on a point of order.

Lord Bruce of Donington. — Mr President, I am sorry to inconvenience the Parliament, but in connection with the motion for a resolution contained in Doc. 519/77, there are a number of discrepancies between the English text and the rest and these should be amended in view of the fact that we are going to vote upon the resolution.

Lord Bruce of Donington

In the fifth line of paragraph 1, the word 'reduce' should read in English 'limit'.

In the first line of paragraph 15, the word 'consistent' should read 'constant' in the English text.

In the second line of paragraph 18, the word 'parts' should read 'parks'.

I thought it wise, Mr President, that we should raise these questions before the matter is put to the vote, and also, of course, there is the further point that the order of paragraphs 3 and 4 in the English text should be reversed. These are non-controversial questions; they are merely to ensure that when we vote we are voting on the proper things.

President. — I call Mr Noè.

Mr Noè, rapporteur. — (I) I too would like to ask the service responsible to put paragraphs 3 and 4, which have unfortunately been inverted in the English and German translations, back into their original order.

I also ask the Assembly to kindly approve the amendment I have tabled, which, though not having any substantial effect on the text, will nevertheless help to put things more clearly.

President. — We have taken due note of Lord Bruce's observations. In addition, I think we have to accept Mr Noè's proposal: since the Italian is the original text, the translations must be made to conform to it.

I put the preamble and paragraphs 1 to 8 to the vote.

The preamble and paragraphs 1 to 8 are adopted.

On paragraph 9, I have Amendment No 1, tabled by Mr Noè and rewording the last part of this paragraph as follows:

9. ... those due to come on stream under current programmes for only some decades:

I put Amendment No 1 to the vote.

Amendment No 1 is adopted.

I put paragraph 9, thus amended, to the vote.

Paragraph 9, thus amended, is adopted.

I put paragraphs 10 to 24 to the vote.

Paragraphs 10 to 24 are adopted.

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

The resolution is adopted.¹

We proceed to the motion for a resolution contained in the Kofoed report (Doc. 515/77): *Organization of the markets in cereals and rice.*

I put the preamble to the vote.

The preamble is adopted.

After the preamble, I have Amendment No 1, tabled by Mr Aigner, Mr Früh and Mr Lücker and replacing the motion for a resolution with the following text:

1. Approves the Commission's proposals for the introduction of a production refund for maize, soft wheat and broken rice, when they are used to manufacture starch and quellmehl for baking;
2. Rejects, however, a refund for maize and broken rice used in brewing, since this will lead to further distortions of competition;
3. Calls, therefore, on the Commission and Council to make provision for the refund granted for maize, soft wheat and broken rice to be reclaimed, if they are used in brewing:

The rapporteur has asked me to inform you of his opposition to this amendment.

I put amendment No 1 to the vote.

Amendment No 1 is adopted.

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

The resolution is adopted.¹

I put to the vote the motion for a resolution contained in the Fisher report (Doc. 416/77): *Directive on the marking of foodstuff prices.*

The resolution is adopted.¹

I put to the vote the motion for a resolution contained in the Aigner report (Doc. 539/77): *Export earnings stabilization system.*

The resolution is adopted.¹

I put to the vote the motion for a resolution contained in the Nolan report (Doc. 521/77): *Regulation on agricultural products originating in the ACP States or the OCT.*

The resolution is adopted.¹

Finally, we proceed to the Guerlin report (Doc. 522/77): *Directives on feeding-stuffs.*

On Article 1 (6) of the proposal for a Directive III, I have Amendment No 4, tabled by Mr Scott-Hopkins on behalf of the European Conservative Group:

This paragraph to read as follows:

- '6. Article 9 (1) and Article 10 (1) shall be replaced by the following:

"(1) where the procedure laid down in this article is to be followed, matters shall be referred without delay by the Chairman, either on his own initiative or at the request of a Member State, to the Standing Committee for Feedings-stuffs this committee hereinafter called 'the committee'; if the Standing Committee on Plant Health is to consider any of these matters, it shall do so only with the professional advice of members co-opted to it from the Standing Committee on Feeding-stuffs."

¹ OJ C 63 of 13. 3. 1978.

President

What is the rapporteur's view?

Mr Dondelinger, deputy rapporteur. — (F) The rapporteur is opposed to the amendment.

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

On Article 1 (7) of the proposal for a Directive III, I have Amendment No 5, tabled by Mr Scott-Hopkins on behalf of the European Conservative Group and amending the table in this paragraph as follows:

2. Dieldrin: replace 'milk feeds' by 'complete dairy feeds and milk replacers';
3. Camphechlor: replace '0.5' by 'no limit';
4. Chlordane: after 'all feeding stuffs 0.05', add a further subheading 'animal fats 0.25';
5. DDT: subheadings 'vegetable fats' and 'animal fats' both to read '0.6' instead of '0.1' and '0.5';
6. Endosulfan: replace '0.1' by '0.2';
- 10.2 Hexachlorocyclohexane beta-isomer: subheading 'animal fats': replace '0.1' by '0.2';
- 10.3 Gamma-isomer: replace 'other feeding stuffs 0.2' by:

'poultry rations	0.3
dairy (complete feeds)	0.2
milk replacers	0.5
pig feeds	0.3
other feeding-stuffs	0.2';

11. Methoxychlor: replace '0.5' by 'no limit'.

What is the rapporteur's view?

Mr Dondelinger, deputy rapporteur. — (F) The rapporteur is opposed to the amendment.

President. — I put Amendment No 5 to the vote. Amendment No 5 is rejected.

We now proceed to the motion for a resolution.

I put the preamble to the vote.

The preamble is adopted.

On paragraph 1, I have Amendment No 1, tabled by Mr Scott-Hopkins on behalf of the European Conservative Group and rewording this paragraph as follows:

1. Approves the Commission proposals subject to the following modifications;

As a result of the rejection of Amendments Nos 4 and 5, however, this amendment becomes void.

I put paragraphs 1 to 5 to the vote.

Paragraphs 1 to 5 are adopted.

After paragraph 5, I have Amendments Nos 2 and 3, tabled by Mr Scott-Hopkins on behalf of the European Conservative Group and adding the following two new paragraphs:

- 5a. Is strongly of the opinion that all matters affecting feedingstuffs, including pesticide residues, should be dealt with by the Standing Committee on Feeding-stuffs and its professional analysts; believes that the

Standing Committee on Plant Health should only consider any of these matters with the professional advice of members co-opted to it from the Standing Committee on Feeding-stuffs.

- 5b. Is of the opinion that certain of the maximum residue values listed in the new part to be inserted in the Annex to Directive 74/63/EEC are unrealistic.

What is the rapporteur's view?

Mr Dondelinger, deputy rapporteur. — (F) The rapporteur is opposed to both amendments.

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

I put Amendment No 3 to the vote.

Amendment No 3 is rejected.

I put the motion for a resolution as a whole 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 13 to 17 March 1978.

Are there any objections?

That is agreed.

13. 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.

14. Adjournment of the session

President. — I declare the session of the European Parliament adjourned.

The sitting is closed.

(The sitting was closed at 11.45 a.m.)

¹ OJ C 63 of 13. 3. 1978.