

Annex

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

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

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IN THE CHAIR : MR COLOMBO

(President)

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

President. — The sitting is open.

1. *Resumption of the session*

President. — I declare resumed the session of the European Parliament adjourned on 16 September 1977.

2. *Documents submitted*

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

(a) from the Council, requests for opinion on the following proposals from the Commission to the Council and draft regulations by the Council :

- proposal for a regulation derogating in favour of Denmark from Regulation (EEC) No 1445/72 concerning the nomenclature of goods for the external trade statistics of the Community and statistics of trade between Member States (NIMEXE) — (Doc. 285/77)

which has been referred to the Committee on External Economic Relations ;

- proposal for the transfer of appropriations between chapters in Section III — Commission — of the General Budget of the European Communities for the financial year 1977 (Doc. 286/77)

which had been referred to the Committee on Budgets ;

- proposal for a decision amending the Decision of 3 August 1972 (72/335/EEC) on the Community financing of certain expenditure arising from the implementation of the Food Aid Convention of 1971 (Doc. 288/77)

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

- proposal for a regulation totally or partially suspending Common Customs Tariff duties on certain products falling within Chapters 1 to 24 of the Common Customs Tariff, originating in Malta (1978) (Doc. 289/77)

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 ;

- proposal for a regulation amending Regulation (EEC) No 1736/75 on the external trade statistics of the Community and statistics of trade between Member States (Doc. 292/77)

which has been referred to the Committee on External Economic Relations ;

- draft by the Council of a regulation concluding the Financial Protocol and the Additional Protocol to the

Agreement establishing an association between the European Economic Community and the Republic of Cyprus (Doc. 293/77)

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

- draft regulation by the Council concluding a cooperation agreement between the European Economic Community and the Lebanese Republic (Doc. 304/77)

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

- proposal for a regulation opening, allocating and providing for the administration of Community tariff quota for certain prepared or preserved bovine meat falling within subheading ex 16.02 of the Common Customs Tariff and originating in Malta (1978) (Doc. 305/77)

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

— proposals for :

- a regulation opening, allocating and providing for the administration of a Community tariff quota for prepared or preserved sardines falling within subheading 16.04 D of the Common Customs Tariff and originating in Morocco (1978)

- a regulation opening, allocating and providing for the administration of a Community tariff quota for prepared or preserved sardines falling within subheading 16.04 D of the Common Customs Tariff and originating in Tunisia (1978)

(Doc. 306/77)

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.

— proposals for :

- a decision regarding European Social Fund assistance towards women
- a regulation concerning operations qualifying for a higher rate of intervention by the European Social Fund

(Doc. 313/77)

which has been referred to the Committee on Social Affairs, Employment and Education ;

- proposal for a regulation laying down certain interim measures for the conservation and management of fishery resources (Doc. 316/77)

which has been referred to the Committee on Agriculture ;

- proposal for a regulation amending the nomenclature for certain agricultural products, various Regulations

President

concerning these products and the Common Customs Tariff (Doc. 317/77)

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

- proposal for a regulation extending the term of validity of Regulations (EEC) Nos 2843/76 and 2844/76 laying down special measures in particular for the determination of the offers of olive oil on the world market and on the Greek market (Doc. 318/77)

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

(b) from the committees the following reports :

- report by Mr Osborn on behalf of the Committee on Regional Policy, Regional Planning and Transport on the proposal from the Commission of the European Communities to the Council for a regulation laying down uniform costings principles for railway undertakings (Doc. 287/77) ;
- report by Mr F. Hansen, on behalf of the Committee on Agriculture on the proposal from the Commission of the European Communities to the Council for a regulation opening, allocating and providing for the administration of a Community tariff quota for wines known as 'Cyprus sherry' falling within subheading ex 22.05 C III of the Common Customs Tariff, originating in Cyprus, and introducing subsidies for similar wine products produced in the Community (1977) (Doc. 290/77).
- report by Mr van Aerssen, on behalf of the Committee on Budgets on the proposal from the Commission of the European Communities to the Council for a directive concerning the harmonization of systems of company taxation and of withholding taxes on dividends (Doc. 291/77) ;
- report by Miss Flesch on behalf of the Committee on Development and Cooperation on the proposals from the Commission of the European Communities to the Council concerning regulations relating to the application for the year 1978 of the generalized tariff preferences of the European Community (Doc. 302/77) ;
- report by Mr Broeks on behalf of the Committee on Development and Cooperation on the proposal from the Commission of the European Communities to the Council for a Regulation extending the period of validity of Regulation (EEC) No 3328/75 renewing the arrangements for the reduction of import charges on beef and veal products originating in the African, Caribbean and Pacific States (Doc. 303/77) ;
- report by Mr Noè on behalf of the Committee on Regional Policy, Regional Planning and Transport on the communication from the Commission of the European Communities to the Council concerning guidelines for Community regional policy (Doc. 307/77) ;
- report by Mr Pintat on behalf of the Committee on Energy and Research on the proposals from the

Commission of the European Communities to the Council for :

- a directive on the performance, maintenance and regulation of heat generators and the insulation of the distribution system in new buildings (Doc. 161/77) and
- a directive on energy savings from the modernization of existing buildings in the Community (Doc. 162/77)

(Doc. 309/77) ;

- report by Mr Ney on behalf of the Committee on Agriculture on the proposal from the Commission of the European Communities to the Council for a decision amending the Council Decision of 22 July 1975 adopting common research programmes and programmes for the coordination of research in the fields of animal leucoses, livestock effluents, beef production and plant protein production (75/460/EEC) (Doc. 310/77) ;
 - report by Mr Würtz on behalf of the Committee on Budgets on the proposal from the Commission of the European Communities to the Council for a regulation on the application of the decision of the ACP-EEC Council of Ministers on the arrangements applicable to the staff of the Centre for Industrial Development as regards taxation, social security and jurisdiction (Doc. 321/77) ;
 - report by Mr de Koning on behalf of the Committee on Agriculture on the proposals from the Commission of the European Communities to the Council for
 - a regulation laying down special measures for castor seeds ; and
 - a regulation amending Regulation (EEC) No 1900/74 laying down special measures for soya beans (Doc. 311/77) ;
 - report by Mr Martinelli on behalf of the Committee on External Economic Relations on the draft regulation of the Council concluding the cooperation agreement between the European Economic Community and the Lebanese Republic (Doc. 312/77) ;
 - report by Mr Adams on behalf of the Committee on Social Affairs, Employment and Education on the proposals from the Commission of the European Communities to the Council for
 - I. a decision regarding European Social Fund assistance towards women
 - II. a regulation concerning operations qualifying for a higher rate of intervention by the European Social Fund (Doc. 314/77) ;
 - report by Mr Nyborg on behalf of the Committee on Economic and Monetary Affairs on the proposal from the Commission of the European Communities to the Council for a directive on the approximation of the laws of the Member States relating to Articles of precious metals (Doc. 315/77) ;
- (c) the following oral questions :
- oral question with debate by Mr Berkhouwer on behalf of the Liberal and Democratic Group to the Council of the European Communities on the date of

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direct elections to the European Parliament (Doc. 294/77);

- oral question with debate by Mr Aigner, on behalf of the Christian-Democratic Group, Mr Lange, on behalf of the Socialist Group, Mr Bangemann, on behalf of the Liberal and Democratic Group, Mr Cointat, on behalf of the Group of European Progressive Democrats, and Mr Shaw, on behalf of the European Conservative Group, to the Commission of the European Communities on the implementation of the 1977 Budget of the European Communities (Doc. 295/77);

- oral question with debate by Mr Müller-Hermann, Mr Vandewiele, Mr de Koning, Mr Früh and Mr Verhaegen to the Commission of the European Communities on fisheries policy (Doc. 296/77);

- oral question with debate by Mr Klepsch, Mr Vernaschi, Mr Zeyer and Mr Verhaegen, on behalf of the Christian-Democratic Group, Mr Fellermaier, on behalf of the Socialist Group, Mr Durieux, on behalf of the Liberal and Democratic Group, Mr Rippon on behalf of the European Conservative Group, and Mr Terrenoire, on behalf of the Group of European Progressive Democrats, to the Foreign Ministers of the nine Member States of the European Community meeting in political cooperation on the increase in the number of terrorist acts within the Community (Doc. 297/77);

- oral question with debate by the Committee on Development and Cooperation to the Commission of the European Communities on the European Cooperation Agency (Doc. 298/77);

- oral question with debate by Mr Andersen, Mrs Dahlerup, Mr Dinesen, Mr Holst, Mr Seefeld, Mr Haase, Mr Albers and Mr Radoux to the Commission of the European Communities on the suspension of customs duty on imports of components for F-16 aircraft (Doc. 299/77);

- oral question with debate by Mr Klepsch, on behalf of the Christian-Democratic Group, Mr Fellermaier, on behalf of the Socialist Group, Mr Durieux, on behalf of the Liberal and Democratic Group, Mr de la Malène, on behalf of the Group of European Progressive Democrats, Mr Rippon, on behalf of the European Conservative Group, and Mr Sandri, on behalf of the Communist and Allies Group to the Commission of the European Communities on preparatory measures relating to applications for accession to the Community (Doc. 300/77):

(d) for Question Time on 11, 12 and 13 October 1977, pursuant to Rule 47A of the Rules of Procedure:

- oral questions by Mr Cousté, Mr Howell, Mr Cifarelli, Mr Blumenfeld, Mr Osborn, Mr L'Estrange, Mr Hamilton, Lord Bessborough, Mr Seefeld, Mr Veronesi, Mrs Kellett-Bowman, Mrs Dahlerup, Sir Geoffrey de Freitas, Mr Brown, Mr Baas, Mr Noè, Mrs Squarzialupi, Mr Mascagni, Mr Terrenoire, Mr Nolan, Mr McDonald, Mr Edwards, Mr Creed, Mr Normanton, Mrs Ewing, Mr Hoffmann, Mr Cointat, Mr Durieux, Mr Lagorce, Mr Kavanagh, Mr Dalyell, Mr Corrie, Mr McDonald, Mr Cousté, Mr Osborn, Mr Jung, Mr Brown, Mr Terrenoire, Mr Creed, Mrs Ewing, Lord Bethell, Lord Bessborough, Mr Kofoed,

Mr Dalyell, Mr Hamilton and Mrs Ewing, (Doc. 308/77);

- (e) from Mr Colombo, President of the European Parliament, on behalf of the enlarged Bureau, a motion for a resolution embodying the opinion of the European Parliament on the appointment of the members of the Court of Auditors of the European Communities (Doc. 301/77);

- (f) from the Council, a letter officially forwarding the draft general budget of the European Communities for the financial year 1978 (Doc. 270/77/Add).

I also inform Parliament that, contrary to the announcement during the sitting of Monday 12 September 1977,

the proposal from the Commission of the European Communities to the Council for a decision adopting a concerted research action on the growth of large urban concentrations (Doc. 247/77)

has been referred to the Committee on the Environment, Public Health and Consumer Protection as the committee responsible, and to the Committee on Budgets and the Committee on Regional Policy, Regional Planning and Transport for their opinions.

3. *Texts of treaties forwarded by the Council*

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

- Agreement extending the interim agreement between the European Economic Community and the Peoples Democratic Republic of Algeria;
- Agreement extending the interim agreement between the European Economic Community and the Republic of Tunisia;
- Additional protocol to the agreement establishing the association between the European Community and the Republic of Cyprus; the financial protocol and the final act.

These documents will be placed in the European Parliament's archives.

4. *Reference to committee*

President. — Pursuant to Rule 38 (1) of the Rules of Procedure, I have referred the following matters to the following Committees:

- Final Act of the third European Community-Latin America Inter-Parliamentary Conference
Committee responsible: Committee on External Economic Relations
Committees asked for their opinion: Political Affairs Committee, Legal Affairs Committee, and the Committee on Development and Cooperation); and
- Report on the European Parliament's Rules of Procedure and Parliamentary practices
Committee responsible: Committee on the Rules of Procedure and Petitions.

5. Order of Business

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

At its meeting of 28 September 1977, the enlarged Bureau prepared the draft agenda which has been distributed.

In the meantime, however, I have received a request from the group of European Progressive Democrats for the question by Mr Cousté to the Commission on inland waterways to be debated as the last item on today's agenda. This change arises from the fact that Mr Cousté is unable to be present. I feel that this request can be met without any difficulty.

Are there any objections?

That is agreed.

I have been informed that the report by Mr Spicer on relations between the EEC and Turkey, which is on the agenda for the sitting of Tuesday, 11 October, will only be adopted in committee on Tuesday. As it cannot, therefore, be debated at that sitting, I propose that it should be placed on the agenda for Thursday, 13 October.

Mr Spicer, are you in agreement?

Mr Spicer. — Mr President, very sadly that is absolutely correct, but could I express my personal regret and, I am certain, the regret of most of the members of our committee that this will mean that the report will not now be taken before the House in the presence of Senator Inan who is here on a two-day visit. We regret that very much indeed; we would have liked him to be present during our debate and I am only so very sorry that that will not be the case.

President. — I take note of your regret. Nevertheless, the report will remain on Thursday's agenda.

Since there are no objections, that is agreed.

The Committee on Agriculture has requested that a report without debate on apples should be placed on the agenda for this part-session. As this report will be approved in committee on Tuesday, I propose that it be placed on Friday's agenda.

Since there are no objections, that is agreed.

I have received from Mr Klepsch, on behalf of the Christian-Democratic Group, Mr Fellermaier, on behalf of the Socialist Group, Mr Durieux, on behalf of the Liberal and Democratic Group, Mr de la Malène, on behalf of the Group of European Progressive Democrats, Mr Rippon, on behalf of the European Conservative Group and Mr Sandri, on behalf of the Communist and Allies Group, a motion for a resolution with request for urgent debate, pursuant to Rule 14 of the Rules of Procedure, on negotiations on the enlargement of the Community (Doc. 323/77).

I shall consult Parliament on the adoption of urgent procedure tomorrow morning. If it is adopted the debate on this motion for a resolution will be taken as the first item on the agenda for Wednesday's sitting,

replacing the oral question (Doc. 300/77) tabled by the same authors and concerning the same subject.

In addition, I have been told that I shall receive, from Mr Klepsch, Mr Vernaschi, Mr Zeyer and Mr Verhaegen, on behalf of the Christian-Democratic Group, Mr Fellermaier, on behalf of the Socialist Group, Mr Durieux, on behalf of the Liberal and Democratic Group, Mr Rippon, on behalf of the European Conservative Group, and Mr Terrenoire, on behalf of the Group of European Progressive Democrats, a motion for a resolution on terrorism. I shall consult Parliament on the adoption of urgent procedure tomorrow morning.

Finally, I have received from Mr Noè, Mrs Cassanmagnago-Cerretti, Mr Martinelli, Mr Ripamonti, Mr Ligios, Mr Albertini, Mr Zagari, Mr Amadei, Mr Cifarelli and Mr Bettizza a motion for a resolution with request for urgent debate, pursuant to Rule 14 of the Rules of Procedure, on Community aid to the areas of North-West Italy affected by the recent floods (Doc. 324/77).

I shall consult Parliament on the adoption of urgent procedure at the beginning of tomorrow's sitting.

I call Mr Lange.

Mr Lange, Chairman of the Committee on Budgets. — (D) The Committee on Budgets has informed the President through its Bureau and the Organization of Sitzings Division that a report by Mr Notenboom must also be included in this week's agenda. This report relates to three Commission proposals which should contribute to the introduction of Community own resources on 1 January 1978. The Committee on Budgets will be winding up its consideration of this Notenboom report this evening.

Notice had been given of this and we would request that this report be placed on this week's agenda. The actual day does not matter, but preferably not Friday, if possible, as the technical arrangements will then have to be made for forwarding this Notenboom report as a resolution of Parliament to the Council for next week. The Council of Finance Ministers is meeting on Monday and Tuesday of next week, and must also take a decision so that all the necessary preparations can be made in the Member States for contributions from Member States to be effectively replaced, on 1 January 1978, by own resources from value-added tax or turnover tax.

President. — I call Mrs Ewing.

Mrs Ewing. — Could the President tell the House whether further consideration has been given to the point of order I raised at the September part-session about the timing of questions to the Foreign Ministers meeting in political cooperation? I had some support from other quarters in the House, and I believe the practical suggestion was made that, on the day when the Council is present, a time be fixed for questions to the Foreign Ministers and then, if necessary, we could revert to the questions to the Council.

President. — I call Mr Müller-Hermann.

Mr Müller-Hermann. — (*D*) Mr President, on 30 September the chairman of the Committee on Economic and Monetary Affairs, Mr Glinne, sent you a telex on behalf of the committee asking you to place on this week's agenda resolution, which hopefully will be supported by all the groups, on the extension of the Multifibre Agreement instead of, as originally planned, the Normanton report on the situation in the textile industry, which we are also awaiting with great interest. A few weeks ago the Council gave the Commission a negotiating mandate and the committee considers it important that Parliament should support the Commission by delivering an opinion on this matter this week. I therefore request that the motion for a resolution, which is still receiving its finishing touches — it should be ready by tomorrow — should be placed on the agenda for discussion this week, if possible on Thursday.

President. — I call Mr Aigner.

Mr Aigner. — (*D*) Mr President, item 205 on the agenda is the opinion of the European Parliament on the appointment of the members of the Court of Auditors of the European Communities; a motion for a resolution has been tabled by the enlarged Bureau on this subject.

Mr President, the appointment of the members of the European Court of Auditors needs to be scrutinized — and this is something new — by Parliament. Parliament can undertake such scrutiny only through its appropriate committees and I therefore request that the matter should be referred this week to the Committee on Budgets and perhaps also to the Political Affairs Committee — it is after all an institutional question too — and that these committees should submit a motion for a resolution to the House so that Parliament can adopt its position on a matter to which full consideration has been given. I do not think that this will entail postponing anything else, but we would then have chosen the only decision-making procedure possible for this Parliament.

President. — I call Lord Bruce of Donington.

Lord Bruce of Donington. — Mr President, I wish to make two points, with your indulgence. The first is to reinforce the point just made by my colleague Mr Aigner concerning the correct procedure to be adopted for bringing Parliament into consultation over the question of the appointment of the Court of Auditors. As you are aware, Article 15 of the Treaty of 22 July, replacing Article 206 of the EEC Treaty, provides that Parliament should be consulted, and consultation of Parliament, of course, imposes a duty and a responsibility upon Parliament which it should not take lightly. Sir, I observe that, in the papers that

have been circulated concerning the Court of Auditors, a list of names appears. I would have thought that, either through Parliament or through its appropriate committee, it would have been proper to have included with the names, a short list of these person's qualifications, and all the matters that are referred to in the Treaty under which they are appointed. I have no doubt that the gentlemen that are proposed are worthy and eminent gentlemen against whom I would not wish to pass any adverse comment whatsoever. But, Sir, the requirements of the Treaty are specific. If Parliament is going to be consulted, it should be consulted through the normal machinery — in this case, the Committee on Budgets. So that is my first point.

My second point merely concerns apples. I have not yet seen the paper on apples, but in my country they tend to be a somewhat explosive subject at the moment, owing to their very great rarity and, consequently, their very high price. I would trust therefore, Mr President, that although the item is on Friday's agenda for approval without debate, the Chair would, under suitable circumstances, allow Members to pass comment on its contents.

President. — I call Mr Prescott.

Mr Prescott. — Mr President, I am somewhat hesitant to raise this issue at this time. You have received an enquiry from myself and others of the Socialist Group concerning the possibility of tacking another question on to the fisheries debate. Should I make the point now or leave it until you go through the agenda? If you can confirm that the question will be included in the debate, there is no real reason for me to give you an argument in favour. You will appreciate of course. My President, that the statement by Russia, and the breaking off of the agreement between the Community and Russia, did occur on the day after the enlarged Bureau met but on the day before the final deadline for questions to the Commission. So, inevitably, we have had to present this question, to you in this way. We do think that it would extend the question on fishing beyond the three countries mentioned to the more urgent matter of the agreement between Russia and the Community concerning the Barents Sea.

President. — I call Mr Rippon.

Mr Rippon. — May I first of all express the hope that our colleague, Mr Prescott, is not wearing his leather jacket this afternoon because he fears being stabbed in the back by any of his colleagues!

(Laughter)

I think what he has to say about the fisheries question is perfectly sensible; I quite agree with what he has to say about that.

Rippon

As far as the appointment of the Court of Auditors is concerned, I hope this House will proceed with this matter without delay; it does come before the House on a resolution proposed by yourself, Mr President, with the unanimous approval of the enlarged Bureau. I would have thought that if there were any Members of the House who wanted to discuss the qualifications, or raise any matters of that kind in relation to any of the proposed appointments, they can do so. It is obviously impossible to consult the whole Parliament, or to call the Court of Auditors, or the proposed persons, before all of us. It seems to me would do far better to proceed with this matter without delay.

President. — I call Mr Fellermaier.

Mr Fellermaier. — *(D)* Mr Rippon, as a Conservative I think you would look quite good in a fine leather jacket such as the one worn by my colleague Mr Prescott, with whom I have just returned from Rome.

(Laughter)

If you fancy a trip to Rome with us I am sure we could find you one, though perhaps of a more conservative cut than Mr Prescott's.

To return to the matter in hand, I think the difficulties mentioned by Mr Aigner and Lord Bruce might be solved if the matter was referred to the Committee on Budgets before Wednesday — and I hear that it is meeting in any case this evening at six o'clock — and if you, Mr President, were to attend this meeting of the Committee on Budgets to introduce the members of the Court of Auditors to the committee and also to explain why the Bureau decided at its last meeting in Brussels to propose this procedure to the House.

I think it would be correct procedure to do this in the Committee on Budgets and I am sure that if you go to the Committee on Budgets, Mr President, and give a detailed explanation of your reasons, full agreement will be reached between the Committee on Budgets and the Bureau on the appointment of the members of the Court of Auditors.

President. — I call Mr Hughes.

Mr Hughes. — I wish to speak in support of the comments made by my colleague, Mr Prescott, asking for the matter of Russia and the Barents Sea to be included in a composite question on the Community's relations with third countries. To narrow this down to the relationship between the Community and Norway, Iceland and Canada is an unnecessary and inappropriate narrowing. I therefore hope that the authors of this question will support the request that third country negotiations with Russia should also be part of the oral question with debate. I see no difficulty from the position of the subcommittee on fisheries in including this.

President. — I call Mr Prescott.

Mr Prescott. — I think the chairman of the Socialist Group has made the point. As you know, Mr President I was on the plane with you from Rome today, and the difficulty was that there was no chance to change clothes, because I had to arrange the fishing motion. I think it is a petty matter, but I just felt I wanted to make that point.

(Laughter)

President. — I feel that the subject of leather jackets has been fully discussed.

(Laughter)

I call Mr Aigner.

Mr Aigner. — *(D)* President, I should like to come back to the matter of the appointment of the members of the Court of Auditors. I do not think that it is anyone's intention to hold a public debate on staff appointments here in this Chamber; that is not the point. I agree with Mr Fellermaier's suggestion that if we are to be really able to discuss the matter of technical qualifications — and we have had difficulties in this respect, Mr President, as you know — we could do so this evening since a meeting of the Committee on Budgets has in any case been arranged. I warmly invite you to attend, Mr President, and I think we would then return to this Chamber having had a proper dialogue and having followed proper policy-making procedure and there will be no need for any delay. If you reject this suggestion, however, I rather fear that there might be a lengthy debate on this item and I am convinced that this debate would be much worse than if you were to accept the compromise suggested by Mr Fellermaier.

President. — I call Mr Klepsch.

Mr Klepsch. — *(D)* Mr President, I should like to comment on two points. The first concerns the fisheries debate. Mr Prescott, we agree that your oral question should be dealt with in conjunction with our own. I say that on behalf of my group and I think the House as a whole will agree to this.

My second comment concerns the appointment of the Court of Auditors. I should like to say on behalf of my group that we support the unanimous decision of the enlarged Bureau on this matter. In other words, we think the procedure discussed in the enlarged Bureau is perfectly correct.

I have three points to make in this connection. Firstly, we have received full information about the qualifications of the nine proposed members.

Secondly, the Bureau and the chairman of the Committee on Budgets had the opportunity, at a meeting in Brussels, of talking to the nine members

Klepsch

who have been proposed for appointment and of forming their own opinions.

Thirdly, we believe that Parliament was right to put off giving its opinion for a month because at that time it had not been able to give sufficiently close consideration to the matter. We are anxious that the Court of Auditors should commence its full activity on 1 January, and I would therefore say, in a personal capacity and also on behalf of my group, that there can be no objection to the matter being discussed by the Committee on Budgets this evening, but the procedure we have adopted and the agenda must remain intact.

I see no reason why the Committee on Budgets should not discuss this matter this evening. It is fully entitled to do so and it may be quite useful for the President to attend, but my group has agreed to support the unanimous decision taken by the enlarged Bureau.

(Applause)

President. — I call Mr Bertrand.

Mr Bertrand, Chairman of the Political Affairs Committee. — *(NL)* Mr President, I have followed this debate on the appointment of the members of the Court of Auditors with particular interest but also profound disillusionment. You know what great respect I have for the Committee on Budgets, but it should not imagine that it is the super-committee of this Parliament which alone can decide what is to happen. The resolution adopted by Parliament on 22 February 1976 concerning committee responsibilities clearly stated that the Political Affairs Committee is responsible for institutional problems. Well, the Court of Auditors is a Community institution. The Political Affairs Committee must be the first to make its views known on it. We do not demand that the Political Affairs Committee, after what has happened, should now continue to deal with the affair.

We are of the opinion that when a specific procedure is laid down in the presence of the chairmen of the political groups, which is put on the agenda of our part-sessions, then it should be a simple matter of voting whether we shall adopt this procedure or not. We should not, however, then hold a debate on the essence of the matter itself.

I would thus ask Parliament, Mr President, to decide whether item No 205 should remain on the agenda. Then the matter will be settled. If Parliament does not accept the enlarged Bureau's proposal we can see what other procedure can be adopted.

Article 206 of the Treaty establishing the Court of Auditors specifies clearly that Parliament is to deliver an opinion. Therefore the Council has postponed its decision on the appointments and officially asked Parliament for its opinion. That is the true state of

affairs. The Council has thus recognized the authority of Parliament, it has requested Parliament to give its opinion and the procedure for drawing up that opinion is an internal matter for Parliament itself. The Bureau has had a debate on the matter and made a proposal to Parliament. I ask for Parliament to take a decision by holding a vote.

President. — I call Miss Flesch.

Miss Flesch. — *(F)* Mr President, on behalf of my group I should like to support those who have emphasized the wisdom of the procedure adopted by the enlarged Bureau in order to get Parliament's opinion on the appointment of members of the Court of Auditors. I think the discussion we have just had is sufficient proof that we would be well advised to accept the procedure proposed.

Mr President, my group takes the view that the procedure proposed by the enlarged Bureau is the right one, that the time-limits proposed should be agreed to and that the vote should be taken on Wednesday as planned. If any committee still wants to go into the question, we should not object, but we regard it as important not to take too long over a decision which we were already being asked to take during the last part-session.

President. — I call Mr Lange.

Mr Lange, chairman of the Committee on Budgets. — *(D)* Mr President, it was not my original intention to take part in this debate on Parliament's opinion on the appointment of the Members of the court of Auditors. But I think I must draw the attention of Mr Bertrand, who spoke in his capacity as chairman of the Political Affairs Committee, to one or two points.

Firstly, the Committee on Budgets does not have an exaggerated idea of its own importance. Secondly, the Political Affairs Committee has not made any contribution to the establishment of the Court of Auditors. The initiative came solely from the Committee on Budgets, when Mr Spénale was still its chairman, and the Committee on Budgets would be — I repeat, would be the competent body. But if Mr Klepsch now says that he has no objection to the matter being referred to the Committee on Budgets, it is obviously necessary for the documents to be available. You cannot expect me this evening to place on the agenda an item for which no documents are available. To hold a discussion without documents is quite impossible. The President must therefore make a pronouncement in the light of the decision taken by the enlarged Bureau. The matter is as simple as that.

President. — I call Mr Spénale.

Mr Spénale. — *(F)* Mr President, as a member of the enlarged Bureau, I should like to support the decision

Spénale

adopted by the Bureau. I think the arrangements should be allowed to stand.

At the same time I should like to reply to Mr Bertrand by saying that if a committee has still to express its view, not that I can see any need for it, it must be the Committee on Budgets. Why? Because it was that committee which, some years ago now, took the necessary action. I myself remember being in the chair at a meeting with the Presidents of *ten* Courts of Auditors during the period before the enlargement of the Community by the three new Member States and when we were even hoping that Norway would make a fourth.

We had meetings with the Presidents of all the Courts of Auditors to exchange ideas and study the courses of action open to us. It was the Committee of Budgets which took the lead in all this. We have also a practical problem: who is to work with the Court of Auditors? The Committee on Budgets and the control subcommittee, under the chairmanship of Mr Aigner. In the circumstances, the Committee on Budgets would be best able to go into the question.

But I think it is pointless to place this matter once again before a committee. The decision taken by the Bureau seems clear enough and the consultation which, under your chairmanship, has taken place with the future members of the Court of Auditors, the members of the enlarged Bureau and with the Bureau of the Committee on Budgets produced a consensus which, to avoid any further delay, we should be able to endorse during the present part-session.

President. — I call Mr Fellermaier.

Mr Fellermaier. — (*D*) I just wanted to point out, as Miss Flesch has done for the Liberal and Democratic Group, that my group is in favour of the decision being taken on Wednesday. However, I think the wish of the Committee on Budgets to form its own opinion in committee could be met — and Mr Spénale has just referred to the historical background of this committee's responsibility in this matter — by asking the President of Parliament himself to provide direct information to that committee concerning the meeting between the proposed members of the Court of Auditors and the enlarged Bureau, and then by asking the Committee on Budgets to adopt a position on this without the Political Affairs Committee and the Committee on Budgets quarrelling over which committee is the committee responsible.

President. — I call Mr Aigner.

Mr Aigner. — (*D*) Mr President, I think this discussion should now be closed. I should like to stress that nobody here, Mr Bertrand, has asked for this item to be deferred, nobody wants to hold up these appointments.

Mr President, I have asked that the Committee on Budgets should be allowed to go over this matter

again, firstly because — and I can assure the candidates that this has nothing to do with their qualifications or their personal aptitudes — internal European Parliament procedures bound up with the shaping of opinion are involved, and secondly because we wish to give political expression to our anxiety — quite natural in the circumstances — about the dangers of certain decisions being prejudged and the dangers of certain methods of work. So what we are concerned to do is to explain these anxieties in an internal, committee context so that we can reach a unanimous verdict. Mr President, I urge you to accept the proposal which Mr Fellermaier and I have made and I would ask Mr Lange to note that all the documents are available in all the languages in the control subcommittee and they could be duplicated within an hour, so we shall have the technical documents if the Committee on Budgets wants to place this item on the agenda. Mr President, I do urge you to accept this proposal; it is after all in your interest that Parliament should present a unanimous opinion to the outside world.

President. — I call Mr Lange.

Mr Lange, Chairman of the Committee on Budgets. — (*D*) Mr President, this argument also applies to the Notenboom report. It is urgent, as I tried to explain earlier, though I did not make a formal request for the adoption of urgent procedure. I do make such a request now, however.

President. — I call Mr Müller-Hermann.

Mr Müller-Hermann. — (*D*) I request the adoption of urgent procedure for the item 'extension of the Multifibre Agreement'. I am sure that in doing so I have the support of Mr Glinne.

President. — In other words, Parliament should understand that a request for urgent procedure is itself of no great significance, but is merely a pretext for modifying the agenda. This means that all our decisions can subsequently be modified by a procedural device.

A request for urgent procedure, therefore, will no longer be the result of an assessment of the genuine urgency of the subject, but a device for attempting to modify the agenda. Parliament must say whether it intends to follow this course and use the agenda in this way.

(Applause)

However, as the request for urgent procedure has been made, I hope that, tomorrow morning, the representatives of the political groups will all be present and will vote in such a way as to prevent requests for urgent procedure from becoming a device for amending Parliament's agenda.

President

As regards the more complex problem of the debate on the Court of Auditors, I should like to put clearly to Parliament the various problems involved.

The first concerns the placing of this item on Wednesday's agenda. I feel, however, that there have been no objections to this: the item therefore remains on the agenda for Wednesday's sitting.

The second problem concerns the procedure to be followed. We may decide, after a very extensive debate — the usefulness of which we have seen today in the form of the contrasting views of the Committee on Budgets and the Political Affairs Committee, and the distinction between the auditing and institutional aspects — to consider this subject on the basis of the motion for a resolution. Clearly, this procedure would not be comparable to other requests for Parliament's opinion as described in the Rules of Procedure and, in particular, Rule 22, as it concerns a separate issue. If we decide thus, we will have chosen, by joint agreement, the procedure for a resolution tabled by the President of Parliament on behalf of the enlarged Bureau on which Parliament can give an opinion.

There is nothing to prevent the committees, which have been in possession for some time of the letter containing the list of the members of the Court of Auditors, and of the motion for a resolution tabled by the President, from meeting in order to express an opinion on this question before Wednesday. If so requested, I am perfectly willing to attend committee meetings to supply further information on the subject and the procedure involved.

I should like to say to Mrs Ewing that we have fixed the time for questions to the Foreign Ministers meeting in political cooperation as between 4 and 4.30 p.m. during Question Time on Wednesday.

The agenda for this part-session will therefore be as follows:

On a proposal from the enlarged Bureau, Parliament adopted the following agenda for that part-session:

This afternoon

- Procedure without report
- Statement by the Commission on action taken on the opinions of Parliament
- Osborn report on railway undertakings
- Adams report on the European Social Fund
- Oral question with debate to the Commission on wide inland waterways

Tuesday, 11 October 1977

10.00 a.m. and in the afternoon

- Decision on the urgency of various matters
- Flesch report on generalized tariff preferences
- Martinelli report on an EEC-Lebanon cooperation agreement
- Oral question with debate to the Commission on the implementation of the 1977 Budget of the Communities

- Hansen report on Cyprus sherry
- Ney report on animal leucoses
- De Koning report on castor seeds and soya beans

3.00 p.m.

- Question Time (questions to the Commission)

3.45 p.m.

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

Wednesday, 12 October 1977

9.00 a.m. and in the afternoon

- Oral question with debate to the Commission on applications for accession to the Community
- Oral question with debate to the Ministers of Foreign Affairs meeting in political cooperation on terrorism in the Community
- Oral question with debate to the Council on the date of elections to Parliament
- Oral question with debate to the Commission on fisheries

3.00 p.m.

- Question Time

3.00 p.m. to 4.00 p.m.: questions to the Council

4.00 p.m. to 4.30 p.m.: questions to the Ministers of Foreign Affairs

4.30 p.m.

- Voting on motions for resolutions on which the debate has closed
- Parliament's opinion and Colombo motion for a resolution on the appointment of the members of the Court of Auditors

Thursday, 13 October 1977

10.00 a.m. and in the afternoon

- Noè report on regional policy
- Nyborg report on articles of precious metals
- Oral question with debate to the Commission on F-16 aircraft
- Spicer report on an EEC-Turkey financial protocol

3.00 p.m.

- Question time (conclusion): questions to the Commission

3.45 p.m.

- Voting on motions for resolution on which the debate has closed

Friday, 14 October 1977

9.00 a.m. to 12 noon

- Procedure without report
- Possibly, resumption of Thursday's agenda
- Pintat report on energy savings
- Oral question with debate to the Commission on the European Cooperation Agency

President

- Broeks report on beef and veal from the ACP States (*without debate*)
- Report on apples (*without debate*)

End of sitting

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

Are there any objections?

That is agreed.

6. Procedure without report

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:

- proposal for a directive on the control of potato ring rot (Doc. 194/77)

which had been referred to the Committee on Agriculture;

- proposal for a directive amending Directive 64/432/EEC on, as regards brucellosis, the buffered brucella antigen test, 45/20 vaccine and the inconclusive range to the serum agglutination test (Doc. 223/77)

which had been referred to the Committee on Agriculture;

- proposals for
 - I. a regulation amending Regulations (EEC) Nos 1408/71 and 574/72 on the application of social security schemes to employed persons and their families moving within the Community
 - II. a regulation amending the annexes to Regulations (EEC) Nos 1408/71 and 574/72 on the application of social security schemes to employed persons and their families moving within the Community
 (Doc. 228/77)

which had been referred to the Committee on Social Affairs, Employment and Education;

- proposal for a directive amending for the first time Directive 74/329/EEC on the approximation of the laws of the Member States relating to emulsifiers, stabilizers, thickeners and gelling agents for use in food-stuffs (Doc. 231/77)

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

- proposal for a directive prolonging certain derogation measures in relation to brucellosis and tuberculosis granted to Denmark, Ireland and the United Kingdom (Doc. 241/77)

which had been referred to the Committee on Agriculture;

- proposal for a directive amending the Directive of 20 May 1975 75/319/EEC on the approximation of provisions laid down by law, regulation or administrative action relating to proprietary medicinal products (Doc. 243/77)

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

- proposal for a regulation opening, allocating and providing for the administration of a Community tariff quota for wines from fresh grapes and grape must with fermentations arrested by the addition of alcohol falling within heading No 22.05 of the Common Customs Tariff, originating entirely in Greece (Doc. 244/77)

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

- proposal for

I. a regulation amending Article 9 of Regulation (EEC) No 1180/77 on imports into the Community of certain agricultural products originating in Turkey

II. a regulation amending Regulations (EEC) No 1508/76, 1514/76 and No 1521/76 on imports of olive oil originating in Tunisia, Algeria or Morocco

(Doc. 249/77)

which had 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 (in the latter case in respect of the 2nd proposal for a regulation);

- proposal for a regulation suspending application of the condition to which the importation into the Community of certain citrus fruit originating in Spain or in Cyprus is subject by virtue of the agreements between the Community and those countries (Doc. 250/77)

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

- proposal for a regulation totally or partially suspending Common Customs Tariff duties on certain products falling within Chapters 1 to 24 of the Common Customs Tariff, originating in Malta (1978) (Doc. 289/77)

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

- proposal for a regulation amending the nomenclature for certain agricultural products, various regulations concerning these products and the Common Customs Tariff (Doc. 317/77)

which had been referred to the Committee on External Economic Affairs as the committee responsible and to the Committee on Agriculture for its opinion.

- proposal for a regulation extending the term of validity of Regulations (EEC) Nos 2843/76 and 2844/76 laying down special measures in particular for the determination of the offers of olive oil on the world market and on the Greek market (Doc. 318/77)

President

which had been referred to the Committee on Agriculture as the committee responsible and to the Committee on External Economic Affairs for its opinion.

Unless any Member asks leave to speak on these proposals, or amendments to them are tabled before the opening of the sitting of Friday, 14 October 1977, I shall, at that sitting, declare them to be approved by the European Parliament, pursuant to Rule 27A (6) of the Rules of Procedure.

7. Limit on speaking time

President. — I propose that, in accordance with our usual practice, the speaking time on all reports and motions for resolutions on the agenda be limited as follows :

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

Are there any objections ?

That is agreed.

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

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

The Commission has informed me that it has nothing to communicate.

I call Mr Spénale.

Mr Spénale. — (*F*) Mr President, I must take exception to the fact that the Commission has no report to give us on the opinions of the European Parliament. Either it has done something, in which case it should tell us, or it hasn't, in which case we should condemn it. It is deplorable that the information which we have always wanted in order to know what action the Commission is taking on our opinions is being increasingly kept under the counter !

President. — I call Mr Burke.

Mr Burke, Member of the Commission. — The Commission is happy that Parliament has been able to support so many of the proposals before it. In some cases the Commission has not yet had time to deliberate because of a very heavy agenda. It is not at this moment able to bring any further proposals before you, or to give any indications as to the follow-up to the initial proposals.

This does not indicate in any sense that we are not happy with the way Parliament helps us in our work. It simply means that in the last few weeks we have not been able to get round to this, owing to a very heavy agenda.

President. — I call Mr Spénale.

Mr Spénale. — (*F*) Mr President, it is no good the Commission telling us that it is happy with the support we give it. What we want to know about is the support it gives us. It doesn't seem to care at all about that !

President. — I call Mr Dalyell.

Mr Dalyell. — Like, I think, many other Members, I find the Commission's explanation simply ridiculous. In future, would it not be better to submit some kind of written report ? It could be a fairly brief one. That would be the businesslike way of going about things.

President. — I consider that, even if the Commission has not deliberated, it must inform Parliament by submitting a report on the basis of which Parliament can request further action. If you could take steps in this direction, I would be most grateful, both personally and on behalf of Parliament.

(Applause from various quarters)

I call Mr Burke.

Mr Burke, Member of the Commission. — Mr President, 80 % of Parliament's opinions have been favourable to our proposals. Obviously, in these cases, no follow-up is indicated. As I stated earlier, only a few items are there for our consideration. I would like to indicate to the honourable Member who raised the matter that, at its last meeting in fact, the Commission studied, among other matters, the very point brought to our attention by him, that is a written report instead of an oral exposition. We have not as yet finally decided on this matter, but it is being decided at the moment. I would ask him to understand that we took up this very point at the meeting last Wednesday.

President. — I call Mr Deschamps.

Mr Deschamps. — (*F*) Mr President, I am grateful to the Commission for what it has just said but it is not an answer to your proposal, which is an admirable one and one which seems to have the unanimous approval of the House.

The Commission should tell us whether or not it agrees in future to follow the procedure you proposed, which reflects the wish of Parliament, as expressed by Mr Spénale, to be told what has finally been decided and how the procedure for the consideration of our opinions is progressing. The procedure also allows for the Commission's difficulty in communicating this information at each of our part-sessions. So both parties would be satisfied. Does the Commission agree to the procedure ; yes or no ?

President. — I call Mr Burke.

Mr Burke, Member of the Commission. — Mr President, I should personally be very happy to accept this. I simply wish to have the agreement of my fellow Commissioners to the procedure. I shall then be able to reply more positively. But I can give a favourable indication, while not yet being able to say that I have the agreement of the Commission to this procedure.

President. — I call Sir Geoffrey de Freitas.

Sir Geoffrey de Freitas. — May I ask the Commissioner whether he will convey to his colleagues the restrained but very critical temper of Parliament this afternoon. We are absolutely thunderstruck by this fact — surely we can get better service from our friends and colleagues at the Commission?

President. — I call Mr Spénale.

Mr Spénale. — (*F*) Mr President, I cannot accept Mr Burke's reply, which seems to imply that he must ask his colleagues whether he should answer our questions. But this question has long been out of date. The Commission, speaking as a body, said a long time ago that it would keep us informed of action taken on the opinions of the European Parliament. Mr Burke's concern seems to be whether Parliament has endorsed the Commission's proposals. But this isn't what we are talking about. Whether we gave our consent to the Commission's proposal or expressed a different view, the question we are interested in is the way in which the Commission presented our opinion to the Council and before all the authorities responsible for taking a decision.

What we are interested in is the Commission's attitude to the opinions of Parliament. We are the supervising institution, the institution which has the right to censure the Commission, and if it so happens that it does not agree with our opinion on any matter of importance, we ought to know in time, if need be, to censure it.

To tell us that we have agreed with it in 80 % of the cases means nothing unless we are also told how our opinions were presented to the Council and the authorities responsible for taking a decision. This is a vital issue and not a matter of passing concern. How can we be told that there is no difficulty or that nothing has happened? The holidays have just finished and the Commission has nothing to tell us. Does this mean that nothing has happened in Europe since July? Did Parliament express no opinion, was no follow-up called for? I do not understand the Commission's reply. It is feeble in the extreme.

President. — I call Mr Burke.

Mr Burke, Member of the Commission. — In reply to Sir Geoffrey de Freitas, I would indicate that I am very encouraged by the temper of Parliament in this matter, given the responsibilities which I have. I certainly will convey this very clearly in the proper quarters and I am glad that he raised this point. With

regard to the matter raised by Mr Spénale, there may be a difference of opinion here. The Commission has never said that it would advocate Parliament's proposals before Council. What it has said is that it would communicate to Parliament what it, the Commission, has decided with regard to the amendments proposed by Parliament. These, I suggest, are two separate matters. Finally, Mr President, I would be only too happy to clarify our intention to continue to inform Parliament in this way and, as I indicated only last week, I have put the suggestion in the written report to my colleagues and I await their final decision on that. It is not that we do not wish to continue to inform Parliament, but when there is a change of format involved, I would just like to have my colleagues authority to make this change.

President. — I call Mr Dalyell.

Mr Dalyell. — Mr President, could I make a short constructive suggestion? I feel a bit sorry for Commissioner Burke, because he obviously has to bear in mind the attitudes of his colleagues on this. Therefore, since he refers to the proper quarters, would it not be desirable for 'the proper quarters', in the shape of the President of the Commission, to come to this Chamber on Wednesday, and make a short statement on what they intend to do about this matter. I think I speak for some of my colleagues in saying that, after these exchanges, we could expect the President of the Commission to come along and tell us what action he proposes to take in future.

President. — I call Mr Spénale.

Mr Spénale. — (*F*) Mr President, I merely want to point out to Mr Burke that I have never claimed that the Commission is bound to report that it has acted in accordance with each and every opinion of Parliament. It has a point of view, and we may have another. What we are asking it to do is to tell us how it treats our decisions and to tell us how things go at the Council so that we may know what becomes of our opinions.

President. — Before Mr Burke takes the floor again, I wish to reaffirm that no one can call into question what is now established, formally and in practice — namely, that action must be taken by the Commission and, through the Commission, by the Council on the opinions of Parliament. This action may be positive or negative; even if obstacles or difficulties arise, we ask the Commission to keep us informed.

I hope that Mr Burke can assure us — and it would be extremely serious if he could not — that what has been agreed remains valid and will continue to remain so, in order that Parliament may carry out its due function of controlling and requesting action by the Community.

(*Applause*)

I call Mr Burke.

Mr Burke, Member of the Commission. — Mr President, I have no problem whatsoever in accepting, on behalf of the Commission, both the spirit and, indeed, the detail of your statement. The difficulties under which I am labouring now are particularly acute this month, but of course I have no intention of departing in any way from the spirit of what you have said. With regard to what Mr Dalyell has said to me, I would ask him to leave that particular proposition for the moment, for reasons which I will explain to him subsequently.

President. — Parliament takes note of Mr Burke's statement assuring us that the procedure which has now become established remains valid. From the next part-session, therefore, we shall expect to receive an extremely detailed report to offset today's disappointment.

9. Regulation on uniform costings principles for railway undertakings

President. — The next item is the report (Doc. 287/77) by Mr Osborn, on behalf of the Committee on Regional Policy, Regional Planning and Transport, on the

proposal from the Commission of the European Communities to the Council for a regulation laying down uniform costings principles for railway undertakings.

I call Mr Evans.

Mr Evans, Chairman of the Committee on Regional Policy, Regional Planning and Transport. — I speak today on behalf of the rapporteur, Mr Osborn, who is unfortunately unable to be present this afternoon. I shall be extremely brief, and extremely uncontroversial, because I had originally envisaged that it would have been possible to take this report without debate, but I thought it necessary to suggest an amendment to the proposal. The amendment is purely technical, and as I gather, acceptable to the Commission, but this of course, means that the report cannot be taken without debate.

The proposal itself is in implementation of the Council Decision of May 1975 concerning the improvement of the situation of railway undertakings in the Community — and I do not think anyone would disagree that it is essential to improve the railway undertakings in the Nine. Indeed, my own committee has stressed how important it is for railway undertakings to play a full and a competitive part in the common transport policy of the Community. The present proposal deals with uniform costing, and Parliament has already approved, earlier this year, a Commission proposal which dealt with the accounting systems and annual accounts of railway undertakings. That proposal set up an advisory committee, and provided that the conclusions of the advisory committee should be incorporated in a two-yearly report which the Commission has to submit to

the Council under a decision of 1975. The present proposal would also set up an advisory committee, but as it is drafted here, there is no provision for the advisory committee's conclusions to be included in the two-yearly report. I gather that this was an oversight in the drafting of the proposal, and that the Commission is prepared to accept the amendment to include a new paragraph 4 in Article 10 of the proposal, which will ensure that the advisory committee's conclusions are incorporated in the Commission's two-yearly report. Having said this, I hope that Parliament will be able to approve the motion for a resolution and the explanatory statement.

President. — I call Mrs Dunwoody to speak on behalf of the Socialist Group.

Mrs Dunwoody. — Mr President, I should just like to say that I naturally welcome anything which will enable the railway undertakings in the Community to put forward the very strong case they have for support from the Community. The railway is one of the most efficient forms of transport, and certainly one of the most cost-efficient. But I would like to ask the chairman of the committee, since he has been kind enough to move the report, whether in the committee of experts, there will be provision for the inclusion of the various railway trade unions to be found everywhere in the Nine. I think it would be very bad if the term 'expert' were taken to mean someone who had very detailed accounting abilities and was able to produce the most transparent accounts, but who knew astonishingly little of the workings of railways. I sometimes think all railway undertakings suffer far too much from the man who is very good at figures and knows very little about trains. So may I just add one little word of caution: by all means let us have transparent accounts, by all means let us know what it costs to run the various railway undertakings everywhere in the Community, but let us make absolutely sure that when we are gathering information, we consult the people who are doing the job and ask them to give their advice, because we know that it is by using their detailed knowledge that we can actually improve the status, the future and the development of the railway system of the EEC.

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

Mr Nyborg. — (DK) Mr President, on behalf of my group I would recommend a vote in favour of the present motion for a resolution. Quite clearly it is necessary that railway undertakings' accounts should be as transparent as possible in order to facilitate the efforts at harmonization which this report deals with in detail. I shall not talk for long on this for, as Mr Evans said, it was a sensible idea to present the report without debate, so, as I said at the beginning, our group recommends that the report be adopted with the proposed amendment.

IN THE CHAIR : MR BERKHOUWER

(Vice-president)

President. — I call Mr Dalyell.

Mr Dalyell. — We rather wonder if this is quite the routine, formal and innocuous document that it perhaps has been made out to be. In declaring something of an interest, in that my constituency party is sponsored by the National Union of Railwaymen, I would like to repeat something that my honourable friend, Mrs Gwyneth Dunwoody, said, namely that we hope that among the experts will be found representatives of the railway trade unions in the various Member States.

This draft regulation stems from Council Decision 75/327/EEC of 20 May 1975 aimed at harmonizing EEC State/railway relationships. Article 8 (2) of this Decision requires that 'before 1 January 1978, the Council, acting on a proposal from the Commission, shall adopt the necessary measures to achieve comparability between the accounting systems and annual accounts of all railway undertakings and shall lay down uniform costing principles'. The question that I wish to put to the Commission is this: can all this be done before 1 January, because it is the understanding of some of us that, as regards the technical details, there is quite some way to go? So I ask, is this dating realistic and practical? The draft regulation deals with uniform costing principles. A separate draft regulation covering the accounting aspects was approved by Parliament on 14 June 1977. I would like to know what has happened to the draft regulation of 14 June and whether, in fact, action has been taken on this or whether there have been difficulties. This, if I may say so, is the kind of thing that ought to have been included in the report that Mr Spénale and others were asking for.

The draft regulation proposes the adoption of the principle of 'particular costing'. This is a novel expression, capable of varied interpretation by the railways, intended to overcome the difficulties of reconciling the use of terms such as 'direct', 'marginal' or 'avoidable' costing which have different meanings for each railway. Again, I would like to ask the Commission, have these understandings been cleared up to their satisfaction? The draft regulation would require the railways to apply the 'particular costing' principle to specific goods traffic in full train loads for the purpose of deciding whether to accept new traffic and for costing existing traffic which is being considered for termination. Here again, I must ask a question. What is the Commission's attitude in this context to providing finance for helping railway lines that are falling possibly into disuse, where however there is the prospect of greater industry? The second part of the question — and here I declare something of a constituency interest — is as follows: is there likely to be

help given under this kind of heading for a situation where there is a new town, like Livingston, in the constituency that I represent? There the passenger services were closed down for fairly good reasons a decade and a half ago, but there is tremendous local pressure and enough people say that they would use commuting trains to make those trains a viable economic proposition. So I am asking the Council if this kind of factor is taken into account and, if so, can they say anything about it?

Now for international traffic the costing data is also intended to assist in apportioning revenue between the railways involved. Additionally, Section III of the draft regulation would apply the 'particular costing' principle to the allocation of costs between all categories of operation including domestic. Article 9 would require the railway undertakings to communicate to the Commission the results of this allocation of costs. Again I have to ask the Commission: do they think the machinery to do this under Article 9 is available or do they see serious difficulties arising? An advisory committee would assist in the study of the application of the regulation and measures designed to improve its provisions. What is the position regarding the Advisory Committee?

The draft regulation arises from the wish of the railway undertakings themselves to establish uniform costing principles for the purpose of mutual cooperation on international goods traffic. But the Commission's proposals seem, in the view of some of us, to go rather wider than this. I gather that, in the case of the UK and, possibly, other Member States, the Government would find the draft regulation more acceptable if it were limited at the first stage to establishing uniform costing principles for international goods traffic. In the light of practical experience on this basis, it would then be appropriate, with the help of the proposed Advisory Committee, to consider what further application might be made of such principles. I have to ask what the Commission's reply is to these Governments and certainly that of the UK in this matter. The draft regulation concerning the fixing of rates for international goods transport by rail — this is R/2581/75 (part 5) — proposes a similar two-stage approach. Is the two-stage approach being considered by the Commission? The monitoring by the Commission of particular categories of railway operations implied by Article 9 is considered to be contrary to the spirit of Article 2 (1) of the 1975 Decision, which sought to ensure the independence of railways in such matters. There are those in the railway industry, both in the trades unions and in management, who argue that independence in this respect is a matter of considerable importance to them. I would like the Commission's reflections on that.

Finally, Mr President, the British Railways Board say that they would have a number of practical difficulties in applying the requirements of the draft regulation,

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as their costing methods differ from those used by railways on the European mainland. I think that I speak for quite a number of railway interests, having taken some trouble to go into this in some depth, who really do want answers to the kind of questions that I have been putting on their behalf tonight.

President. — I call Mr Burke.

Mr Burke, Member of the Commission. — Mr President, the proposed regulation on uniform costing principles for railway undertakings is in implementation of Article 8 (2) of the Council Decision of 20 May 1975, by which the Council undertook to adopt the necessary measures to achieve comparability between the accounting systems and annual accounts of the railway undertakings, and to lay down uniform costing principles before 1 January 1978.

It also provides a more permanent basis for the obligations already imposed in this respect on the railways in a national context by Article 8 (3) and Article 8 (4) of the 1975 Decision.

As far as the annual accounts are concerned, the Commission's proposed regulation has already been approved by Parliament on the basis of the very favourable report prepared by Mr Osborn. There is a close relationship between that proposal and the one before you tonight. Indeed Section 3 of the costing proposal provides for the allocation of costs to broad categories of operations to be set off against revenues allocated by virtue of the earlier proposal.

The proposal before us is divided into three sections. In Section 1 are explained the costing principles. Sections 2 and 3 deal with fields of application. The major aim of Section 2 is to assist cooperation between railways by using the same costing principles for major international goods traffic, and communicating these particular costs to each other as an important element in traffic acceptance or rejection, price-setting and sharing of revenues. This section covers goods traffic in full train loads, which can be either new traffic or traffic, the termination of which is being considered. Similar costing principles apply to national traffic.

Section 3 aims at monitoring the financial or commercial results of the various railway activities, the philosophy being the same as in Section 2. This philosophy of particular costing is defined, for new goods traffic and for the analysis of railway activities, as including all costs attributable to the traffic or the activities, be they variable and fixed or direct and common costs. Where existing goods traffic may be terminated, particular costing means those costs which would no longer be incurred if the traffic were discontinued.

I am glad that the attitude of Parliament, Mr President, has been one of acceptance of the proposal. The

committee has suggested to the plenary assembly that Article 10 (4) should be amended to include the Commission's biennial report to Council and that the conclusions of the work of the Advisory Committee should be annexed thereto. This is quite acceptable to us and has already been discussed with the committee and the rapporteur.

Mr Dalyell, among others, asked me a number of specific questions and one of a general nature, which is: can, in my opinion, the ideas as included in this regulation be carried through? The opinion which has been expressed in some of the other bodies of the Community is, I would like to point out, somewhat less favourable than the opinion of Parliament. Indeed, I must say, giving a personal judgment only, in response to Mr Dalyell, that I would judge that acceptance by the Council in the very near future is also somewhat doubtful. In these matters I would, in effect, be surprised by any change of attitude in that regard. Indeed, as Mr Dalyell has indicated himself, some railways — including British Rail — are unhappy with some of these proposals, and others are unhappy with even a modest transparency and the logic of greater cooperation.

In reply to his specific questions about the Commission's attitude to providing finance for railways in decline, my attitude would be that it would be very welcome to us if one could see where the finance for this particular operation would come from. For the moment, it would have to be a matter for the national railway undertaking itself to provide that finance; the same would go for the setting down of lines for new towns that he mentioned in this questions to me.

In regard to the machinery under Article 9 — the state of the Advisory Committee — I have taken note of the points made by a number of speakers as to the desirability of the inclusion in that Advisory Committee of certain types of personnel, but the inclusion of such personnel would call, in fact, for further decision. All I would say to him is that I would, myself, in so far as my influence is involved, be favourable to the inclusion of people with that particular expertise, given that they have to work in these railway undertakings. But the general point is that I think it may be somewhat difficult to get this into operation in the near future. If I say that, it is not that I do not wish it to happen, but that I am slightly doubtful about whether the Council would feel able to accept this proposal.

I would like to thank the Parliament for the support they have given — both in committee and, here, in plenary sitting — to our proposals in this regard.

President. — I call Mr Dalyell.

Mr Dalyell. — I asked some detailed questions, understandably offhand. I cannot reasonably expect

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the Commissioner to have the answers at his fingertips, particularly in relation to the two-stage approach, but perhaps he could give an undertaking, because of the importance to certain interest groups of the questions I have asked, that within the week I could have some reflections in writing. Would he give that undertaking?

President. — I call Mr Burke.

Mr Burke, Member of the Commission. — I will give that undertaking.

President. — The debate is closed.

10. *Decision and regulation on intervention by the European Social Fund*

President. — The next item is the report (Doc. 314/77) by Mr Adams, on behalf of the Committee on Social Affairs, Employment and Education, on the

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

- I. a decision regarding European Social Fund assistance towards women
- II. a regulation concerning operations qualifying for a higher rate of intervention by the European Social Fund.

I call Mr Adams.

Mr Adams, rapporteur. — (D) Mr President, I begin with a preliminary comment. It was only the fact that the Council of Ministers of Social Affairs are due to meet at the end of October, i.e. at the end of this month, and the urgency of the matters due to be discussed which persuaded the Committee on Social Affairs Employment and Education to deliver an opinion, at such short notice and without consulting other committees, on the Commission's proposals. I would also point out on behalf of the committee that the European Parliament must not get into the habit of agreeing to such hasty forms of consultation. A political opinion, even if due deference is shown to priority economic problems, must in our view be the subject of mature reflection.

Mr President, since we held a full debate on the reform of the Social Fund in May and Parliament adopted a resolution on the subject, I shall confine myself to the following comments. During that debate we said that we welcomed these proposals had been submitted in respect of such possibilities and measures as were provided for in the reform. Two such proposals have now been presented. The object of the first of these is that assistance should be granted from the Fund, pursuant to Article 4, for vocational training programmes for women over 25 years of age, providing that these programmes are encompassed within measures aimed at preparing the beneficiaries for working life and placing them in jobs

commensurate with the qualifications obtained, and that assistance should also be granted for training schemes for vocational guidance counsellors, instructors and specialists in the placement of female labour.

According to the second proposal, which is also supported by the committee, the rate of intervention for aid from the Social Fund is to be increased by 10 % for regions marked by a specially serious or prolonged imbalance in employment. These regions are Greenland, the French overseas departments, Ireland, Northern Ireland and the Mezzogiorno.

As regards the first proposal, i.e. support for vocational training programmes for women, it should be pointed out that there has recently been a marked increase in unemployment among women and I would urge Parliament to support our motion for a resolution for that reason too. Women account for 36 % of the working population but 40 % of the unemployed. In some industrialized countries, women account for over 50 % of the unemployed. The measures proposed here by the Commission are thus in our view urgently needed. We also warmly welcome the fact that the Commission's proposals stipulate that these measures will be used to place suitably qualified staff — and by that we mean of course female staff — in employment agencies; such staff will be responsible for providing women with specialized information and advising them on vocational training and retraining programmes.

The second proposal, i.e. that assistance for measures in the special areas I have just listed should be increased by 10 %, hardly requires further comment from me. We all agree that special measures and greater funds are required in these areas and the Commission's proposals are likely to make an important contribution to the elimination of unemployment.

I would ask the House to adopt this motion for a resolution.

President. — I call Mrs Dunwoody to speak on behalf of the Socialist Group.

Mrs Dunwoody. — Mr President, I have no difficulty whatsoever in thanking my colleague, Mr Adams, for introducing this report in his normal civilized, sympathetic and helpful manner, but I hope he will not take it amiss if I say that I think that what we are talking about today is a drop in the ocean. The total amount of funds available for the Social Fund, added to the total amount of funds available for the Regional Fund, added to the total amount of funds available in other important spheres, only just equals the amount set aside in the budget of the Community for the storage of surplus goods. Yet we are sitting here talking about a problem that is so urgent that it is producing very considerable social stresses and strains.

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I sometimes wonder whether the use of words like 'crisis' and 'unemployment' do not lose their value when we no longer seem to know how to deal with the problems that they present. Because surely it is time that we pointed out very plainly that the unemployment of the female no longer signifies a woman having lost her pocket money, but is frequently the difference between the family budget being solvent and not being solvent. The woman who works today does so, not because she is faced with the problem of owning a bigger television set, but because she has to deal with inflation, which makes it impossible for her to clothe her children decently, which makes the whole problem of her budgeting for her domestic outlay absolutely intolerable, and because she knows that it is by contributing to the workforce that she can at least begin to produce a reasonably decent standard of living for her family.

Nevertheless, we continue to have these ritual debates. Perhaps it is a condemnation of this Assembly that we are discussing this subject — which I regard as probably one of the most important that we shall be debating this week — before a half-empty Chamber. Dare I suggest that this would not be the case if we were debating some agricultural directive? What we are talking about is a minute contribution by the Commission towards the training of people to advise the women of the Community on how best to find employment. But this is only one tiny part of the problem facing women. Even now, in far too many countries the female of the species is frequently given an inferior education, because too many men still think that her only role in life is to get married, to produce children and to remain at home for the rest of her working life. And yet, my generation and my daughter's generation are marrying earlier, having their children earlier and needing to go back to work. In many instances, they have thirty or forty years of life available to them in the commercial world, and when they reach that point in their career, what is open to them? If they are lucky, if they have been honoured, they may have obtained a secretarial training, and in many instances they would go into the white-collar jobs where — dare I say it — the secretary is usually twice as efficient as the man who, within the career structure, is her boss. But even if that is not so, and she wants to go back on to the shop floor, what sort of training programme is available to her? We use the expression in English: 'standing next to Nelly to train the industrialized worker', and in case you do not know what that means, I will tell you. It means that the woman who wants to go back into industry learns as best she can on the shop floor from anyone who may be available to give her even a minute amount of tuition.

It is time that the women of this Community were treated as dignified human beings. The statistics fail to show the numbers of women who require work, because when a woman loses her job, in many

instances she is already in a low-paid occupation. Why is it that so few women are able to aspire to jobs with a decent income? Why is it that, almost inevitably, industries like textiles, providing the more routine jobs, always employ women? The answer is very simple — because they are easily available and they are easily blackmailed. It is the mother who requires special support, who wants to have flexible hours, who wants to be given extra training and retraining when she wishes to go back to work, and it is the mother who is, in many instances, not given that sort of assistance either from her own State or from anyone else.

I went into a very large factory in my own constituency, only recently — a factory where almost the entire workforce consisted of women. As you moved further up the career structure, however, it was astonishing how the women suddenly disappeared. Of course, at supervisor level, you got the odd woman here and there, perhaps the pushy ones like me; as you went further up the career structure, into the lower reaches of management, you might even have got one or two women in the offices, but as you got into the management structure, there was not one woman present. Is this because they are of lesser intelligence than their male counterparts? I very much doubt that. The simple reason is that they have never, at any point in their career, been given the same opportunity. They leave at an early point from many industries to go and get married. They are the ones who make the sacrifice when the child is ill, and stay at home. They are the ones who are told: 'you cannot be given responsibility inside an industrial structure because you are not trustworthy while the child is young', and they are the ones who, when they want to go back to work in their forties, will be pushed into the dead-end jobs because, although they are more responsible and more reliable, they lack the proper qualifications.

Even today, our universities have an imbalance of women to men. Our medical schools make it virtually impossible for equal numbers of women students to receive training. What is the Community suggesting? It is suggesting that we should give a minute amount of money towards the training of people to give guidance on vocational careers. If you wish me to be grateful, all I have to say to the Commission is that I am only grateful to a very tiny degree. There is one very good and simple reason for this: in today's society the woman in the workforce is a positive power for good, but she requires very considerable support. Every employment agency in the Community should have someone capable of advising on vocational training. Every area where there is a high proportion of unemployed women over twenty-five should have access to sums of money to help those women to find work. That is not going to be possible with the amounts of money provided under the Social Fund, so I would merely say this to you today: by all means, let us go ahead as fast as we can, but have no

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doubt that this is an exceedingly faltering and tiny step, and cannot be accepted in the future. I say this not just to the Commission, but to all my male colleagues, both in this Assembly and in every one of the national Parliaments: the female of the species will not go on accepting inferior treatment for the rest of her adult life. I would not work for less than my male colleagues, nor would I expect anyone here in this Assembly to do so. What we ask of you today is rather more urgency, rather more commitment, rather less anodyne words. We are sick of the words, now let us have some action.

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

Mr Schyns. — (*D*) Mr President, ladies and gentlemen, I should like to thank Mr Adams on behalf of the Christian-Democratic Group for his brief but effective report. The saying 'brevity is the soul of wit' is amply borne out by this report, which delivers a favourable opinion on important Commission proposals concerning measures under the European Social Fund. We also owe thanks to the Commission, however, which in submitting its communications to the Council on the supervision of the rules and operation of the European Social Fund not only thought of possibilities of creating new forms of aid and new activities but is also engaged on translating these into reality. Let us hope that further practical steps will be taken in the near future.

I am very glad that the Commission has fulfilled a long-standing wish of my group and other members of this House in revising Regulations 3 and 4 — as I requested in Strasbourg on 12 May — and getting more effectively to grips with the problem of unemployment by granting aids and supporting measures, such as vocational retraining schemes.

We are convinced that application of Article 4 in this area will give renewed optimism about future prospects to many women in our Community who have had the misfortune to lose their jobs or whose jobs are in jeopardy.

The tremendous economic boom since the war has brought about a considerable change in women's attitudes towards life in general and work in particular. The recognition of the principle 'equal pay for equal work' has naturally contributed enormously to making work more attractive to women. It has also led to women becoming more emancipated and regarding themselves as men's equals. The general decline in birth rates has also accentuated the tendency for women to look for work. And, to be frank, industry was very glad to have female labour. On the assembly line a female worker does a man's work.

Now that we are struggling to overcome the economic crisis it is odd that female workers are the first to be made redundant. It is understandable that a large

number of female workers should not accept this situation lying down and they are quite right. Of course, there may be cases of dole scrounging. But I am convinced that these are only isolated cases.

Women feel that they are men's equals. It is therefore highly desirable that the Commission should make provision for special vocational retraining facilities for women, within the limits of present possibilities. We regret, however, that the Council has not implemented the Commission's or the European Parliament's recommendations that the rate of intervention of the Social Fund should be increased by up to 65 % in certain cases.

The rapporteur's pronouncement in paragraph 2 of his motion for a resolution with regard to greater commitment appropriations receives our full support and we call on the Council to take appropriate action with a view to introducing greater social justice in Europe.

Turning to the application of Article 4 for measures to assist regions — such as Greenland, Ireland and the Mezzogiorno — whose position is particularly difficult, despite constant EEC aid, we are pleased that even more massive aid is now to be granted. This is consistent with the demands made by the Committee on Regional Policy, Regional Planning and Transport of our Parliament, for which I was once rapporteur, and we have made explicit reference to this in paragraph 3 of our motion for a resolution on the report on the reform of the Social Fund.

For the sake of continuity we would ask the Commission to report orally to Parliament on the results achieved in this new area of activity of the Social Fund after six months. We hope that the proposed measures will be implemented at an early date and that the aspirations of those concerned are rapidly fulfilled. An appeal to this effect was also made by Mr Katzer, President of the Union of Christian-Democratic Workers, at their first congress in Brussels last Saturday. This is what we think a real social policy is all about.

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

Mr Yeats. — Mr President, the last speaker praised the rapporteur for the brevity of his introduction. One can always praise brevity, but I suppose that, in this case, Mr Evans would not deny that one of the reasons for his brevity may well have been that there was so little in these proposals of the Commission on which he could in fact talk.

Mr Adams, I think very rightly, stressed the dissatisfaction felt by the Committee on Social Affairs, Employment and Education with the way in which this whole matter has been rushed. It is really quite intolerable, from a parliamentary point of view, that we have been

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asked to discuss proposals of this kind with no adequate time, indeed no time at all, in which we can consider them.

Mrs Dunwoody referred to the small number of people present for this debate on social affairs particularly related to women. Now I am not saying that, in fact, in normal circumstances there would be a large audience here for the debate on social affairs, but at least one can say that many people who might like to be here are not here because they have no idea what is in this document. The report of the committee is dated 10 October and was only circulated some time this afternoon. The proposals of the Commission themselves were presumably circulated to the members of the Committee on Social Affairs but they have not been generally circulated, and I have found some trouble today in getting hold of a copy. This whole matter has been rushed in such a way that it is not really surprising that people are not here. They simply do not know what is in these proposals.

Indeed, I do not know quite how we are discussing these at all since we are clearly in breach of our own rules. Rule 13 says quite clearly that no report may be considered which has not been tabled twelve days before, and which has not been circulated to Members twenty-four hours before. There is a reason for rules like this. The reason is to ensure that Members are in fact able to debate matters like this with adequate foreknowledge of what they concern.

However, having said that much, I suppose one can welcome them, perhaps with no greater enthusiasm than that showed by Mrs Dunwoody, but one can welcome these proposals as far as they go. One obviously has to welcome any proposals from the Commission for improving the employment situation of women. As the Commission itself admits, the provision for aid from the Social Fund for the retraining of women has been extremely limited until now. I suppose one could say that it is now slightly, very slightly, less limited. The Commission points out in the explanatory memorandum it attached to its proposals that since April 1976, while the percentage of men unemployed has gone up by 0.9 %, the percentage of women unemployed has gone up by almost 15 %.

This of course is a situation that is very serious indeed, and the Commission says that one of the main reasons for this situation is the inadequate preparation of women for working life. Community research into specific problems concerning the employment of women shows that between 60 and 85 %, depending on the country concerned, have had no vocational training or do not use their qualifications in their jobs. This is the kind of situation with which we are faced and that Mrs Dunwoody has spoken to us about.

There is one rather curious aspect to these proposals on which I would be interested to have enlightenment

from the Commission. Only women over the age of 25 can benefit from this modest step forward. I do not know why this is. Having read the Commission's explanation, I am afraid I still do not know. It says on page 4 of its explanatory memorandum that women must be aged over 25 (that is, if they are to benefit) since it is from this age that women meet the greatest difficulty in finding employment, whether they are seeking work for the first time or returning after a period of domestic responsibilities. I would have thought — I may be wrong — that for both men and women the most difficult period of their employment life is when they leave school. I can quite understand that women and, indeed, men aged 25 would have difficulty in gaining employment, but why should it should be so much greater than at 17 or 18 when they are leaving school? This does not make sense to me.

Nor do I understand the reference to women returning to work, after a period of domestic responsibilities, at the age of 25. Alright, there may be women who marry very young indeed and have a very small family very rapidly, but I should think that it is a very rare case where a woman married with a family is returning to work at the age of 25. It sounds to me in fact as if the Commission, having fortunately decided to drop the highly restrictive age of 35, which could only have applied to women returning after a period of domestic responsibilities, thought they had to find something and they settled on the age of 25. Of course, there is the point I suppose, it is fair to say, that if they dropped the age of 25 in favour of the school-leaving age of 17 or 18, then it might cost more money, which perhaps was a factor. At any rate, the Commission's explanation, so far as it is incorporated in the explanatory memorandum, seems entirely unsatisfactory and I would be very interested to hear whether they can enlarge somewhat on this.

We are told that these proposals will cost 8m u.a. in 1978 and there are 2.2 million unemployed women in the Community. Well I think perhaps that Mrs Dunwoody, under these financial circumstances, was not altogether unfair in her assessment of these proposals. However, they are a step forward and every step forward has to be welcomed, even if it is a relatively short step.

Now with regard to the second aspect of these proposals, the increase in the percentage level of Social Fund aid to the Community's depressed regions, I can say that I am very pleased that special recognition is finally being given to these regions. While the extra financial incentive, an increase from 50 to 55 % in Social Fund aid for public retraining schemes, is not substantial, it will help somewhat to provide some retraining in the regions of Greenland, the French overseas departments, the Mezzogiorno and all of Ireland. These regions have, as we know, suffered from mass emigration, from overdependence on agriculture and from the starvation of industrial develop-

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ment. As such their resources for development are very limited. It will require masses of intervention by the national authorities and the Community over a prolonged period to make any real impact on the current imbalances from which they suffer.

One of the most significant factors in obtaining aid from the Social Fund is that the training schemes must have national aid. In the poorer States, training schemes as well as all other industrial development programmes are restricted by the shortage of national funds. This, in effect, means that a country like Ireland can only benefit from Community aid in so far as it can finance projects itself. The same problem does not arise for the richer Member States, as they have more national resources available. But this proposal does go some small way towards recognizing this fundamental problem.

A higher increase in Community participation would, in fact, be much more beneficial, as it would result in a higher transfer of resources from the richer to the poorer regions. It is not enough that such a system of higher levels of aid exists for the poorer regions. What is essential is that there be a concentration of Community aid in the poorer regions. The presence of national quotas, whether they be official, as in the case of the Regional Fund, or unofficial, as in the case of the Social and Agricultural Guidance Funds, will prevent this concentration of aid in the depressed regions.

Finally, a higher level of aid for training and retraining in the depressed regions is not in itself enough. These regions suffer severely from unemployment and a lack of job opportunities because of the small amount of industrial development. If we are to benefit from training people we must also create jobs for them. Unfortunately, job creation remains the fundamental problem and no amount of subsidized training will change that situation. But, in conclusion, Mr President, I wish to welcome these proposals and state my support for the report before this House.

President. — I call Mrs Kellett-Bowman to speak on behalf of the European Conservative Group.

Mrs Kellett-Bowman. — Mr President, I too welcome these proposals, although I agree very strongly that they are but a drop in the ocean. But for once I find myself, most unusually, in disagreement with Mr Yeats. He says that the time when people experience the greatest difficulty in getting employment is when they leave school. Now this is unquestionably the case at the present time. But, in general, we hope to conquer the problem of youth unemployment. That, I believe, is possibly a transitory problem.

But that of women seeking to enter work at a later age will always be with us. In the English version of the Commission proposal — and indeed in the earlier version — the words 'the occupation of women *over*

35', as opposed to 25, still remain. This I know is a misprint. But my own view, in contradistinction to that of Mr Yeats, is that 35 is the proper age, because, as other Members have said, the funds available for this operation are meagre indeed. It seems to me that we are going to spread the jam so thinly that it will be virtually invisible. The reason that women over 35 — and I myself was chucked on the job market at 35 — experience particular difficulty is that at that age employers do not welcome them because they are a considerable burden on company pension schemes. So I would say to Mr Yeats — and to this Assembly generally — that, if there is a very, very limited amount of money to be spent on helping women to get back on their feet, women over 35 are further from their education, they are further from having ever been on the job market — if indeed they ever were on it — and I believe that we should concentrate this money on women who are in this more difficult position.

Of course I would like more money so that all could be included. But while the money is limited, I would respectfully suggest that women *over 35* are those in the greatest need, and I would like to have seen this money concentrated on them. There are of course other areas besides those specified which are in great difficulties. People in my own area of the North-West are hardly treading a primrose path at the present time. On those two aspects I am not entirely pleased with the proposal before us. But, as colleagues have said, anything is better than nothing. My group is therefore supporting these proposals — slender and inadequate though they be.

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

Mr Pistillo. (*I*) — Mr President and colleagues, our group will vote in favour of the motion for a resolution before us, despite the fact that it goes only a very short way to help women looking for work. We can only express our agreement and look forward to the time when something much more substantial is done than this resolution proposes. The problem of women's employment is a very serious and important one which, as has already been pointed out, tends to assume greater severity than in the case of male employment, for obvious reasons. The consequences of the crisis are felt more keenly among those sections of the employed population whose organization and bargaining power are comparatively weak.

We said in committee and we say it again here: we would have liked the age limit, which is 25 years in the resolution, to have been changed to 20 and I cannot understand why Mrs Kellett-Bowman is again raising the issue of the 35-year-olds, which we have already settled and disposed of in committee. We believe that a large number of women in the 20-25 year band have recently been thrown out of work.

Pistillo

However, we regard this proposition as a first step and when, as mentioned earlier, Article 4 is applied for the benefit of women seeking work, the opportunity must be seized to go more carefully and in greater depth into the whole question in all its ramifications.

We also agree that the rate of intervention from the Social Fund should be increased to 65 % because this will help operations which have to be based on less solid financial foundations and which, on that account, call for comprehensive and sustained intervention.

We are in complete agreement with the statement made by the rapporteur on a group of regions, including the regions of Southern Italy, which are undoubtedly in need of sustained intervention.

In addition to these brief comments, I should like to refer to the overall situation as regards the social policy of the Community and the various means which are being provided for its implementation. We have talked about this on previous occasions but I feel the need to discuss it on this occasion, too.

The problem of women's unemployment and the wider one of the unemployment of, now, six million workers in the countries of the Community cannot be tackled with the means at present available. We are only too well aware that the funds provided for in the budget of 1978 are well below those provided for last year and even in 1975. We shall come back to this during the debate on the budget but meanwhile I must point out that the gap is widening between the speeches in favour of increasing employment and the actual policy applied.

We concur entirely with what was said at the Rome meeting of the European Socialists which took place recently. During the meeting it was emphasized that:

the main problem is to lay down a social and regional policy for the Community which advances from the tactics of improvements, which leave things as they are or conceal the process of regional and social deterioration, to a strategy of structural interventions which ensure the balanced development of Europe under the control of genuinely democratic institutions.

So, in accordance with this proposal, which we support, there must be a change from a policy of aid, or substantially one of aid, to a structural policy which of course primarily involves the individual countries but also involves the Community as a whole.

It is to be hoped that our Socialist friends and the other political parties in this Parliament — and our group is very conscious of the need to achieve in Europe the widest possible grouping of the forces available — will commit themselves to a viewpoint and to a specific programme of proposals, measures and concerted action by all the forces of the left in Europe.

We are however taking some steps, however incomplete and limited in scope, but let us not for a

moment lose sight of the real magnitude of the problem and the need for a change of policy in the social field. Whether we like it or not, the Community's credibility and its very future are at stake in this field.

President. — I call Mr Vredeling.

Mr Vredeling, Vice-President of the Commission. — Mr President, I should like to begin with a word of thanks to the Committee on Social Affairs, Employment and Education for the fact that it was prepared to discuss the Commission's proposal with such short notice and to draw up the motion for a resolution which now lies before you. This is helping the Commission in its attempt to bring this proposal to the Council of Ministers as soon as possible. It does not often happen that the Commission submits a proposal at the request of the Council of Ministers. In the case of the proposal on women, this has happened because no less a body than the European Council at the end of June in London requested the Commission to submit a concrete proposal devoted to women. We have done this immediately for political reasons, particularly because we believed that if there is a favourable attitude towards concrete measures in the Council, we should not let this momentum dissipate itself. This is why we have submitted the proposal in such a short time, accompanied by the request for an early debate.

Naturally we shall try to avoid making a habit of this, but when it comes to the crunch, if concrete decisions can be prepared, we must frequently take quite far-reaching decisions at very short notice at national level.

I therefore believe that our satisfaction at having the opportunity to make a practical proposal on policy with some chance of success must lead us in this direction.

If I may now make a single observation on the subject itself, I can probably subscribe to a considerable extent to what has been said this evening on the peculiar character of the question of unemployment among women. Mr Pistillo is right when he says that there is a general problem of unemployment and something must be done about it at Community level. However, the phenomenon of unemployment among women takes a very special place within the general unemployment problem facing us because women are now taking an exceptional position on the labour market.

For example, according to the latest figures that we have on August 1977 compared with August of the previous year in the Federal Republic of Germany, unemployment amongst men decreased by 2.6 %, whereas amongst women it rose by 7.7 %.

In my own country, the Netherlands, at the end of August the number of unemployed men had fallen by

Vredeling

8.5 % but the number of women had risen by 14.8 %. In the United Kingdom the number of unemployed men did in fact rise by 4.6 % between the end of August 1976 and the end of August 1977 but the figure for women was not 4.6 % but 20.5 %, so, looking at the Community as a whole, unemployment since August 1976 has risen by 9.2 % for men and 20.3 % for women.

I can support these figures further by pointing out that, as the rapporteur Mr Adams stated, women account for 36 % of the officially registered working population. In the document submitted by the Commission, the unemployment figure given was, I believe, 39 % and Mr Adams said 40 %. Unfortunately I must tell you that the latest figures, those for the end of August, are even higher, showing that 42 % of the total number of unemployed are women. There is thus a widening discrepancy between the proportion of women in the working population and the proportion of these women amongst the unemployed, and these figures demonstrate once again the special position of this category.

It is of course not simply a question of figures. Mrs Dunwoody rightly said that employers and the government and social services often show a preference for men when taking on staff. And if they do take new women on, it is often merely to take round the coffee or, as Mrs Dunwoody rightly pointed out, at most to do secretarial work. As soon as you get to the higher echelons you only find men. I remember that Mrs Dunwoody once gave the example of the Commission, because it was made up solely of men. You see, Mrs Dunwoody your remark made a great impression on me.

I may add that the young women who are remaining at work longer do at some stage marry and have children and have to interrupt their working career. Later on they find it very difficult to pick it up again. This is very common. Hence the problem for unemployed women is a peculiar one. All sorts of practical measures are being taken at present, but they are still quite inadequate. Facilities are being created to take care of children, working hours are being adjusted here and there, but it remains difficult and I agree completely with the picture that Mrs Dunwoody has painted.

I would now like to say something about the remarks of some of the speakers concerning the Commission's proposal. To begin with I would like to clear up a large misunderstanding, and here I address myself particularly to Mr Yeats, who said that we had taken an arbitrary decision on the age limit by lowering it from 35 to 25. And Mr Pistillo asked why we had not proposed 20. The reasons for this are perfectly simple, namely that, thanks to our proposal on vocational training, all groups of women, from those who leave

school up to and including those who wish to return to work at a later age, can now benefit from schemes financed by the Social Fund.

We chose the age of 25 because all women under 25 come under the special proposal for young people. Of the total expenditure of the Social Fund, no less than 28 % is used especially for this category, to the benefit both of young men and young women. Thus for those young people who leave school, the category to which Mr Yeats was referring, there are already special projects and measures in existence to help boys and girls.

And we have now abolished the very arbitrary gap that there was between the ages of 25 and 35.

Mrs Kellett-Bowman has expressed preference for an age limit of 35. In recent years, however it has been shown that women are wishing to return to work earlier and earlier. At present the average age at which married women wish to return to work is 28. A number of years ago it was in fact around the 35 mark. But that is the reason why we have now proposed an age of 25.

This has nothing to do with an arbitrary decision on a particular age limit. Our proposal was submitted with the hope of bringing the whole category of women under the aegis of the Social Fund but with special measures for those above 35 years of age.

Mrs Kellett-Bowman is right. When women are about 28 years of age they are quite capable of finding work again. But once they reach 35 it becomes increasingly difficult for them to find work. It then becomes all the more necessary to draw up special vocational training projects for them.

More generally there has been criticism of the smallness of the funds. We have proposed commitments of 8 m EUA for 1978 for which a specific payment scheme has been drawn up, but the important thing is that in 1978, if the Council accepts our proposal, we can enter commitments for 8 m EUA. We do however hope, and this is in the budget which has been submitted to Parliament, to increase that amount to 12 m EUA in 1979, 18 m EUA in 1980 and 25 m EUA in 1981.

I quite agree with all those who consider these to be rather small amounts, a drop in the ocean. That is quite correct but I should like just for once to be able to say that we do not have enough money to subsidize these projects. Under our previous proposal it was possible to grant special aid to projects for women over 35 years old. But the Member States have not submitted one single project to us. I should therefore like to remind you that you are all still Members of your national Parliaments. The Member States are not making full use of the opportunities offered to them. It is for this reason that we are beginning in a modest way.

Vredeling

I would be glad if the 2.5 m EUA which we have proposed as payment appropriations in 1978 turned out to be too small an amount. However, I fear that when, in the middle of next year and in accordance with the Social Affairs Committee's request, we present a summary of the Member States' reactions to our proposal, if the Council does indeed adopt it, we shall not have an awful lot to say. We shall therefore undertake, as soon as the Council has adopted the proposal, a special information campaign amongst women's organizations and other interested parties to advertise the fact that there are opportunities for special action if the Member States submit the projects. There must therefore be grass-roots involvement. We hope that such a special campaign will produce projects which we can subsidize. We want nothing else, but experience has taught us that unfortunately in various Member States this sort of project probably receives somewhat too little priority, which is something which we cannot agree with, and regret.

That was what I had to say on the appropriations we have proposed.

The other proposal which is included in one and the same resolution is concerned with the implementation of the decision of the Council of Ministers of Social Affairs taken at the end of June of this year, according to which the Social Fund should be organized in such a way as to give priority to special areas, namely Greenland, the French overseas departments, Northern Ireland and the Mezzogiorno, when allocating aid to the projects. We were already conducting such a policy, and this has now been strengthened by the proposal which we made — and which received Parliament's support — for a higher subsidy percentage for the regions I have mentioned. I don't want to give any secrets away about the Council meeting, but it was very difficult to bring the Council round — and some obstinacy was necessary on the part of the Commission and the representatives of one Member State, you can guess which — but finally we were successful in getting the Council to agree in principle with our proposal. Over 50 % of expenditure is now directed to these areas. We were not able to make it 65 %, only 55 %, but it was impossible to get the Council to go any higher.

I agree with those who nevertheless consider this a breakthrough from the system of uniform percentages and who also consider this to be in conformity with the arrangements which we have in the other Community funds. It is also, I should like to mention in passing, fully in harmony with the intention of the Regional Fund, which has a somewhat more favourable arrangement for the regions I have named.

Finally I would point out that I am happy that in general our proposal has received the support of Parliament. I wish to express the hope that the Council will fix a date as early as possible for a meeting of the Council of Ministers of Social Affairs. May I perhaps

urge the representatives of the Council who are present here to do whatever is in their power to fix a date for the Council of Ministers of Social Affairs and Employment so they can take a decision on this proposal, because I do not need to remind you that I have the greatest difficulty in convening such a meeting.

President. — I call Mrs Dunwoody.

Mrs Dunwoody. — May I just say to the Commissioner that there will be no member of the Committee on Social Affairs, Employment and Education that will criticize him for taking urgent action in the field of the Social Fund. Would he kindly ignore the carping criticism. If he more frequently brought forward proposals more urgently he would get even more support from the committee.

President. — The debate is closed.

11. *Wide inland waterways*

President. — The next item is the Oral Question, with debate, by Mr Bouquerel and Mr Cousté, on behalf of the Group of European Progressive Democrats, to the Commission on the financing of wide inland waterways in Europe (Doc. 260/77):

With regard to the efforts to provide navigable waterways in the Community, all are agreed on the need to establish wide inland waterways linking the North Sea and the Mediterranean, the Atlantic and the Ruhr Basin within a reasonable period.

In view of the fact that these are projects which should be acknowledged as of European interest, does the Commission propose to finance part of such investment by means of direct assistance from the Community budget, by direct subsidies, loan guarantees and interest subsidies, particularly in order to complete the Rhine-Rhône canal?

I call Mr Bouquerel.

Mr Bouquerel. — (*F*) Thank you, Mr President, for letting me speak on the important question of the financing of wide inland waterways in Europe. In France, we believe that the future of European waterway transport depends on the solution of this problem. This has, moreover, been the view consistently taken by this assembly which, since 1960, has constantly pressed for a common policy to be laid down on transport infrastructures and especially a development policy for the inland waterways network. The Commission has on several occasions itself proposed such a policy, which has hitherto always been rejected by the Council.

At European level, it is obvious that, if waterborne traffic is to be able to develop, it must have high-capacity links which are sufficiently long and like each other to enable large inland waterway vessels and long stern-driven convoys to be used for long hauls without any restrictions of size or load. The French

Bouquerel

network runs from a basin or is locked in at the frontiers because its construction is at certain points out of date, so any contribution to modernization so as to facilitate inland waterway goods traffic between European countries and ports can only be to Europe's advantage. We must never forget that the United States has been brilliantly successful in developing its inland waterways only because it has in, for example, the Mississippi, a network of waterways on the appropriate continental scale. The real hope for inland waterway traffic is to be able to operate normally on a European scale. To do this, all that is necessary is to ignore the frontiers and work out a plan which is coherent and economically sound. In recent years we have witnessed the tremendous advances made possible by certain Member States of the Community in creating wide inland waterway links in Germany, Belgium, the Netherlands and France, for example. Unfortunately, these works have been carried out without relation to the European context, although there can be no doubt that the completion of a European network of wide inland waterways would substantially increase Europe's economic potential. We need only recall how the wide inland waterways completed in the last few years have, generally speaking, within a short time increased the volume of traffic to a much greater extent than anticipated. The development of the Moselle is a striking example. The creation of a network of European waterways of the requisite width is of vital importance to Europe and both this House and the European Commission are fully aware of it.

Mr Cousté will talk about the North Sea-Mediterranean link-up. I myself would like to draw the attention of the Council, this House and the Commission to two important projects. I am referring in the first place to the linking by waterway of the Seine Basin with the north of Europe via the Seine, the Oise, the Saint-Quentin canal and the Dunkerque canal to Valenciennes, which should make it possible to effect a junction with the wide waterways of Belgium, the Netherlands and North Germany and, in the second place, to the linking of the Seine Basin with Eastern Europe via the Seine, the Oise, the Aisne, the Meuse and the Moselle. A glance at a map of the European network and especially a map showing traffic density on the French waterways is enough to indicate how important these links are.

In the case of the first of these projects, the widening of the Compiègne-Valenciennes section is still to be completed. The estimated cost is FF 2,300 m. Once this is carried out, it will complete the existing branches to form an international wide waterway network of considerable magnitude. It will mean both the extension of the Moselle and Rhine networks by the addition of about 600 kilometres of new waterway and the extension to Le Havre of the prosperous and heavily populated industrial areas of north-west Europe which have an outlet to the Atlantic seaboard. According to the directives issued and the various

studies carried out on the basis of very fair estimates of the volume of traffic, this will be between 9 and 10 million tonnes in 1980, whereas in 1973 the total volume going through the canal du Nord and the canal de Saint-Quentin was 2 200 000 tonnes. The domestic profit margin was about 10 %. However much the various estimates are open to criticism, it is beyond dispute that the Seine-Nord wide waterway link is a sound investment both in terms purely of transport and in terms of territorial development, because it makes a substantial contribution to the development of the North and of Picardy's industrial prosperity.

As for the Seine-Est link, widening can now be taken as completed as far as Compiègne. There is a project which provides for the construction during the next few years of the Compiègne-Rheims section via the Aisne. The cost of making the new section will amount to about FF 1 600 m. To take only the sections between Paris and the ports of Le Havre and between Rouen and Rheims, 2½ million tonnes were loaded or unloaded on the Aisne in 1973 between Compiègne and Rheims. On the basis of an estimated volume of traffic of 4½ million tonnes in 1985, and taking account of ancillary traffic, economic studies forecast a domestic profit margin approaching 8 %. It is fair to say, therefore, that the development of that section and of Seine-Nord constitutes a well-planned whole which fits in extremely well with the European wide waterway network.

I need hardly remind you that a substantial proportion of French exports, particularly cereals, go by waterway to Germany and the Benelux countries. There is every indication therefore that these projects to widen the waterways will further the interests of the Community by encouraging the development of the frontier regions, increasing the volume of inter-European trade and opening up Europe to the world.

Finally, I should like to add that the Seine-Nord and Seine-Est wide waterway projects are planned on lines which enable these link-ups to form part of the European inland waterway network, and to express the hope that the Council of Ministers will come down in favour of the principle of Community financing for works of this kind and will lay down rules for the application of that principle.

President. — I call Mr Burke.

Mr Burke, Member of the Commission. — Mr President, this question of the financing of high-capacity European waterways is one which obviously has been of interest to the Community for well over a decade now. Parliament has already given a favourable reception to the initiative taken by the Commission in submitting two proposals to the Council, one for a decision and one for a regulation, whose adoption would make it possible to promote a well-coordinated development of transport links within the Community.

Burke

These proposals, with which you are well acquainted, complement each other. The proposed decision would substantially improve the consultation procedure for projects of Community interest and contribute to the assessment of their real value to the Community. The proposed regulation lays down the procedure for the granting of financial aid by the Community, under certain conditions, to those projects of Community interest to which the Member States concerned cannot accord the desired priority.

The question before us is very interesting, because it illustrates the importance of the Commission's proposals. Other projects could also be quoted as examples of this, and indeed we have just heard the last speaker mention some. People are often surprised to learn that no solutions can be found to the problems of financing projects recognized as essential to the Community. Now the project referred to by Mr Cousté certainly fulfils the requirements which would make it eligible to be dealt with under the procedures proposed by the Commission, and to be submitted to a thorough study of both the socio-economic and financial aspects. However, it is clear that the Commission cannot anticipate the results of such a study.

As far as financial aid is concerned, you will recall that the proposals provide that Member States should submit applications in respect of projects which have already been the subject of consultation. I should also point out that the proposed financial aid is not unlimited. Choices will have to be made and priorities respected.

I turn now specifically to the question of the Rhine-Rhône project. The interest of this project for the Community was recognized as long ago as 1968, when consultations on a first, very general project took place on the subject and there is no need to re-open the question of Community interest. The Commission has already had occasion to express the opinion that a detailed statement of the Community's attitude towards the implications of this project, at the present stage of progress, would require further consultation on the basis of a communication of the present detailed project by the French Government. Assuming that the Commission's proposals are adopted, the proper time for the interested government to apply for financial aid for a project would be after consultation has taken place. Members will appreciate that I cannot express an opinion on the nature of the possible financial aid.

I would return very briefly to the points made by the last speaker when he referred to projects such as those of the Seine-Est and Seine-Nord and I would remind honourable Members that these projects have not been communicated as yet to the Commission. If they were, of course, under this procedure, the Commission would give them every attention and look at them

very carefully. But I want to say to the House that at this stage I cannot express an opinion on the nature of possible financial aid for projects of this nature.

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

Mr Müller-Hermann. — (*D*) Mr President, I should like to tell Mr Bouquerel that I am most sensitive to the warning he has sounded. Fifteen years ago I informed the Commission and the Council, in my capacity as rapporteur for the Committee on Transport, of Parliament's desire that proposals should be made on the infrastructural planning of the Community's major transport links. The Council did not heed that warning. I would like to make two comments on what Mr Burke said.

He referred to the fact that instead of this joint development of transport links, a consultation procedure has been set up. In my opinion, however, this consultation procedure does not work. In fact each member country does what it likes; no consultation takes place at all. I would remind the Commission that it once complained that it learned the decision of the British Government to scrap the Channel Tunnel project by reading about it in the press. Such things are, I think, a common everyday occurrence. The Commission should give consideration to ways of improving this consultation procedure on European infrastructure.

Secondly, Mr Burke was quite right to say that the question of financing was an extremely delicate point. The amount of funds available to the Community is limited and we have to be very careful in deciding on the order of priorities in the utilization of these limited funds.

In this connection two things have to be decided. Firstly, if we assume that responsibility for transport infrastructure belongs and will continue to belong primarily to the Member States, where does the involvement of the European Community start and where does it stop? It is necessary to decide in what cases the utilization of European funds, in addition to national funds, is worthwhile.

Secondly, we must also be careful to ensure that we do not subsidize the construction of infrastructures which duplicate those which already exist.

I am thinking in particular of competition between the railways and inland waterways. A cost-benefit analysis should, I think, be made in this area, as regards both the benefit to Europe which might result from the implementation of funds and also the competitive relationship between rail and waterway. It is quite easy to imagine projects by which the existing railway network might — and I stress the word 'might' — be improved by rationalization measures in such a way as to achieve the same results as a brand-new and extremely costly inland waterway network.

Müller-Hermann

I would therefore urge the Commission firstly to give further consideration to this fundamental idea of drafting an overall plan of Europe's transport infrastructure network and secondly, in using funds, especially European funds, to be guided by a cost-benefit analysis; in that way we shall have a guarantee that proper and economic use is being made of the funds. Those are two things I would urge the Commission to consider.

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

Mr De Clercq. — (NL) Mr President, this oral question by Mr Cousté and Mr Bouquerel on behalf of the Group of European Progressive Democrats is based on the assumption that the implementation of certain projects for the construction of a waterway network is of European importance. Particular attention is drawn to the construction of the Rhine-Rhône canal. The questioners conclude that the Community should therefore commit itself to meeting part of the costs.

First of all it should be stated that in addition to the Rhine-Rhône project there are other projects in existence such as the Rhine-Main-Danube canal.

Furthermore, it should not be forgotten that in both cases it has not been possible so far to prove in a convincing way the profitability of these waterways, since this is contested both from a micro-economic and a macro-economic point of view. Both are therefore doubtful projects since both would find it difficult to pass an objective investigation on the basis of general economic criteria.

In the case of the Rhine-Main-Danube canal there is the additional danger that shipping from the countries of Eastern Europe will be able to penetrate into the Rhine area without any supervision. This would mean even more losses for other transporters and would carelessly threaten the existence of Western European inland shipping.

It is also astonishing that until the present time no cost-profit analysis has been made of the construction of the Rhine-Rhône canal. Perhaps they are frightened of this because the result will probably be negative and would only make more difficult the favourable political decision which inevitably has to be taken. I understand the concern of the questioners, because this in fact is a political decision on the part of France. The canal project is part of the action programme of the seventh French five year plan. Clearly, the promise made to the interested regions, in particular, Alsace, to improve their infrastructure must be redeemed. In 1977 FF 179 m will be made available to the action programme of the seventh French five year plan for the Rhine-Rhône link. This is in fact half of the total amount spent on the construction and maintenance of French inland waterways. Whether it will be possible to increase the funds avail-

able in years to come in order actually to be able to complete the FF 2,000 m project will undoubtedly, to a large extent, depend on the economic situation and hence the condition of the State Treasury.

I am saying all this not in order to prevent the construction of the waterway link, but to prevent the Community from taking part in dubious projects and making funds available for ends whose value is very controversial. In my opinion it should only do this after first examining the results of an objective cost-profit analysis.

President. — I call Mr Cousté.

Mr Cousté. — (F) Mr President, I am grateful to Mr Bouquerel for opening the debate, not from the standpoint of the Rhine-Rhône North Sea-Mediterranean link-ups, which are a matter of general knowledge, but by referring to the need for projects on a European scale to complement each other. He was right to do so and in so doing he faithfully reflected the work of the *Association pour l'étude et la réalisation des axes européens de liaison*.

I am also glad to be speaking after Mr Müller-Hermann and Mr De Clercq, and after Mr Burke. Mr Burke told us that the Commission had not remained idle and that it was well aware of the problems which arise in connexion with the inland waterway aspect of the common transport policy. He was right to refer to the proposals of 5 July 1976, which were a proposal for the adoption of a proposed decision and, in addition, a proposed decision listing some of the considerations which would determine whether or not these projects could be classified as 'Community' projects or projects 'of Community interest' and even envisaged the creation of a special *ad hoc* committee in response to the concern expressed by Mr De Clercq. But the proposed regulation — and this was the specific subject of our question — is concerned with financial support for transport infrastructure projects recognized by that committee as being of Community interest.

This is the specific subject of debate amongst ourselves, Mr Burke and this Parliament. It is not a minor debate nor, in my view, is it premature. It is a debate of major importance and we really must put a number of questions to each other and to you.

The first question which comes immediately to mind is whether the proposals of 5 July 1976 are to remain dormant on the Council's table. The Economic and Social Committee and this Parliament dealt with these proposals and delivered a reasonable opinion and we should like to know whether, in the present context, the Commission is or is not intending to press the Council to take a decision.

The second question, Mr President, is very much in the minds of those who follow the proceedings of this House, and this is why. We are well aware that at

Cousté

present financial aid is provided essentially through the interventions of the European Fund for Regional Economic Development and of the European Investment Bank. We are well informed, we are reasonable people and we follow the debates. But what I am concerned about even more than about an important project like the Rhine-Rhône scheme is not merely the intervention of the European Investment Bank or of the European Regional Development Fund because I know the ceilings, the limits and the restrictions with which we are faced and I am also aware of the magnitude of the project we are dealing with. If we take the other projects mentioned into account, there are considerable amounts involved because we are talking in terms of more than FF 11 or 12 000 m for the projects as a whole. And in this figure I have not included the notable action taken by Germany in recent years because this action has been completed. So, apart from these allocations of funds, subject to the restrictions we know and, let me add, the fact that they are out of proportion to all the projects referred to, my first question is whether the Commission will take action (and I know it has not done so for 1978) to put an entry in the Community budget with a view to providing for all these major projects, since they are all to some extent involved with regional development, industrial development, the development of depressed areas and the creation of jobs. Mr Vredeling knows how keen we are on the creation of jobs, not only in the prosperous areas but in the depressed areas which must be put back on their feet. I should not like to omit any reference to Mr De Clercq's Belgium and I know that all that is connected. My conscience is perfectly clear. And this brings me to my second question, which is a very specific one: is there or is there not any intention on the part of the Commission to insert more than a token entry into the Community budget, such as the sum of several tens, or rather hundreds, of millions of units of account in order to satisfy Europe's need for modes of transport which are both up-to-date and energy-saving?

President. — I call Mr Burke.

Mr Burke, Member of the Commission. — Mr Cousté, Mr President, has asked me two specific questions. Firstly, did the 1976 decisions rest dormant on the Council's table? If I understand him correctly, the

thrust of his question is: has there been any possibility of financing important projects as a result of the 1976 decision? I think the very fact that we have put forward new proposals is an answer in itself to what Mr Cousté has asked me. I would hope he would not ask me to go any further than that at this stage.

Mr Cousté has also very clearly said to us that he understands the limitations of the Regional Fund and the European Investment Bank. Indeed I have some figures here which indicate the ceilings which are put on certain infrastructural subventions made in the Community. But the point is this: the Commission has already put into the budget an important token entry, in anticipation of the Council bringing the regulation into legislation, which will give us the opportunity of then taking further proposals, such as the proposal which he has in mind, and entering a specific amount of money. But until the Council passes the legislation, the Commission cannot go beyond the token entry. These are the two answers to the specific questions asked by Mr Cousté.

President. — The debate is closed.

12. Agenda for next sitting

President. — The next sitting will be held tomorrow, Tuesday, 11 October 1977, at 10 a.m. and 3 p.m., with the following agenda:

- Decision on the urgency of various matters; enlargement of the Community, floods in Italy, fisheries, VAT, terrorism, Multifibre Agreement;
- Flesch report on generalized tariff preferences;
- Martinelli report on an EEC — Lebanon cooperation agreement;
- Oral question with debate to the Commission on the implementation of the 1977 budget of the Communities;
- Hansen report on Cyprus sherry;
- Ney report on animal leucoses;
- De Koning report on castor seeds and soya beans;
- 3.00 p.m.: Question Time
- 3.45 p.m.: Voting on motions for resolutions on which the debate has closed.

The sitting is closed.

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

SITTING OF TUESDAY, 11 OCTOBER 1977

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IN THE CHAIR: SIR GEOFFREY DE FREITAS

Vice-president

(The sitting was opened at 10.00 a.m.)

President. — The sitting is open.

1. *Approval of the minutes*

Président. — 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

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

— proposal for a regulation temporarily and totally suspending the autonomous Common Customs Tariff duties on dessert apples (Doc. 319/77)

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

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- proposal for a regulation on the total or partial suspension of Common Customs Tariff duties on certain agricultural products originating in Turkey (1978) (Doc. 320/77)

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

(b) from the Committee on Budgets,

a report by Mr Notenboom on the following proposals from the Commission of the European Communities to the Council concerning :

- I. proposal for a regulation (EEC, Euratom, ECSC), implementing the Decision of 21 April 1970 on the replacement of financial contributions from Member States by the Communities' own resources
- II. the second amended proposal under Articles 149 of the EEC Treaty and 119 of the EAEC Treaty for a Council Regulation (ECSC, EEC, Euratom) amending the Financial Regulation of 25 April 1973 applicable to the general budget of the European Communities
- III. the amended proposal for a Council Regulation implementing, in respect of the own resources from VAT, the Decision of 21 April 1970 on the replacement of financial contributions from Member States by the Communities' own resources

(Doc. 326/77) ;

(c) from the Council,

a letter amending the draft general budget of the European Communities for the 1978 financial year, adopted by the Council on 7 October 1977 (Doc. 322/77)

which has been referred to the Committee on Budgets.

3. Decision on urgent procedure

President. — I now consult Parliament on the adoption of urgent procedure for the motion for a resolution tabled by all the political groups on the negotiations on the enlargement of the Community (Doc. 323/77).

Are there any objections ?

The adoption of urgent procedure is agreed.

I propose that this motion for a resolution should replace the Oral Question on the same subject which is at present on the agenda for Wednesday.

Are there any objections ?

That is agreed.

I now consult Parliament on the adoption of urgent procedure for the motion for a resolution tabled by Mr Noè and others on Community aid for the areas of north-west Italy affected by the recent floods (Doc. 324/77).

Are there any objections ?

The adoption of urgent procedure is agreed.

I propose that we place this motion for a resolution on the agenda for Thursday.

Are there any objections ?

That is agreed.

I now consult Parliament on the adoption of urgent Procedure for the Oral Question with debate by Mr Prescott and others to the Commission on the negotiations with the Soviet Union on fisheries (Doc. 325/77).

Are there any objections ?

I call Mr Klepsch.

Mr Klepsch. — (D) Mr President, it is our view that we should not try to change the order of business by tabling requests for urgent procedure one after the other. We feel that there is no need at all for urgent procedure on the question of fisheries as my group has an item down on the agenda on this very subject. The whole House agreed that Mr Prescott's question should be taken together with the one tabled by our group. I therefore see no reason why we should set in motion a formal process of full-scale urgent procedure. The questioner himself had also agreed that we should discuss the matter together, and I would therefore suggest that we avoid rushing into inflation as far as requests for urgent procedure are concerned but proceed in the reasonable manner agreed by the whole House. That was what I wanted to say on the question of fisheries.

President. — I call Mr Prescott.

Mr Prescott. — Mr President, I do not think there is really any difference between what Mr Klepsch has said and our position. We are presuming that, if our question is accepted by the House, it would be tacked on to the debate which has been initiated by the Christian-Democrats dealing with three countries: Canada, Iceland and Norway. All we wish to do — and I think Mr Klepsch agreed with this yesterday — is to include the Russian agreement in that debate, primarily for one very good reason. The enlarged Bureau fixed the agenda on Wednesday, 28 September which was the very day that Russia made its announcement and created the difficulties. Therefore a very sound case can be made for us to have a statement from the Commission before the ministers meet on 25 October. So, Mr President, I do not think there is any real problem. We are not suggesting a new debate, only the addition of one more country to the debate already accepted in the name of the Christian-Democrats.

President. — It is certainly my intention to propose to the House, if urgent procedure is adopted, that this Oral Question should form the subject of a joint debate with the Oral Question by Mr Müller-Hermann.

President

Does anyone else wish to speak ?

I therefore consult Parliament on the adoption of urgent procedure for the Oral Question by Mr Prescott and others.

Are there any objections ?

The adoption of urgent procedure is agreed.

I propose that this Oral Question should therefore form the subject of a joint debate with the Oral Question by Mr Müller-Hermann on fisheries, which is on the agenda for Wednesday.

Are there any objections ?

That is agreed.

I now consult Parliament on the adoption of urgent procedure for the report by Mr Notenboom on behalf of the Committee on Budgets on the Community's own resources (Doc. 326/77).

Are there any objections to the request for urgent procedure ?

The adoption of urgent procedure is agreed.

I propose to Parliament that this report be placed on the agenda for Thursday.

Are there any objections ?

That is agreed.

The votes on the request for urgent procedure for the motion for a resolution tabled by Mr Klepsch on terrorism and that tabled by Mr Müller-Hermann on the Multifibre Agreement will be taken at the beginning of tomorrow's sitting as the texts have not yet been distributed.

I call Mr Klepsch.

Mr Klepsch. — (D) Mr President, I simply wished to advise you that the talks on those two points between the groups are not yet completed and, as we wish to table a request on behalf of all the groups, that explains why the texts are not yet available.

I would add on behalf of my own group that failing an agreement between all groups on a motion for a resolution on terrorism, we would ourselves table a motion under Rule 25 of the Rules of Procedure.

President. — I call Mr Fellermaier.

Mr Fellermaier. — (D) Mr President, on behalf of my group I wish to say that if all of the groups fail to agree on a joint motion for a resolution on terrorist acts in Europe, we too, like the Christian Democrats, will introduce our own motion. We too would be willing to apply Rule 25, which would mean referral to the Political Affairs Committee following a debate.

President. — I call Mr Lange.

Mr Lange, chairman of the Committee on Budgets. — (D) Mr President, you will remember that we had a fairly long debate yesterday on the appointment of the members of the Court of Auditors. As a result of what was agreed here yesterday, the Committee on Budgets discussed the matter once again yesterday evening and proposed a motion for a resolution expressing the hope and expectation that the Court of Auditors will make contact with Parliament immediately it is set up in order to clear up problems of demarcation between political and technical control and to specify the areas of cooperation between the two control authorities. This was done with the agreement of the President of Parliament. The motion for a resolution, which is before the enlarged Bureau, remains unchanged and the Committee on Budgets recommends that the motion for a resolution in this matter be dealt with and approved in the same context. But looking at the order of business, Mr President, I am obliged to request urgent procedure because the matter must be taken in conjunction with the appointment of the member of the Court of Auditors.

President. — Mr Lange, I will consult the President on this and I, or whoever is in the chair at the time, will communicate with you.

4. Regulations relating to the application for 1978 of the generalized tariff preferences

President. — The first item on the agenda is the report by Miss Flesch (Doc. 302/77) on behalf of the Committee on Development and Cooperation on

the proposals from the Commission of the European Communities to the Council concerning regulations relating to the application for the year 1978 of the generalized tariff preferences of the European Community.

I call Miss Flesch.

Miss Flesch, rapporteur. — (F) Mr President, ladies and gentlemen, although I may slightly ruffle the Commission and Mr Haferkamp by doing so, I shall say straight away that the Community's offer under the generalized preference scheme for 1978 is not much of an improvement on the present system.

The increase in the offer of preferential imports is in the order of 2.5 %, which is not even sufficient to make up for the depreciation in the value of money due to inflation.

To my mind, this is all the more serious in that the generalized system of preferences is one of the few areas in which the Community is doing a good deal to help the developing countries as a whole. Subsidiary action to back up the effort made in the area of generalized preferences has been on a very small scale

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indeed and I should like to make this opportunity to call on the House to support the amendments which my Committee has tabled to the draft budget of the European Communities for 1978.

Coming back to generalized preferences, the few improvements contained in the proposals before us are unlikely to make any appreciable increase in the exports of the developing countries to the European Community.

While I greatly appreciate some of the proposed measures and am personally grateful to the Commission for proposing a reduction in the Common Customs Tariff rate on the 'locust lobster' from 12 % to 8 % — not to mention the even greater reduction on 'octopus' from 8 % to 5 % — but I doubt that either of them will have much effect on the export earnings of the developing countries.

On the other hand, I welcome the fact that the Commission has proposed setting up a 20 % reserve for sensitive products which will make it easier for imports from the developing countries to enter the Community

The Committee on Development and Cooperation also supports the Commission's proposal to exempt the poorest countries from the reimposition of duties on quasi-sensitive and non-sensitive products in cases where the ceilings are exceeded. To my mind, this is the only substantial improvement made to the system of generalized preferences for 1978.

In the opinion of the Committee on Development and Cooperation, the system suffers from a surfeit of technicalities. As each year passes, it is becoming increasingly difficult to digest various regulations and, the way things are going, we may well wonder how our officials, and even more those in the developing countries, are to understand, master and apply the Community's system of generalized preferences.

I feel that there is a great need for further efforts on the part of the Community to make the system easier to understand and implement. I should be most happy if Mr Haferkamp could tell us what the Commission intends to do in this matter. This comment also applies to the regulations on origin, for example, which will continue to apply as they stand in 1978, subject to the technical adjustments made necessary by the inclusion of certain agricultural products, changes in nomenclature, the introduction of the the European Unit of Account and the adoption of a new form 'A' certificate. In addition, consideration is to be given to whether or not certain technical adjustments are required to the rules on transport.

It is clear that as the situation stands, it is extremely difficult for the developing countries to implement the various preferential arrangements and I should

like to see the Community take the necessary steps to harmonize the various systems in use.

The system has been in operation for five years and the fact that the developing countries take up only 60 % of what they are offered clearly points to the urgent need for reform.

On several occasions the European Parliament has called for changes in the list of beneficiary countries on the grounds that those developing countries which have made themselves sufficiently competitive derive relatively too great an advantage from the system of preferences. The list includes countries whose gross national product in the Community is on a par with the highest gross national product in the Community. We must ask ourselves if these countries are really developing countries in the generally accepted sense of the term. It is difficult to justify to public opinion the inclusion of such countries in the list for it is not always possible to explain the subtle political reasons which sometimes argue in favour.

All I have been saying, ladies and gentlemen, does not mean that the members of the Committee on Development and Cooperation are unaware of the serious economic crisis through which the Community is passing or of the limits to which it can go to help the development effort. We do feel, however, that it would be too easy to try to ease the Community's internal difficulties by taking action detrimental to the developing countries whom we cannot blame for galloping inflation, monetary disorder, the lack of cohesion at Community level, nor for the discrepancies between our various Community policies, whether it be the regional policy, the agricultural policy or the industrial policy. We further believe that it is our duty as members of the Committee on Development and Cooperation to uphold in this House the interests of the developing countries.

In conclusion, Mr President, let me say that we can rightly be proud of the fact that the Community was the first group of industrial countries to introduce a relatively generous system of generalized preferences that need not fear any comparison with other systems like those of the United States and Japan. But we do want to see the Community effort continued and if possible improved. It is in this spirit that we welcome the new proposals the Commission has made for 1978 which might help the developing countries to make better use of the opportunities for preferential imports that are offered to them.

It is for those reasons that we recommend to the approval of the House the Commission's proposals for generalized preferences in 1978.

(Applause)

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

Mr Broeks. — (NL) Mr President, may I begin by expressing our gratitude to the rapporteur for this report which we gladly support. This is not the first time that I have spoken about these generalized tariff preferences but I always approach the subject with a sense of tragedy. The issue here is what we can do — apart from the provision of food aid — for some of the world's poorest countries. We are not only helping the poorest countries but also some that are less poor and it is significant that we are doing more for the less poor countries than for those that are really poor because the administrative machinery in the latter is not capable of making effective use of the aid which we are able to offer. It is a tragic fact that the poorest countries are often not in a position to benefit. One of the really poor countries, India, has 600 million inhabitants while the member countries of the Lomé Convention have a total population of 400 million: a single country on the one hand and 50 on the other. And when we consider that the amount made available for the generalized tariff preferences is only 10 % of the amount offered under the Lomé Convention it will be readily understood how inadequate this aid is. I hope you understand my point; I have nothing against the amount we make available to the Lomé countries. Quite the contrary. But I do object to the amount made available for the preferences. That is the problem.

On the other hand, I realize very well that we cannot carry the whole world on our shoulders in the EEC. The rapporteur rightly said that if we compare what we are doing with what America and Japan are doing, the Community is indeed generous.

But the comparison cannot be confined to America and Japan; we must also consider Canada and the Eastern bloc countries. America and Japan are doing little but what Russia and its satellites are offering is shamefully small. It is a pity this point is not made more clearly in forums such as the UNCTAD conference.

There are obviously difficulties. We have referred to them in the resolution. The countries with which we are concerned here belonged originally to the UN list of 77 which has now lengthened to over 100. The level of economic prosperity of these countries differs so greatly that comparisons are scarcely conceivable. The OPEC countries can scarcely be compared with the genuinely poor countries of Central America or Southern Asia. It is sometimes difficult to understand why the OPEC countries, Hong Kong, South Korea, Yugoslavia and Romania, to name only a few, are on the same list as Sri Lanka and others.

The resolution rightly asks whether the EEC could not engage in international negotiations to determine whether a number of countries still genuinely need this aid or whether it should not be doubled for others instead.

Under the pressure of economic circumstances, too little is happening in the EEC at present. It would be idle to pretend otherwise. The increase from 1 240 million units of account for agricultural products to 1 300 million can scarcely be considered significant, allowing for inflation. The same goes for the volume of industrial products which shows a rise of only 2 %. When we say that this hardly covers inflation we must also remember that in fact only 60 % of the available total is used, so that a number of countries which could use the preferences but do not do so will notice little indeed of the 2 %. They would notice an effect if, through Community aid and in particular the provision of information to which we attach especial importance, the government machinery of these countries were to become equal to the problems posed by the EEC. It must be recognized that the requirements placed by the EEC although perhaps justified — if capable of further simplification — are not such as to be tackled readily by the administrations of the poorest countries.

That is why the Committee on Development and Cooperation continues to urge that something must be done. You yourself, Mr President, drew attention to this need on a previous occasion. The readiness to constitute a 20 % reserve is one of the bright points in the present proposals. I hope no one will take it amiss if I say that products which have found their way into the agricultural sector such as 'horses for slaughter', 'locust lobster' and 'eight-tentacled inkfish' make little impression on me and will be of little practical importance.

We must consult further with the Commission not just on the list but also on what is to be done now that the world conference is due to convene shortly. There must be some possibility of taking measures which will make our tariff preferences somewhat simpler.

I believe that there is a great deal more to be said about this whole matter. I have simply stressed a few points but I would add that I attach particular importance to paragraph 6 of the resolution on semi-sensitive and non-sensitive products. This too is important to the poorest countries. But I maintain that as long as the economic problems of these more than 100 countries remain so very difficult, it will not be readily possible for the EEC on its own to find a really satisfactory solution. Considering that in the past two years the debt level of the poorest countries has risen by 50 thousand million dollars it will be readily understood that the situation is indeed far more serious there than in Europe, and I maintain that while Europe cannot do everything on its own we could, even under the present circumstances, be doing more than we are. I realize that we have had difficulties this year as far as textiles, steel and other products are concerned. That is true and there is no need to

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complicate our problems in those particular sectors still further. But quite apart from the fact that we cannot help the poorest countries in respect of a number of products such as iron and steel, petroleum, textile products, shoes, etc., there were still many things that the EEC could have done and that it did not do on the grounds of economic difficulties.

I consider that our own economic problems pale into the shadow in comparison with the fate of these countries. The situation in the EEC is not particularly good at present but I am firmly convinced that we can and must do more for the world's poorest countries; it is our duty to do so. We are still well short of the mark, even if other countries are doing far less than we are.

(Applause)

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

Mr Martinelli. — *(I)* Mr President, I should like to begin by congratulating Miss Flesch on her report which contains an in-depth and well-documented analysis of the problems of generalized preferences with which the Community and other donor countries are at present faced.

When we recall the hopes which the system raised when it was first introduced and the objectives laid down at the time, the 1978 edition as proposed by the Commission offers no more than a modicum of improvement over the current arrangements, as Miss Flesch pointed out a moment ago.

And this cautious approach is justified by the Commission in its report on the grounds of the persistent difficulties facing the Member States in a growing number of economic sectors, especially as a result of outside competition.

I shall quote only one figure which, even although it is based on estimates and is not therefore final, shows that progress in the matter of Community preferences has come to a standstill between 1977 and 1978.

In 1976, the percentage use of the preference scheme was 62 % compared with an expected 55 %, but in 1975 it amounted to a mere 50 %; bearing in mind that the average level of customs duties applicable was 8.5 %, Community receipts from customs duties would be 304 million u.a. lower than otherwise, as against an estimated 300 million for 1977. The difference is a mere 4 million u.a., as compared with a figure of more than 4 800 million u.a. which is the Community's estimate of receipts from customs duties for 1978.

It should be remembered that for textiles, steel products, petroleum derivatives, footwear and plywood, the Commission proposes no increase in the 1978 ceilings because of the economic situation.

In the case of other industrial products, however, the Commission proposes that 1975 and not 1974 should

be taken as a reference year. This is mere cosmetics and will provide but a paltry incentive to further imports.

As far as processed agricultural products are concerned, the increases affect 11 products which are so unimportant that the draftsmen of the opinion of the Committee on Agriculture, Mr Corrie, wrote that the increase should not cause any problem. But the Commission, forced for economic reasons to adopt a narrow attitude towards quota expansion has proposed a technical improvement — as Miss Flesch pointed out in her report and in her speech today — which affects the special ceilings granted as from 1977 to the less advanced developing countries.

A 20 % reserve is to be set up for sensitive products in order to improve the operation of the system of national quotas. And as far as ceilings on quasi-sensitive or non-sensitive products are concerned, of which there are more than 1 800, the Commission has proposed that the less advanced countries — those on the UN list of 12 December 1975 — should not be subject to the reimposition of duties if the ceilings are exceeded, which means that the arrangements applicable to ceilings would not be suspended.

This is seen as a partial answer to the problem which, for some time now, has engaged the attention of the Community institutions and Parliament. It is the problem of the low rate of use of generalized preferences as such and, where they are actually taken up, the high share that falls to the more developed of the developing countries. This is a point which must be stressed: who have been the main beneficiaries of the Community system since it was introduced in 1971? Ten countries account for more than 70 % of the preferences taken up, and not enough advantage has been taken of them by the less favoured countries. In those circumstances, some people, including myself, feel that it is right to ask whether it is still advisable to offer major concessions to countries which, in some sectors and thanks in part to Community assistance, have attained a level of development that is no lower than the Community's.

This is the crucial aspect of a policy designed on a broad and generous scale, that has brought significant benefits to certain countries and enabled them to make progress; but they cannot now reasonably expect the doors of the Community to remain wide open at a time when it is faced with serious problems of unemployment.

Amending the list of beneficiary countries is an eminently political problem as Miss Flesch pointed out a moment ago, and one which entails extremely difficult decisions, even if it is not all that difficult to see that the system of generalized preferences is distorted and adulterated when it is applied wholesale to countries with widely varying levels of economic and social development as was pointed out by Mr

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Broeksz. We know that the concept of 'developing countries' has not yet been properly defined at international level, with the possible exception of the 25 countries whose average *per capita* income is below 100 dollars and whose industrial production accounts for less than 10 % of the national income.

We cannot of course think of confining generalized preferences to those countries but, no matter how difficult a task it is, the Community must pursue a more selective trade policy towards the developing countries. On a more general level, we shall, at some stage, have to tackle the problem of coordinating the growing number of agreements, conventions and protocols which the Community has concluded or is in the process of concluding.

We have the Lomé Convention, generalized preferences, the Mediterranean agreements, the association agreements and we also have the situation, criticized by the ACP countries, in which the preferences granted to them are being gradually eroded. This is a serious problem not only for those directly concerned but also in so far as there ought to be a certain logic in our efforts in this field. We must therefore at some stage be honest enough to review in this House what the Community has done in a generous bid to promote solidarity during this difficult and exceptional period, and to consider whether its action has been realistic and consistent.

The date originally laid down for the expiry of the generalized preferences is not far off. Even although the Community has rightly agreed on the principle of extending the system into the eighties, I feel that it will provide us with the necessary opportunity to put this particular house in order.

There is also the problem of simplifying administrative procedures. Seminars to explain the regulations to officials from the developing countries are no doubt useful but simplifying where simplifying is possible is better still.

We must recognize the fact that in the main, the Community's policy has been geared to improving the system of generalized preferences and that the biggest step was taken between 1976 and 1977 when a 39 % increase was made in the Community offer. The 1978 increase will be a mere 2.5 % and, as has already been pointed out today, this will not even make up for the fall in the value of money due to inflation. Our parliamentary committee has noted that in the present circumstances, it was difficult to do more, and I therefore express the hope on behalf of the Christian-Democratic Group that this House will approve the motion for a resolution and the report tabled by Miss Flesch, but I also hope that the other problems which have been mentioned today will not be forgotten.

(Applause)

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

Mr Bangemann. — *(D)* Mr President, my group considers it important to stress the point so rightly made by the rapporteur, namely that the Community's policy in the matter of customs duties and preferences is a component part of development aid policy; what is involved here is not traditional trade policy but something that is part and parcel of the Community's overall concept of assistance to the developing countries. If this view is correct, then we must make our assessment in terms of the extent to which the proposed innovations and changes are in line with and can help promote this concept of Community aid to development.

The first thing we must do is to lay stress on the distinction made by the rapporteur between agricultural and industrial products. There can be no doubt that the problem is quite different depending on the type of product involved and this holds good not only for the countries that these preferences are intended to benefit but also as regards the problems that may arise for the Community when it grants such preferences. It is clear that most of the countries that seek more attractive terms than applied under general customs and trade conditions have agricultural products of a specific kind to offer, in other words products that are essentially of tropical origin. This means that the question of competition with the agricultural produce of the Community does not really arise, or, if it does, in the form of competing substitutes. But we can, I am sure, disregard this aspect, for what we are essentially faced with here is a question of a varied supply that stimulates demand. This is why my group takes the view that we should make a strong point here of refraining from a cautious approach in this sector.

There can be no question of Community interests being at stake here but rather the opposite, by which I mean that it is precisely those countries that depend on exports of these products which are among the least developed countries, and we should urge the Commission in future to pay greater heed to this distinction and, in granting preferences, to help those countries more than is perhaps the case in other sectors.

In the case of industrial products such as textiles, but also manufactured steels, and finished products such as shoes, our difficulties are obviously greater. There is no escaping the fact that the Community has its own industrial problems in those sectors and that, if we wish to take the policy of preferences further, we must make every effort to rid the Community of those difficulties. In other words, a structural policy for industry aimed at removing social and other difficulties in those sectors, is at the same time development aid policy.

Bangemann

If we succeed in restructuring our textile industry, for example, in such a way as to maintain production in certain areas but to discontinue industrial production in others without creating negative social effects, then we shall be leaving room for industrial products from the developing countries, I believe that we must see the connection between the two. It is an important one, for it shows that we can only properly pursue all of those various policies today if we see them as a single whole. This of course holds particularly true in the case of sensitive products. It cannot be denied that the difficulties here have increased rather than decreased, particularly in the textile sector, and the Commission is being most reasonable in saying that we should first wait awhile before taking further measures in this sector, for there is a definite connection here with the regulations on preferences.

I should like to make it particularly clear that the concept of 'developing countries' does not simply embrace tropical or other developing countries of the traditional type, but also countries like Romania with which we have concluded similar agreements. I believe that precisely in the case of Romania, the Community should be concerned to expand relations further, for it is a country that will certainly be of interest to the Community for a number of reasons, besides which there is the further consideration that it is a country that deserves assistance, having suffered disasters of various kinds during the past few years.

Mr President, my group feels that the critical comments made by the rapporteur in the final section of her report are particularly important. If the three objectives of the generalized system of preferences are to increase export revenue, promote industrialization and expedite economic growth, then we must, in any assessment of what has been done so far, reflect on whether these objectives have effectively been achieved. In what other way should we attempt to assess development aid policy. I think it is vital that, not only in the matter of preference agreements but also in the entire development aid policy sector, we should take the trouble to ascertain — and this should be a task for the Commission — what has been the true effect of the well-intentioned proposals that are always put forward. I do not believe that the groups disagree in principle on the measures thus proposed. The simple question is what tangible effect is produced by the sum of goodwill that we are investing in this sector. And here I should like to refer to a figure in the report which, to my mind, suggests that the sort of analysis of which I have been speaking would be extremely significant; I refer to the 60 % of preferences actually taken up and this, of course, is an average figure. It is the least developed countries which take least advantage of the concessions offered. If this is the case, Mr President, it is a clear sign that the measures in question, however well-intentioned, do not very often achieve what they are intended to achieve; we should therefore consider — and this is the Commission's task without a doubt — what we can do to change the situation, even where political

difficulties stand in the way. A good many developing countries are certain to greet the introduction of methods of assessment with charges of neo-colonialism but all that is to no avail, Mr President. If we wish to provide really effective assistance, then we cannot get round applying such standards even if this involves political difficulties. I therefore take the view that this report takes a most important step towards this appraisal of what has been done in the past and my group welcomes it accordingly.

(Applause)

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

Mr Cousté. — *(F)* Mr President, this annual assessment of the generalized system of preferences might be a fairly pointless exercise had we not the good fortune to have in Miss Flesch an eminent rapporteur who is well versed in the problems involved. I offer her my sincerest congratulations.

I would add that this annual exercise might also serve no purpose if our colleagues did not proffer a few comments which, in my view, deserve attention and closer consideration. As you well know, the Community was not only the first to apply a system of this kind — introduced in 1971 — but for a very long time, it was the only major international organization in the economic field to implement and honour the system. I shall not repeat the reference Miss Flesch made a moment ago to the situation as far as the United States and Japan are concerned, but I would simply say that we should not, like some of our colleagues perhaps, act like people with a sense of guilt and a poor conscience. I say this because in this area, I feel that while we cannot congratulate ourselves — all human effort falling short of perfection — we can honestly say that what has been done is far from negligible. I need look no further than the fairly recent missions carried out by parliamentary delegations, particularly the one to South-East Asia led by Mr Spénale, then President of the European Parliament, and a few others like the previous visit to Latin America. We can hear comments and criticism on all sides. But there are no institutions made by man which are not criticized. The important thing is to know whether, in the final reckoning, we are on the path of progress and whether, despite the uneven progress achieved by the developing countries, our Community has not, in the last analysis, done everything that was in its power to do.

When all is said and done, we must allow that some progress was achieved in 1977, if only in the form of the overall 39 % increase. Furthermore, a special effort was made to help the least favoured countries and the offer made by the Community in GATT to the tropical countries was maintained. Finally, there was the increase in the ceilings as well as the new arrangements for textiles.

Cousté

The main features of the 1978 arrangements are a limited increase in import preferences, the maintenance of the existing ceilings for certain sectors such as textiles and steel which are in difficulty. In this connection, Mr Bangemann will allow me to say that we cannot sacrifice employment in Europe to progress in the developing countries. It is our social duty — and I am sure that this is basically his own thinking, despite his liberalism — to make sure that we do not destroy not simply our own enterprises — which is sometimes a necessary consequence of competition — but the jobs themselves, that we are not, directly or indirectly, the creators of unemployment and depression. This is why I believe that it is a good thing to maintain the ceilings — and I say this clearly to Mr Haferkamp — not only for textiles but also for steels, for you know how much importance we attach to these problems.

In 1978, practical improvements are planned in the operation of the system and I should like to stress how important they are. But while progress has unquestionably been made, the question that we must ask is whether in the last analysis, it is sufficient. I believe that although the generalized system of preferences has not been altogether successful, we must not forget that while it did not have to be introduced by all industrial countries at exactly the same time, the system did require early and full implementation by all of the parties involved. But nine years later — I stress this point, and I am sure that Mr Haferkamp will echo our concern — this is still not the case. We might perhaps look into the reasons for this situation. And in doing so, we must again, with Mr Martinelli, stress the inadequacies of the system and its under-utilization. It is our duty to ask why the theoretical total of 6 470 million u.a. worth of imports is only 70 % used as Mr Martinelli has just reminded us. I do not know if this under-utilization is due to inadequate information or to disparities in the system.

Be that as it may, the question is worth asking, especially since we must always bear in mind, Mr President — and this is the whole purpose of UNCTAD and its work — the situation in which the least favoured countries find themselves. Mr Broeks reminded us a moment ago not to confuse the poorest developing countries with the relatively rich whose economic progress is clearly assured when they have oil resources at their disposal. He was referring to the OPEC countries and he was right to do so. Our concern must therefore be for the least favoured countries, particularly those with agricultural products to sell, whether processed or unprocessed. But when it comes to industrial products — and this is a point I would stress — it is quite proper for the Commission in its wisdom and desire for consistency to prevent any destruction of the Community's industries.

You will have gathered that our group is not at all against the generalized system of preferences and we shall vote for the report submitted by Miss Flesch. But we are beginning to ask ourselves with increasing frequency whether we should not have the courage at Community level to raise the whole question of world trade with the intention of improving the way it is organized, for we are suffering the consequences of what happened in 1973, in other words as a result of the higher cost of energy, both developing and developed countries are finding it difficult to balance their accounts. Choice must therefore be made and — we must be honest and courageous enough to say it — it is impossible to do everything at once.

We know that we have created special links with overseas countries under the Lomé Convention.

The Lomé Convention has no significance unless it creates a genuine interest, a distinction in relation to other developing countries, otherwise everyone would enjoy the same arrangements. I feel that this is a point which must be stressed, especially since the Commission has said — and will perhaps repeat today — that financial and technical efforts are being made to help developing countries that are not yet associated with us but are fairly close geographically or have reached much the same stage of development as the signatories of the Lomé Convention. A further and obvious point is that we must seek to increase our food aid.

We must also think of the poverty and famine which prevail in certain countries. On our own travels we sometimes see the tragic evidence with our own eyes; it is often to those countries that we do not give what should be given.

We must therefore concentrate on these three objectives: full implementation of the Lomé Convention, concern for countries which are not associated but are close to those who are members of the Lomé Convention and thirdly, a substantial effort in the area of food-aid.

If we dilute our efforts, we may well run the risk of spoiling them completely, for each country of the Third World — as Mr Broeks reminded us — has a character of its own. We therefore find it pointless to try to fit everything into too uniform a system as the result might be like an off-the-peg suit that is too tight for some and too loose for others. We must therefore decide on a number of priorities and these are summed up in the three principles I mentioned which I hope the Commission will accept: priority for the objectives of the Lomé Convention; priority to include those countries whose development needs are very much similar, and continuation of aid to the worst-off countries, particularly those, as noted by UNCTAD, that do not even enjoy access to the sea (and heaven knows what problems this means for certain African countries).

Cousté

If it is to be effective, development aid must be based on a consistent policy. We are no longer living in 1971 nor in 1968 as Mr Broeks said a moment ago, we are talking about 1978. When we look at the proposals before us, we cannot dissociate our thinking and support from the comments that have been made in every part of the house on the need to organize trade in a manner that does not rob the word of all significance.

(Applause)

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

Mr Sandri. — *(I)* Mr President, I should like to bring out a curious aspect of the resolution which Miss Flesch has submitted on behalf of the Committee on Development and Cooperation.

On the one hand it criticizes, but follows up its criticism with justifications; it approves certain things the Community has done or decided, and at the same time points out its limitations and the reasons why it is unsatisfactory. The motion might seem contradictory but the contradiction is on the surface, as Miss Flesch explains in her full and well-documented report.

In discussing this important if limited sector we must note that here too the crisis has made itself felt, or rather that the generalized system of preferences serves as an indicator of the general crisis and of certain trends in world trade that had already begun to emerge in the last few years, as you yourself, Mr President, pointed out in the report for 1976; these trends have since grown stronger and action will have to be taken to counteract them in the years ahead.

Coming to the Commission's proposals for 1978, with its extremely circumspect amendments as compared with the previous year, we feel, given the background of crisis against which they were adopted, that taken all in all, they deserve our approval and, I would even say, our commendation.

We can approve them not only by making a comparison with the generalized system of preferences applied by other industrialized countries, particularly Japan and the United States, but also by reference to a criterion which — as the rapporteur points out — has been clearly stated and applied in practice: under the 1978 system, customs duties will not be reintroduced when the poorest countries exceed the ceilings for quasi-sensitive and non-sensitive products. We regard this provision as an expression of the considerable concern that is felt for the poorest countries at the bottom end of the development scale. However, we should not forget that the negative factors that we have seen emerge over the past few years have grown steadily worse; this applies as much to the under-utilization of the generalized system of preferences, as

other speakers have pointed out, as to the fact that five or ten countries have reaped almost all of the benefits which the system brings. Five countries take up 50 % and ten countries 70 % of the preferences granted.

We must therefore realize that in this sense at least, we have not achieved the objectives which the Community set when it approved the generalized system of preferences in 1971. As we all know, these objectives were to promote trade and with it, the faster industrialization of the developing countries, to consolidate over a broad front the efforts made by those countries to diversify their economy, to help them gain access to the market and in this way, to promote their economic and social growth.

I fear that in this sense at least, the system has not worked well. But if we probe deeper, in other words if we look closely at the list of countries which have derived effective benefit from the generalized system of preferences, we cannot escape a factual conclusion that has nothing to do with our specific ideological or political standpoint; if we look at the list of beneficiary countries, the five countries — I repeat — that have taken up 50 % or the ten countries that have taken up 70 % of the preferences, we observe that almost all of them are countries with a high level of direct foreign investment.

These countries have industries set up with foreign capital and have access to the Community market under the generalized system of preferences, but the benefits are not passed on to their peoples; there are many factors which attract foreign investment; conditions of production are favourable, the main advantage being the ridiculously low cost of labour, the workers being forced to accept extremely poor wages by régimes that deal in repression and violence.

The result of this trend in foreign investment in the countries of the Third World has been to divert the effective benefits of the generalized system of preferences largely to European, Japanese or US industries that have been set up in those countries — Brazil, Hong Kong, Formosa, South Korea, etc. — which head the list of beneficiary countries without having derived any real benefit from the system.

We must turn our attention, then, to the rich countries which enjoy or have enjoyed the benefits of the generalized system of preferences. But if we look closely at these countries, we find for instance that the oil-producing countries on the list of developing countries are not among the greatest beneficiaries, for none of them is among the first five or ten countries. I do not wish to use this as an argument for keeping the oil-producing countries on the list. I simply note that so far it is other countries that have benefited from generalized preferences, or rather it is in other countries that the multinationals have established themselves to their advantage.

Sandri

In short, when we look at the question of generalized preferences we come up against what tends to be a macroscopic phenomenon, that of countries that have been turned into export enclaves but do not, either as countries or as peoples, derive effective, appreciable and significant economic or social advantages from these exports.

There can be no doubt that faced with a situation where many of our own industries such as textiles, footwear and others are going through a period of crisis, we must ask ourselves whether this generalized system of preferences can continue on the basis laid down in 1971 or whether it should be changed.

We as a group are modestly doing our own thinking on the subject, but we feel that both Parliament and the other institutions of the Community must take practical action.

Coming back to the 1978 arrangements, we should like to stress a few requirements: the first requirement is to explain to the recipient countries how to make full use of the system, for I believe that if so many countries have not used the system it is not because of technical difficulties but of their inability to gain access to our market, even in simple ways; that having been said, however, there is a margin of under-utilization due entirely to technical factors and the inability of the countries concerned to use such a complicated system as generalized preferences.

We shall take up this point when we come to the question on the Agency for Development Cooperation but, whether or not this Agency is set up, it is certain that we must encourage and help the poorest developing countries to use the system.

Secondly, we must promote and I would even say fight for the harmonization of the various systems of generalized preferences as stressed in the report and motion for a resolution.

We should like to invite the Commission to take every opportunity — in GATT, UNCTAD and the United Nations — to persuade the other major industrial powers such as Japan and the United States to harmonize their systems with ours.

The Community, for instance, applies the principle of additionality where the rules of origin are concerned; it is neither acceptable nor fair that this principle should not be applied by Japan; the Community applies preferences to textiles; it is not fair that the US system of preferences excludes textiles. And while I am on the US system of preferences, I shall raise the only point on which I disagree with the report submitted by Miss Flesch. She points out that the US Trade Reform Act excludes the OPEC countries from the system of preferences. I should like to say, Miss Flesch, that while the Community too should perhaps

exclude the oil-producing countries from the list of beneficiaries, the United States' legislation excludes them not on the grounds of wealth, but for another reason: the Trade Reform Act stipulates that preferences shall not be extended to countries that pursue a cartel policy, that form cartels to safeguard their own raw materials or that carry through nationalization where this is considered unjustified by the US Government.

We cannot adopt similar grounds, as they are largely discriminatory and interfere with the decision-making rights of the countries of the Third World. I rather feel that once we have explained the use of the system and fought to have it harmonized with that of the other industrialized countries, we must pursue a selective policy of implementation.

We realize that it is not easy to distinguish between countries that are effectively capable of deriving benefit from generalized preferences and those on whose territory the multinationals have established themselves. However, I think we can agree with Miss Flesch when she puts it to us that selectivity should be based on whether or not the developing countries have reached a certain *pro capita* GNP 'threshold' above which the generalized system of preferences would automatically cease to apply, or that the system should apply to specific areas of production in a given country and not to areas which are already sufficiently industrialized.

In all this we must proceed with the greatest caution. We cannot simply by a bureaucratic stroke of the pen remove this or that country from the list, particularly as it is drawn up by the United Nations. We therefore take the view that any change or any new criterion of selection must be introduced following direct consultations with the countries involved.

Finally, we must pay particular heed to the countries of the Lomé Convention because the generalized system of preferences should certainly not result in cancelling out the benefits that those countries derive from the multiregional association which they have joined. What we need here from the Commission is more accurate and careful documentation than we have had so far. In December there will be a meeting of the EEC-ACP Joint Committee when the Community will certainly again be criticized for having eroded the advantages enjoyed by the Lomé countries through the generalized system of preferences.

The report submitted by Miss Flesch states that UNCTAD has shown that this is not true, that the generalized system of preferences has not cancelled out the advantages of Lomé and that there has been a sort of balance between the advantages and the disadvantages. What we need, then, from the Commission is not only the necessary supporting documentation

Sandri

but, more important still, the facts and figures that will allow us to discuss matters calmly with our partners in the Lomé Convention.

Finally, Mr President, we believe that quite apart from any technical changes that the experience gained over the last few years may suggest, the question of generalized preferences should be linked with the basic issue of the restructuring of European industry, for it is only at this level that we can build a system that will make it easier for the developing countries to gain access to the market and will not place our own industry in difficulties.

Thank you, Mr President, and may I announce that my group will vote in favour of the motion for a resolution.

(Applause)

President. — I call Lord Ardwick to present the opinion of the Committee on Economic and Monetary Affairs.

Lord Ardwick, draftsman of an opinion. — Mr President, the Commission's proposals were forwarded to us by the Council only in the second half of August, in the middle of the recess — that is, less than two months ago.

The Committee on Economic and Monetary Affairs feels that it has not been given enough time to study the proposals in sufficient depth. These proposals have, of course, a considerable impact on the economy of the Community, and concern complex matters. Most of the beneficiaries themselves do not understand them and, as has been said more than once today, this may be one of the reasons why they do not take full advantage of the preferences.

But you may ask, if there has been so little time, why have Miss Flesch and the Committee on Development and Cooperation been able to produce such an excellent report? I may say in parentheses that it is not only excellent — we have many excellent reports in this Parliament — but it is also interesting. In this Parliament we do not have a surfeit of interesting reports.

The reason why Miss Flesch has been able to do this is that this question is at the very heart of her committee — a question which I am quite sure they have under constant review — and perhaps they are not quite so overloaded as the Committee on Economic and Monetary Affairs. I would add that last year the Committee on Economic and Monetary Affairs was not even able to give a written opinion.

The opinion of the Committee on Economic and Monetary Affairs supports Miss Flesch's report, which seems to me to be very well balanced at this difficult time, when unemployment and recession in the industrialized world tempt us to become once more — in

spirit if not in deed — what used to be called an inward-looking Community. We must, of course, firmly resist this temptation.

We were the first great trading community to put this system into operation, and did so as long ago as 1971. But the Community then was very self-confident, not doubting its capacity for growth and the retention of full employment. We have now lost that confidence, and our minds are split three ways: we want to shelter certain of our industries which we feel to be threatened; we want to minimize unemployment; at the same time, we wish to preserve our faith in freer world trade and to keep the benefits which freer world trade provides for us as world traders. We want too to fulfil our moral obligations to the developing world and, in so doing, to follow our own self-interests as exporters of machinery and skill-intensive goods and services which are bound up with promoting the industrialization of those countries.

These positions can, I think, be reconciled without hypocrisy. We believe in freer trade, but only up to a point. Beyond that point there must be limited protection for a restricted number of industries for a very limited time. Where that point is reached depends not just upon our charity and our conscience, but on the economic state of the Community. Unless we and the rest of the OECD countries can pull out of the current recession and unemployment, I fear that that point may be low. The pressures for protection are growing everywhere in the world as unemployment fails to go down, and even increases. The pressures at this moment on President Carter are particularly strong, as he faces 40% unemployment among the black community and a large deficit in his balance of payments. So we must be careful in what we do and what we say. We do not want to get back to the protected world of the thirties — that way lies political as well as economic danger. But we do need, Mr President, to formulate our needs and our opportunities clearly. That clarity is missing. We are drifting, with an uneasy conscience, from one attempted industrial solution to another, without any explicit general conception or publicly-voiced set of principles. The time has surely come for us to clarify our minds and say something definite upon this most vital question.

To come back to generalized preferences. There is a certain cynical feeling about in the world that the less-developed countries have not had very much out of them, that the value of the system has been diluted by the admission of richer Asian countries, such as Singapore and Hong Kong, which do not need preferential access. The concept has been further eroded by duty-free access for fairly prosperous Mediterranean countries and EFTA. All in all, however, the Commission has chosen a prudent course, given the general economic situation.

Ardwick

At the same time, in a slightly paradoxical way, I would remind you that prudence is a rather meagre virtue. Although the Commission has looked around for small opportunities for being generous, I would have liked it to have shown even more ingenuity. The ceilings for some industrial products in sectors currently in difficulty, such as iron, steel, plywood, etc., are going to be maintained. But of course, it is not enough to protect these troubled sectors. They and the textile sector, as has been said by more than one speaker this morning, need an appropriate structural policy. The strain of bearing the burden created either by the industrial advance of developing nations, or by advances in technology within a given industry, cannot be allowed to fall exclusively on the workers of that industry. As regards textiles, the Committee on Economic and Monetary Affairs is now examining a substantial report by Mr Normanton, and will shortly, I hope, present its view of this sector.

Our committee stresses once more the need to revise the list of beneficiaries to concentrate benefits on the poorest countries, and demands much more information about the economic, social and financial impact of the GSP. Above all, as requested by the last speaker, I would like to have some detailed and definite indication of the effects of foreign industries which set themselves up in undeveloped countries and do very little to spread welfare and wealth in those countries.

(Applause)

President. — I call Mr Corrie to present the opinion of the Committee on Agriculture.

Mr Corrie, draftsman of an opinion. — Mr President, much has already been said on this subject, so I do not need to go too deeply into it, except perhaps to raise a few points on behalf of the Committee on Agriculture. I am sure Miss Flesch will not be embarrassed if I heap yet more praise on her head for the excellent report that she has produced. I hope she was not too worried or upset by some of the things that I put in my opinion for the Committee on Agriculture. We do support her in all that she says in her document; what we were worried about was the implementation of some of the measures referred to in that document. We must try to improve that.

As far as the agricultural sector is concerned, there is a very small difference from years gone by. Only 11 new products are actually affected, and there are no tariff improvements for products already listed. We must remember that the European Community is a very rich community; it is our duty to assist less-developed countries and this is one of the ways we can do it. For far too long we have simply taken raw materials from these countries for our own industrial use; this process must be reversed. However, we must be very careful that we do not upset the arrangements

between the associate members and the preferential countries. I refer in particular to Turkey, which keeps telling us that as an associate member it is, in fact, worse off than many of the countries outside the Association Agreement.

I think everyone who has spoken so far has expressed the thought that it must be the lesser-developed countries that get the most aid, whereas the tendency so far has been that the richer countries with better administrations have been the ones who have grabbed the largest slice of the cake. Perhaps we should be looking at ways of making sure that the poorer countries do get the benefits; this perhaps implies choosing to put on the list products which favour those countries which are less developed. Attention should be paid to the countries benefiting from the preferences to establish whether the more-developed countries are dominating the imports.

I totally disagree with Mr Sandri when he says that multinational companies simply go to these lesser-developed countries to take advantage of tariff preferences. He says that no benefits accrue from that at all. I would say that while there may be problems with multi-nationals, they do provide jobs and they do provide wages and they do improve the standard of living in those countries. Surely a low wage is better than no wage.

So, to sum up, Mr President, the important thing is that aid must go to the countries that really need it. Control of preferences to richer countries is perhaps required so that the lesser-developed, poorer countries can get more help. Perhaps what we really need is, as numerous other speakers have said, a list of figures from the Commission to show what the complete situation really is. Perhaps the way to get this is to have a full debate in this House, probably led by Miss Flesch, so that we can get these sort of figures from the Commission.

(Applause)

President. — I call Mr Howell.

Mr Howell. — I am sorry to voice a discordant note in this debate, but I shall not be able to vote in favour of the report which Miss Flesch has presented. I recognize the hard work which she has put into this report, but I feel that it is nothing more than a rubber-stamping and conscience-salving exercise, which we do too often in this Parliament. I believe that we are doing too many things out of habit. Because a certain huge and complicated list was at one time drawn up, the same procedure goes on and on without being reconsidered properly. I also think we add items automatically; we seem to think we have a duty to add a certain number of items each year. I see no reason why they should all be agricultural items. It seems that agriculture has been the scapegoat.

Howell

My other protest is that we are unable to reform the list. The list to my mind is totally illogical and I think that we should stop doing these illogical things.

I would be grateful if Mr Haferkamp would explain to me, when he sums up, why Romania receives benefit and Albania, for instance, does not. Why is Romania the only country of the Eastern bloc to be singled out for special aid? And again, does it make sense that oil-rich countries like Kuwait are still receiving benefit, although they need no benefit? We all know that it is quite stupid, and this list is a most meaningless list. Mr Sandri stated that about three-quarters of the aid goes to about 15 countries; so, by producing these lists, we are doing nothing other than pretending that we are helping countries that really need it. I therefore wish to protest. I hope that we will cease to produce these so-called excellent reports that mean nothing except rubber-stamping, something which is totally illogical and foolish.

My last point is that I want to protest that the Committee on Agriculture did not have an opportunity of considering this matter before the Committee on Development and Cooperation had made a final decision. It does seem to me to be very foolish indeed that we should go through the process of considering this matter in the Committee on Agriculture after the decision has been made in the committee responsible. We are doing too many foolish things out of habit, and I wish to protest most strongly, Mr President.

President. — I call Mr Haferkamp.

Mr Haferkamp, Vice-President of the Commission. — (D) Mr President, the report before the House has been most widely commended in the course of the debate and I can only join with Lord Ardwick in saying that this is not only a good but also an interesting report.

Many thanks for the report and also for the debate. The Commission fully appreciates the desires, the misgivings, the regrets and also the numerous questions that have again been voiced today on the subject. We accept and, in the course of our further work, will take account of what is said in the report and the motion for a resolution.

I should like to make a few comments on a number of points that were given special prominence in the debate. I shall begin with a few general remarks on development policy and on the part that customs preferences play in it. At the moment, leaving Lomé aside, these preferences are a cornerstone of our development policy. As offered by the Community, they concern more than 80% of the population of the developing countries. We should not lose sight of this relationship when we consider development policy as a whole, nor should we forget that despite the decisions of the European Heads of Government in 1972, the world-wide development policy of the Community is still not complete. In 1976 for example, we

provided, in addition to Lomé, a full 45 million u.a. in the way of technical and financial assistance. In the same year we spent a further 247 million u.a. on food aid, a considerable sum but one which, relatively speaking, cannot be considered as fully satisfactory. Customs preferences granted to the countries in question therefore assume a special significance and the reduction in customs revenue which they imply last year ran to approximately 300 million u.a. I do not wish to overvalue this effort but I think that the order of magnitude is not wholly without interest.

But I do not simply wish to point to those material aspects of the matter; discernible behind them is a Community attitude, the purpose of which is to allow the developing countries to break away from their traditional role as the suppliers of raw materials and assume that of a fully-fledged partner in international trade. I feel that we must keep this in mind, precisely in view of the economic and hence social difficulties that have been mentioned here today. It has been pointed out that these difficulties should prompt us to be cautious in a good many sectors. Here lay most certainly the limitations to the improvements we proposed in 1978 as against 1977. But to my mind, we should not make the mistake in a matter of this kind of foisting our difficulties on to others. I am most grateful for the remarks that Lord Ardwick made on behalf of the Committee on Economic and Monetary Affairs. I can do no more than endorse completely what he said. We must not forget at any stage that we are the world's largest exporter and that it is very much in our own interests that world trade should proceed smoothly. We must on no account run the risk of, say, preserving jobs in one sector through protective measures and having to lose disproportionately more in others as a result of realitory measures.

Nor must we make the mistake that is easily made when certain protective measures are taken, of involuntarily sliding into certain bureaucratic patterns of behaviour. We must do all we can to prevent bureaucracy from paralysing world trade. It cannot be our purpose to create more jobs for customs officials, licence administrators, certificate-of-origin inspectors, etc. by introducing protective measures. We must avoid a situation in which a system to meet certain perceived requirements for protection can be criticized as being too complicated, as the system of customs preferences so rightly was. Speaking quite generally I would say that if we had to introduce certain protective measures, then they should not be permanent but must be temporary. Their purpose must be to allow changes to be made, and these must then be carried through in compliance with Community and international rules and procedures. We must see to it that we achieve partnership of this kind, particularly with those countries with which we have generalized preferences.

Haferkamp

A few further comments on the question of selectivity which was so often mentioned in the debate. Since general preferences were introduced there has been an increasing tendency towards differentiation. There can be no doubt that we must draw the proper inferences from this fact, and I fundamentally agree with paragraph 8 of the motion for a resolution which calls for a comprehensive review of the countries that enjoy preferences. But I should like to point out in this connection that we have always set store by the GATT rules on most-favoured-nation treatment, which have not served the Community badly during the last ten, twenty years or so, and I should also like to remind you that the 1971 decision to extend preferences to all developing countries in the Group of 77 was a conscious political decision. It was clear even then that there were certain differences, that there were certain border-line countries that were closer to the industrialization threshold than others. The situation has evolved still further and we shall undoubtedly have to consider these differences and act accordingly.

But, in so doing, I believe we should bear one thing in mind: we cannot contemplate any short-term overnight changes, for we have commitments towards the countries to which we decided at the time to extend these preferences and have since done so. There is a certain obligation on our part. These countries have acted on the understanding that these arrangements were there for them to use. In some cases they have planned their investments accordingly, so that I feel that while we can agree on the principle that differences do exist or on the possibility of acting on them, we cannot possibly make any short-term changes but must think ahead to the medium term. But this does not mean that we shall wait awhile before doing the groundwork. The Commission would like to look into this matter during the period for which the preferences we have been talking about will apply, i.e. 1978 looking towards 1979, and I am sure that we shall be discussing this specific issue in this House, and especially with its committees.

A final word on the complexity of the system. I fully subscribe to the criticisms on this score that have been made here today. As far as the near future and what I a moment ago referred to as the medium term are concerned, we must give top priority to simplifying the system. This concern for simple procedure may perhaps lead us into contradiction when it comes to certain aspects of the problem of selectivity, for this could make matters complicated again. Generally speaking, however, these regulations and the preferences we offer will be meaningful only when what the report says about experts being the only people who can decipher and understand them no longer holds true. There simply must be an end to this situation, for those who are called upon to work with these regulations should not have to put up with high administrative costs, full-scale seminars and teaching aids in order to understand something that is intended to

help them. We are grateful for and shall take account of all the suggestions made on this subject in the report and in today's debate.

President. — I call Miss Flesch.

Miss Flesch, rapporteur. — (*F*) Mr President, I do not wish to speak on the substance of this issue but simply to draw your attention and that of the Assembly to a most regrettable typing error in the French text of the motion for a resolution, as a result of which paragraph 6 says the exact opposite of what it should. This paragraph should in fact read as follows:

6. Supports the arrangements proposed by the Commission according to which the poorest countries will not be required to reintroduce duties if they exceed the ceilings for semi-sensitive and non-sensitive products and considers this the only substantial improvement in the 1978 system of preferences;

President. — I call Mr Dalyell.

Mr Dalyell. — Mr President, I would just like to ask Mr Haferkamp a question arising out of his statement. He said that the Commission's policy was that we should not be protectionist and should not take protectionist measures in one sector. The question that I ask, on behalf of many people in the Community affected by this, is whether in fact the Commission makes a distinction between, on the one hand, the needs of developing countries and, on the other, the problems that we all have with Japan. In particular, I ask through you, Mr President, whether, when he returns, Mr Jenkins is intending to make a statement to this House on his Japanese visit in general and, in particular, any discussions that he had on this delicate and sensitive issue of Japanese dumping and consequent protectionist measures. I wondered if Mr Haferkamp could clarify this distinction and tell us whether, in fact, it is Commission policy to make such a distinction, and whether he will undertake to pass on to Mr Jenkins the view that some of us share that he should make a statement about his visit to Japan at the next plenary session on his return.

President. — I call Mr Broeksz.

Mr Broeksz. — (*NL*) Mr President, I am inclined to think that we should not let Mr Howell's unfounded plea go unanswered. I must point out that we received the opinion of the Committee on Agriculture, which does not mention the points he made, in our committee before Miss Flesch's report was approved at the end of last month. If Mr Howell has objections, he must adduce evidence and give examples. He said: why agricultural products? For the most part these are agricultural products which are not grown in Europe but come from other parts of the world. If Mr Howell considers that further industrial products should be added under numbers 25 to 99 he should say so and not simply make general pleas which lead nowhere.

President. — I call Mr Howell.

Mr Howell. — Mr President, I just do not understand what Mr Broeksz means when he says that the Committee on Agriculture had time to examine this, because the decision has already been made, — or so we were told in committee. However my main reason for getting up is to ask for an explanation from Mr Haferkamp as to why only one Eastern European country is included on the list. Could we have the historic explanation of that point?

President. — I call Mr Haferkamp.

Mr Haferkamp, Vice-President of the Commission. — (D) Mr President, I drew attention just now to the fact that the 1971 decision was taken on the basis of general considerations and therefore included all 77 developing countries. There have been further developments since. I think we cannot overlook the special interest shown by our partners. We have taken the action with which you are already familiar.

As regards the question of differentiation in respect of protective measures, especially in the case of Japan, I shall be pleased to inform Mr Jenkins of the interest which this House has in a report and debate on the matter. For the rest, it is my view that we must adhere to our general attitude on protectionism which is that, as Lord Ardwick pointed out, we must on no account lapse into the disastrous protectionism of the 1930s. But that can only be avoided if other countries continue to set store by free world trade. If protective measures are taken respecting certain rules and procedures and not on a unilateral basis, let us remember that we cannot in the long run hide behind protective barriers but must in the last resort be prepared to effect the necessary changes. That is particularly true of the Community as the world's largest exporter and also for a Community which must under all circumstances avoid an inward-looking stance. It must meet its commitments to the outside world.

These general considerations must be borne in mind after which specific decisions must be taken on our position *vis-à-vis* individual developing countries, industrialized nations and particular products. In this context we should also remember the debate in this chamber some time ago on the problem of dumping. We shall always take measures to maintain an orderly basis for international trade whenever necessary, following the rules laid down for this purpose.

President. — The debate is closed.

5. Regulation concerning a cooperation agreement between the EEC and the Lebanese Republic

President. — That next item is the report (Doc. 312/77) drawn up by Mr Martinelli, on behalf of the Committee on External Economic Relations on the

draft regulation of the Council of the European Communities concluding the cooperation agreement between the EEC and the Lebanese Republic.

I call Mr Martinelli.

Mr Martinelli, rapporteur. — (I) Mr President, the cooperation agreement between the European Community and the Lebanese Republic — afflicted by such serious troubles — represents the final component of the Community's overall Mediterranean policy. All the countries of the Maghreb — Algeria, Morocco and Tunisia — and Mashreq — Egypt, Jordan, Lebanon and Syria — together with Israel are now linked to the European Community by a wide range of accords which have gradually been extended and strengthened, thus creating important economic and political ties.

The sole exception to our links with the southern Mediterranean is the Libyan republic whose special economic and political characteristics are well known to all of you. As I said, agreements have now been signed with the Lebanese Republic later than with the three other Mashreq countries because of the tragic events in the Lebanon during the last two years which we hope can now be considered closed even if in recent weeks there have been further serious incidents which suggest that this tragic era in the history of the Lebanon may not yet be over.

The Lebanon was the first country of the Mashreq to conclude contractual ties with the Community when a non-preferential three-year trade agreement was signed between the parties 12 twelve years ago; that agreement already provided for a form of technical cooperation. It is worth noting also that this agreement only entered into force three years later because of the long process of ratification; when it expired on 30 June 1971 it was renewed on an annual basis.

That agreement consisted for the most part in the reciprocal granting of most-favoured nation treatment but did not extend to the advantages which the Community as such could have granted under a customs union or free-trade area; these were the first timid approaches by the Community to the third countries after the complex elaboration of the essential basic structures within the Community itself.

The agreement did not, however, live up to the Lebanese expectations; that country had hoped for a much more active broadening of trade and even the technical cooperation did not produce the hoped-for results. The idea of improving the 1965 agreement was therefore mooted; towards the end of 1972 the Community and the Lebanon thus concluded a preferential trade agreement for five years, with a view to the gradual introduction of a free-trade area between the two partners.

Martinelli

The European Parliament gave its full approval but the agreement never took effect because of the failure to obtain the necessary ratifications and relations between the Community and the Lebanon remained restricted to the old protocol of 1965 which was quite insufficient and non-preferential in nature, as I pointed out earlier. Over the years many things had changed in the Community which was gradually developing an overall policy of greater openness towards the third countries; many things had also changed in the Lebanon which saw a decline of its flourishing economy — dominated by the sectors of commerce, finance and tourism — as a result first of the war with Israel and then of a bitter civil war which created incalculable havoc in the country.

The negotiations opened with Egypt to replace the simple trade agreement concluded with the Community in 1972 and the opening of negotiations with Jordan and Syria which had not hitherto entertained any contractual links with the Community provided a stimulus for the conclusion of more broadly structured links with the Lebanon as necessitated by the new situation in the context of a harmonized approach to relations with the countries of the Mashreq.

Of course these agreements all have their specific characteristics and they differ — even if not greatly — through the varying importance and nature of the concessions in the agricultural and industrial sectors and also through the extent of financing provided; they reflect in short the economic and social differences of the contracting parties, although within the same spirit of association. Thus the present cooperation agreement with the Lebanon reflects the specific conditions prevailing in that country.

The Lebanon needs to rebuild its commercial and industrial structures and resume its traditional position in the Near East. The cooperation agreement now under consideration concluded for an unlimited duration — except of course for the financial protocol which expires on 31 October 1981, the date of expiry of all the financial protocols with the Mashreq and Maghreb countries — is global in its coverage, taking in all forms of technical and financial cooperation. The sectors of cooperation are indicated in a non-restrictive manner. In the trade sector, practically all the industrial products originating in the Lebanon benefit from 1 July 1977 from duty exemption on importing into the Community, including the products covered by a separate agreement — the sensitive products — and are not subject to any quantitative restriction on exporting, except for a safeguard arrangement for a limited period in respect of phosphate fertilizers and certain textile products which have been manufactured in the Lebanon for a great many years. The Lebanon will grant a measure of reciprocity on imports of products originating in the Community,

especially by application of the most-favoured nation clause.

In the agricultural sector a number of tariff concessions are accorded to the Lebanon, ranging from 40 to 80 % of the basic tariff on a range of fresh horticultural and fruit products; these concessions are of course subject to compliance with the Community's agricultural norms.

The evolutive nature of the agreement is exemplified by the general review clause — the first review being due to take place early in 1979 to apply from 1 January 1980, the next review following within no more than five years. Thus the partners will be able to systematically follow the progress of the agreements and it will be for the Cooperation Council — a specially constituted body consisting of representatives of the Community and its Member States as well as of the Lebanon — not only to watch over the operation of the agreement in the commercial sector, but also to define its basic orientation.

The financial protocol provides for assistance of various kinds to a total value of 30 million European units of account spread over the period ending on 31 October 1981. Considering the present conditions of the productive structures of the Lebanon, it will be seen that 30 million units of account are not a high figure and we already know that the Lebanon has requested a credit of 100 million units of account for reconstruction purposes to be used — according to the Lebanese request — progressively as the projects are implemented. It must, however, be remembered here that the Community has already granted food aid and urgent assistance to a value of 11 million units of account, and it should not be forgotten that all the applications for aid and support reaching the Community from a great many countries are so extensive that appropriate decisions can only be taken on an overall basis.

The cooperation agreement with the Lebanon cannot therefore be considered in isolation but only in relation to the other agreements with the Mashreq countries already approved by our Parliament which would in a sense be incomplete without approval of the agreement with the Lebanon. Like the other agreements which have already been discussed, the cooperation agreement with the Lebanon does not claim to answer all the problems arising between the developing countries and industrialized Europe — we have already considered the problem of the renewal of the generalized preferences for 1978 — but it certainly represents a new contribution to the stabilization of a 'key' Middle Eastern country.

The recommendation to the Member States to undertake as soon as possible the necessary ratification procedures for the entry into force of the cooperation agreement must not be considered a mere formality. Three years passed before the first agreement with the

Martinelli

Lebanon could be implemented and the following agreement, as I mentioned earlier, was not implemented at all because of the failure to ratify it, thus nullifying the patient work of negotiation; for this reason, on the very same day when the acts were signed, an interim agreement came into force covering commercial provisions so as to allow the immediate application of the specially favourable arrangements for access to the common market of products originating in the Lebanon.

In conclusion, I would ask Parliament to approve the cooperation agreement and the financial protocol between the Community and the Lebanese Republic for the reasons which I have tried to outline briefly.

(Applause)

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

Lord Brimelow. — Mr President, Mr Martinelli has made a lucid and constructive report for the Committee on External Economic Relations, and I am glad to have this opportunity of being the first to congratulate him on the excellence of his work and to express our thanks. We are all very much in his debt.

I hope that I am not exposing myself to contradiction when I express the belief that all the Members either taking part in this debate or listening to it have feelings of deep sympathy for the people of the Lebanon in the times of trouble through which they have been passing, and that we shall all be glad if the early implementation of this cooperation agreement helps in the process of economic recovery in the Lebanon. For this reason my group is in complete agreement with the motion for a resolution which accompanies Mr Martinelli's report where it welcomes the cooperation agreement in paragraph 1, and in paragraph 4 recommends that the procedures necessary for this agreement to enter into force should be completed as soon as possible so that it can be fully implemented.

We think, however, that paragraph 6 raises two broader issues, which should not be lost sight of. If I mention them, it is not with the hope of broadening the debate beyond the scope foreseen in the agenda for today, but in the hope of eliciting comment from the Commission. Paragraph 6 states:

Considers it desirable, for the implementation of the policy set out in this cooperation agreement, for a permanent delegation from the Commission to be set up in Lebanon.

The first of the broader issues raised by this recommendation is the question of even-handedness in the approach by this Community to the subject of relations with the State of Israel and relations with its Mashreq neighbours. The subject is not mentioned in Mr Martinelli's report, but it is mentioned in the letter which Mr Bertrand, as chairman of the Political Affairs Committee, addressed on 17 May to Mr Kaspe-

reit. He there spoke of the importance of non-discriminatory relations with the States involved in the Arab-Israeli conflict. Now, this report deals only with the Lebanon and therefore only mentions the question of establishing an office in the Lebanon, but the issue has already come up the other way round, and when we were discussing this question in the Committee on External Economic Relations, one of the Commission representatives present did say that the Commission was conscious of this obligation to be non-discriminatory and even-handed. But the proceedings of committees are not public. I hope that the Commission will be able to say in public, in this Assembly, that its intention is to be non-discriminatory and even-handed when it comes to consider what action should be taken in accordance with this recommendation.

The second point is more general still. It is this: is it desirable or necessary that every time the Commission concludes a cooperation agreement, a permanent delegation should be set up in the State concerned? This is a broad issue affecting the budget, affecting the expenses of the Community, but every time, on the basis of an individual report, the Parliament makes a specific recommendation for the setting-up of an office we are creating a precedent for the future, and the general question is not being considered, and as far as I know it never has been considered. I am not trying to provoke a debate on the general issue today. I merely hope that the Commission will express its opinion when it comes to reply.

Lastly, paragraph 8 calls on the Commission and the Council to give consideration to the request from the Lebanese Government for the granting of 100 million u.a. credit for the reconstruction of the country. I think it would be helpful to this House, before it comes to vote, to know where we stand on this subject. That, Mr President, is all I have to say on behalf of my group.

(Applause)

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

Mr Ripamonti. — *(D)* Mr President, may I begin by congratulating Mr Martinelli most warmly on his brilliant introduction to the report and on the arguments put forward in support of cooperation with the Lebanon with a view to promoting the development of that country and to consolidating the relationship of cooperation and the economic and cultural ties which have existed from time immemorial between the countries of Europe and the Lebanese Republic.

It should be noted — as the rapporteur has done — that the agreement with the Lebanon forms part of the Community's Mediterranean strategy based on commercial and development cooperation agreements which are complemented by the financial protocols.

Ripamonti

We have perhaps never looked in sufficient detail at these aspects of Mediterranean strategy whose importance is amply evidenced by the overall amount of aid to the Mediterranean countries. This aid consists of loans from the European Investment Bank (1 113 million units of account), special loans from the Community and outright grants (662 million units of account). In the specific instance of the Lebanon, the aid is distributed as follows: 20 million units of account by way of loans granted by the European Investment Bank, 2 million units of account in the form of special loans from the Community at an interest rate of 1 % and 8 million units of account by way of outright grants intended primarily for interest rebates on EIB loans. Of these 8 million units of account in grants, 5.6 million units of account are intended for interest rebates and only 2.4 million for the financing of intervention projects. These figures seem to me fairly low in relation to the real needs of the country.

On the basis of the opinion of the Political Affairs Committee annexed to the report, the rapporteur has rightly stressed, in paragraph 8 of the motion for a resolution, the need to take into consideration the Lebanese Government's request for an extraordinary loan of 100 million units of account intended for the reconstruction of the country in the tragic situation facing the Lebanon after the bloodbath brought about by a fratricidal war which has not yet come to a complete end. Only if this extraordinary loan is granted will it be possible to speed up the reconstruction and lay the basis of the civic, economic and social renewal of the country. I hope that the Commission, in its reply today, will indicate what action has been taken so far on the application for this loan.

The rapporteur also pointed out the need for this agreement to be concluded and brought into force rapidly — may I remind you in this connection that the agreement with the Lebanon not only concludes the global agreement with the Mashreq countries but also brings to a close the whole programme of the Mediterranean strategy; at this part-session we shall also be approving the financial protocol with Turkey. I hope that the ratification procedures will not take too long on this occasion, as was the case with a previous preferential agreement which was signed on 18 December 1972 for five years but did not take effect because it was not ratified in time by the Member States.

On the subject of ratification the Committee on Budgets has made certain observations; it is true that the rapporteur has mentioned in his preamble the opinion of that committee. However, it seems to me that the Committee on External Economic Relations has not looked in detail at the proposals made by the Committee on Budgets, no trace of which is to be found in the motion for a resolution. And it is a matter not merely of proposals made by the Committee on Budgets, but of decisions already taken

by Parliament. Thus it is that the resolutions in which the Parliament gives its approval to cooperation agreements do not contain the same proposals as regards ratification. I would remind you that in the debate on the adoption of the Financial Protocol relating to the commercial agreements with Greece, the Parliament approved by an overwhelming majority an amendment which departed from the opinion of the Committee on Budgets and held that it was not necessary for the Member States to ratify cooperation agreements. The Parliament considered that the ratification by all the Member States of agreements on financial cooperation was not required by Article 238 of the Rome Treaty; today the need for such ratification is even less apparent in that the appropriations for cooperation are directly entered in the budget of the Community.

I would ask Parliament to consider this aspect because the ratification procedures are, as is well-known, very cumbersome and take a great deal of time, thus reducing the conjunctural and structural effectiveness of the aid which we are wishing to approve.

I want also to draw the attention of members to the consultation procedure. We are consulted after the signature of the agreements: when we come to consider them they have already been defined as regards the loans to be granted by the European Investment Bank, the special concessions by the Community and the outright grants of aid. We are thus faced with a *fait accompli* although it is my belief that the Parliament should already be consulted when the strategy for cooperation with the Mediterranean countries is being laid down so that Parliament can make its own due contribution to the development of that strategy.

I hope then that we shall soon see the full application of Article 238 of the Treaty under which these agreements are to be concluded by the Council acting unanimously after consulting the Assembly; in that case ratification is no longer necessary. This would meet the urgent need as in the case of the Lebanon for application of the Financial Protocol in addition to the commercial agreements which, as is well-known, will take effect immediately on the basis of the interim agreement.

I hope then that in future there will be closer consultation between the Parliament, Commission and Council.

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

Mr Cifarelli. — (I) Mr President, may I first express my warmest appreciation to the rapporteur, Mr Martignelli, who has explained the significance, the background and the implications of this agreement in such lucid terms.

May I also stress that I endorse the views and suggestions put forward by Mr Ripamonti in respect of the particular details with which he dealt.

Cifarelli

Mr President, ladies and gentlemen, trade agreements are sometimes camouflaged as cooperation treaties in order to evade the provisions of GATT. That is certainly not the case on this occasion.

If there is one country which needs properly structured external aid for its own reconstruction, that country is certainly the Lebanon. We have discussed the situation of the Lebanon on many occasions in anguished tones and with a measure of criticism in this Chamber and I would say that, without drawing political inferences, it may be significant that three Italian colleagues in addition to the rapporteur are speaking today on behalf of the political groups. This means that a country which is as close as Italy to the Middle East may well be more conscious than others of the Lebanese tragedy of yesterday and the hopes for the Lebanon of tomorrow, as well as the tasks facing the country today.

The traditional links between the Community and this unfortunate country make it necessary for the Community to do all that it possibly can and remain in the forefront of a humanitarian, political and social action.

The Lebanon has always been a peaceful advanced base of Europe on the road to the Middle East as is confirmed by the fact that a great many of our banks are established in Beirut, even though the dramatic events of recent years have caused the economic operators to transfer their activities from there to other countries — especially to Athens.

Ladies and gentlemen, a cooperation agreement cannot be confined to the mere reduction of tariffs or the creation of a free-trade area but implies more highly structured links in the area of technical, economic and financial cooperation. The cooperation agreement signed on 3 May makes provision for these sectors too. The Community undertakes to participate in the industrial renewal of the country, to invest in the sector of production and conversion of mineral resources and to participate in technological development through an adequate policy for the transfer of know-how.

Above all the Community will be able to help the Lebanon in the modernization and development of its agriculture. As to financial cooperation, we all know that the Community has already set aside 310 million units of account and the financing will be effected largely through the European Investment Bank. But even if this amount is added to the food aid in the order of 12 million units of account delivered in 1976, it is manifestly insufficient to meet the enormous requirements which exist at present. In the light of the Commission's specific commitment to contribute actively to the reconstruction of the Lebanon, a positive response should be given to the formal request for extraordinary aid to a total of 100 million units of

account. From this point of view we fully agree with the proposal of the Committee on External Economic Relations.

The external prestige of the Community, which is a great underlying asset of our Community, will derive great benefit from such action. Moreover the economic situation of our countries, despite inflation and the recession, has not deteriorated to such an extent as to make this an intolerable burden for any of them.

The Community which is playing a praiseworthy role in the development of the Third World countries under the Lomé Convention and has made a valuable contribution to Portugal at a time when that country's economy was in a parlous state, is bound to be sensitive to the urgent nature of the problems facing the Lebanon and will therefore not be slow to make a substantial contribution; at all events the group on whose behalf I am speaking is strongly hoping for decisions to this effect.

The political importance of the official visit made by the Commissioner, Mr Cheysson, recently to the Lebanon deserves to be stressed here. He will certainly have become aware of the contradictions which the cooperation agreement hides at present: on the one hand the Community is offering the Lebanon something which it cannot use, namely the opening of the Community market to Lebanese exports which are obviously very weak given the structure of the country and the havoc wrought by the civil war; on the other, we appear hesitant to offer a conspicuous contribution to the reconstruction of the country — and this is as important to the Lebanon as the very air we breathe.

To put it bluntly, we are either generous or not. In this particular instance generosity is an obligation. All these petty negotiations can be debasing and must be swept aside. The Commission is offering 50 million units of account: we do not agree. We consider that the request for 100 million must be accepted. We also believe that the proposal to use the residue of the amount available for EIB external action may be an adequate short-term measure, but there can be no doubt that the 20 million units of account in question must be backed up by a second and more important contribution resulting in an increase in the capital of the Bank.

At the economic level, Mr President, the situation of the Lebanon today shows structural shortcomings: a high rate of development of the tertiary sector — as the rapporteur stressed — coupled with a low degree of industrialization (employing barely 10% of the active population) and a catastrophic situation in agriculture where 50% of the active population cultivates only 26% of the agricultural land.

Cifarelli

This situation obviously places the Lebanon at the mercy of political crises. The 1971 development plan is therefore being taken up again and supported, the aim being to attain a healthy balance between the different sectors and the promotion of the development of the backward regions. This aspect must be the cornerstone of the practical implementation of the cooperation agreement. Financial aid and productive investments in particular must stimulate a further development of Lebanese agriculture. May I, as an Italian, stress that while certain agricultural sectors, such as citrus fruits, olives and tobacco, constitute factors of potential competition with Italian agriculture, there is no real problem of competition as far as individual products are concerned. What is called for here is an overall view of the Community's agricultural policy and the policy of Community preferences in relation to all aspects of Mediterranean policy.

Quite apart from the humanitarian and social arguments, there are sound political reasons for eliminating all hesitation from our action.

Just now the colleague speaking on behalf of the Socialist Group pointed out our obligation of non-discrimination in relation to all the Maghreb and Mashreq countries and above all the State of Israel.

I am particularly receptive to that argument. But I consider that our special attachment to a country which was on the verge of political death and even of physical extinction in some of its regions, cannot be treated as a form of discrimination against other countries. But we must take all the necessary safeguards to see that this principle is not defied. I believe that the permanent presence of the Commission in the Lebanon on behalf of the Community is an important factor, as are the links to be developed with the Lebanese Parliament — a Parliament whose Members, as we know, were convened with great difficulty under the protection of tanks and at the risk of being massacred in a city of Beirut which had become a battlefield. In our eyes the Lebanon occupies a strategic position, not only from the economic angle, but because our energy supplies use oil pipelines which pass through the Lebanon from Saudi Arabia and Iran, and above all because it is a key country in the Middle East and we must see to it that we lose none of our influence in that area.

We therefore welcome the signature of this agreement which we hope will soon be ratified; we hope too that the agreement will already take immediate effect now.

The fire is brooding under the ashes and a disastrous civil war is still just round the corner. The peaceful coexistence of the Christians and Muslims and between the various factions on both sides, sometimes seems so ephemeral as to be liable to collapse at the slightest obstacle.

I therefore think that we should see this agreement, on which we look with favour, as an element of peace and a constructive factor in Mediterranean policy; that is the fundamental point we want to stress here in the certainty that anything which contributes to pulling up out of uncertainty and anguish a country like the Lebanon with its great history and prospects of civilization, can only help to consolidate that fundamental undertaking in the Middle East which is to establish freedom and independence for all peoples in a state of constructive and far-sighted peace.

(Applause)

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

Mr Galluzzi. — *(I)* Mr President, we too consider the agreement with the Lebanon to be of great importance, as the rapporteur has stressed here today and in his report. We consider it important for two essential reasons: firstly, because the agreement with the Lebanon confirms in our view the determination of the Community to extend and develop its relations with third countries and pass from essentially short-term ties to links of a more substantial medium-term nature. This implies a transition from simple tariff concessions or regulations to technical cooperation which is a key factor for the economic development of the European Community itself.

Secondly, because, as the rapporteur has pointed out, this agreement with the Lebanon is the final element — even if only the beginning of practical cooperation — in the global approach on which the latest phase of the Community's Mediterranean policy has been based, an approach which we consider essential not only to strengthen the ties between the Community and third countries, but also to overcome the crises and problems of the Community itself. The present crisis which is the result of certain real, objective limits to the process of integration, can be overcome only if the Community becomes more open to third countries, to the Third World and in particular to the Mediterranean area.

These general considerations, which mean that we shall approve the motion for a resolution, must not, however, make us forget the need to take account of two concrete factors without which we can only speak in general terms divorced from the reality of the subject.

The first factor to be borne in mind is the specially dramatic situation of the Lebanon itself, a country which has only just emerged from a terrible civil war and is in a state of general destruction which makes decisive aid from the Community vital. Given that situation, let us consider the amount of the funds made available. Admittedly the appropriation for finan-

Galluzzi

cial cooperation, amounting, if I am not mistaken, to 30 million units of account, demonstrates the resolve of the European Economic Community to intervene rapidly, not only on the basis of an overall design but also to help to overcome this extremely serious situation.

However, let us be clear in our minds that 30 million units of account are not enough to provide significant aid for the reconstruction of the Lebanon. As Mr Ripamonti pointed out, these 30 million units of account are, if I am not mistaken, to be spread over three or four years between 1977 and 1981, thus obviously diminishing the impact of this financial aid. We must also remember that the Financial Protocol requires, as Mr Ripamonti said, ratification so that in all probability this will prevent the financial aid from actually being used as has already happened on so many other occasions, for example in connection with the Financial Protocol for Turkey which we shall also be debating this week. I have looked into the question of Turkey and found that the 47 million units of account made available in 1973 have never been used — although four years have now passed!

To sum up, allowance for the special situation facing the Lebanon means in the first place recognizing the low total of the appropriations earmarked in relation to the country's needs. Then again it seems to me that we should put an end once and for all to the problem of ratification of the financial protocols which conflicts with Article 238 of the Treaty; these protocols are an operational reflection of a political decision already taken and approved by all the Member States, so that the ratification procedure is simply a way of delaying application of the decisions. As Mr Ripamonti reminded you, I myself tabled an amendment during the debate on the second Financial Protocol with Greece; perhaps the mistake we then made was to be insufficiently explicit in seeking a formulation which made no mention of ratification. We should now seek a further amendment stating clearly that financial protocols do not require ratification. I think that the general feeling in Parliament is that ratification should not be necessary, and the answers by the Commission and Council seem to confirm this view.

If we want to respond seriously to the situation which exists today in the Lebanon by providing genuine and effective aid for the country's reconstruction, we must recognize that 30 million units of account are very little indeed; then too we must get round the need for these ratification procedures and also grant — as Mr Cifarelli said — the Lebanese Government's request for additional aid amounting to 100 million units of account.

I would add a further point on the second factor which I think we must bear in mind if we intend genuinely to facilitate a solution of the Lebanese

problem and help that country to reconstruct all that has been destroyed — remembering too that a new armed conflict is looming on the horizon or even already under way in some parts of the country. The second factor to which I refer is political — our relations with third countries, with the Arab countries and the whole question of a global approach to Mediterranean policy; we cannot escape these problems and I want to take the opportunity of this debate to draw the attention of the Commission and Council to them.

I do not think I am digressing from the subject, because this problem was also raised in the letter from the Political Affairs Committee signed by Mr Bertrand. Our experience of the dialogue between Europe and the Arab countries has shown that there is an indissoluble link between the economic and political aspects of the dialogue — the political aspect being the search for a peaceful solution to the Middle Eastern problem; but this link which has become a historical fact has been made even more dramatic by the present situation. In discussing the problem of the Lebanon, that is to say of a country which is at the epicentre of the Middle Eastern conflict, we cannot forget that we have reached a turning point and that through the intervention of the United States and the Soviet Union, a solution has been put forward to the Middle Eastern problem which, to a greater extent than financial aid or material assistance, may perhaps guarantee the peaceful development of the region. But this proposed solution is meeting with stiff resistance from Israel and the United States.

The Commission, the Community and Parliament cannot lose this opportunity to state clearly — and thus perhaps help a little those who at this very moment are trying to bring peace to this troubled region — that the problem remains that of the withdrawal of troops from the occupied territories and that of the elimination of a two-fold refusal: the refusal by Israel to recognize the legitimate rights of the Palestine people and the refusal of the Arabs to recognize the rights of the State of Israel.

I think that this problem needed to be mentioned, without going into detail on this occasion, because it is a yardstick by which we can measure not only the determination of Parliament and of the Community to intervene in such situations and carry forward a policy of new relations with the peoples of the Third World but also the Community's effective capacity to act independently and intervene on the major political issues.

(Applause)

President. — I call Mr Haferkamp.

Mr Haferkamp, Vice-President of the Commission. — *(D)* Mr President, after the unanimously positive views which have been expressed in this debate, I can

Haferkamp

be brief. We owe a debt of gratitude to all the different committees which have given their attention to this matter and in particular to the rapporteur. You have shown the political importance of this agreement, in addition to its economic aspect. You have mentioned that it is the last in a series of agreements concluded by the Community with countries of the Middle East in the context of its global Mediterranean policy; we have thus completed a network of bilateral accords aimed at establishing uniform and balanced relations with all the countries hit by the Middle-East conflict. The political importance of this agreement has been made clear in this chamber. We hope and are confident that the development of trade and economic relations will make an important contribution to the economic development of this part of the world and hence help to improve the overall climate in which a lasting peace may be established and flourish.

We are pleased that, after all the difficulties, it proved possible to negotiate the agreement quickly and we must now see to it — here I want to stress yet again the point made by previous speakers — that this agreement takes effect as soon as possible. We know all the discussions that surround ratification. I think we should lose no further time on such preliminaries. This is a mixed agreement and in our view ratification is therefore necessary. Let us therefore see to it that the ratification procedures are carried through as quickly as possible; here we give our firm support to paragraph 4 of the motion for a resolution and hope that the national parliaments will also show the resolve and desire to effect rapid ratification.

However, we shall not stand idly by and wait for ratification. We have already heard from the rapporteur that the trade component of the agreement is being applied since 1 July on the basis of an interim agreement. I can state here that the Commission has begun its preparatory work with a view to joint action in the context of economic cooperation. The preparations are under way and we hope too that with the Lebanese authorities we shall be able to identify suitable projects for Community financing by the end of the year. As you can see, we are trying to make practical progress.

A word now on the subject of immediate aid. The Commission fully supports paragraph 8 of the motion for a resolution. The Commission has endorsed the Lebanese application. Examination of the application has now reached a very advanced stage and we can expect a final decision to be taken in the very near future. That decision rests with the Board of Governors of the European Investment Bank and I cannot anticipate its decision here. But I can say that a decision can be expected in the very near future. We consider that the psychological and political importance of rapid action is as significant as the material substance of such action.

Lord Brimelow raised the question of delegations and made a number of observations. I have this to say on the subject:

Firstly, the Commission has proposed to the Council of Ministers that such delegations should be sent to all the Mashreq countries and also to Israel.

Secondly, a general review of all the Commission's foreign representations has been under way for some time now. As you know there are different kinds of representation connected for example with the Lomé Convention and cooperation agreements. Other delegations are responsible for general external relations, while still others are in charge of press and information activities. I have strongly advocated an overall review so that the Community's external representation and our relations with the outside world in general can be based on optimal, coordinated action.

(Applause)

President. — The debate is closed.

The proceedings will now be suspended until 3.00 p.m.

The House will rise.

(The sitting was suspended at 12.50 p.m. and resumed at 3.05 p.m.)

IN THE CHAIR : MR COLOMBO

President

6. Petitions

President. — At its meeting of 23 September 1977, the Committee on the Rules of Procedure and Petitions considered Petition No 14/76 by Mr L. Bodson and 147 other officials of the European Parliament on the granting of an accommodation allowance, and decided that it should be filed without further action.

I have received from Mr Roy Bradford, Mr Terence Tracey, Mr A.N. Cresswell and the mayors and chairmen of all 26 district councils in Northern Ireland, a petition on an EEC Information Office in Belfast.

This petition has been entered as No 14/77 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. Welcome

President. — I have pleasure in welcoming a delegation from the Knesset led by its President, Mr Yitzhak Shamir. This is the first such visit following Parlia-

President

ment's recent decision to set up regular annual contacts with the Knesset, and gives concrete form to the decision taken by Parliament two years ago to further such ties.

I am sure we all hope that the visit by the Israeli delegation will help to strengthen relations with Israel, as well as clarifying problems of mutual interest and enabling us to show our support for immediate and fruitful negotiations for a just and lasting peace in the Middle East.

On behalf of all Members of the European Parliament, I warmly welcome the delegation and wish it every success in its work.

(Applause)

8. Question Time

President. — The next item is questions to the Commission, the Council and the Foreign Ministers meeting in political cooperation, pursuant to Rule 47A of the Rules of Procedure (Doc. 308/77).

I ask Members to put their questions in accordance with the provisions of that Rule.

We shall begin with questions to the Commission. I ask the representative of the Commission responsible to answer the questions and any supplementary questions that may be put.

As its author, Mr Cousté, is absent, Question No 1 will receive a written answer.¹

Question No 2, by Mr Howell :

Is the Commission now in a position to outline its proposals on phasing out the green currency system following discussions with the Council and will the Commission now state by what date it is hoped that the green currency system will be eliminated?

I call Mr Burke.

Mr Burke, Member of the Commission. — In view of continual monetary instability, the Commission finds it, for the time being, difficult to foresee the elimination of the green rates. However, the Commission has proposed a permanent adaptation of monetary compensatory amounts involving a reduction in the difference between green rates and market rates. Modifications to this proposal are being prepared for the end of this month, as announced by the Commission at the meeting of Coreper in May.

Mr Howell. — I fully realize Mr Burke's difficulty in answering this question in place of Mr Gundelach, but does he realize that this answer is totally unsatisfactory and that it is necessary, if we are to maintain any pretence of a common market or a common agricultural policy, that some definite date should be decided by which the green currencies will be phased out?

Does he realize the tremendous disadvantage at which farmers in some Member States are operating, especially in the United Kingdom, and does he realize that German farmers are getting over 50 % more for their wheat than British farmers, despite the fact that British farmers have to pay the same prices for machinery and for fertilizers? This really cannot go on. We are neither in nor out. We have got an interminable transition period, and I believe that we must concentrate our minds on this matter. We are talking now about widening the Community. How on earth can we widen the Community when we have not finished the transitional period from the previous widening? I would ask the Commissioner to convey to Mr Gundelach the real urgency of this matter.

Mr Burke. — I share some of the sentiments expressed by Mr Howell in this regard and will certainly convey to my colleague the request formulated in the latter part of his supplementary.

Mrs Ewing. — Is the Commission aware that the National Farmers' Union of Scotland supported entry into the common market, but that they are now deeply resentful at the operation of a policy which allows a 30 % gap between the value of the green pound and the value of sterling? Is it aware that the feeling of members of the National Farmers' Union of Scotland is one of cynicism at the whole question of whether the CAP is an operable policy, because it is this policy that allowed, for example, potato growers to make phenomenal profits in one year? There appears to be no possibility of long-term planning for an industry which is really vital, not only in Scotland and the UK, but in the whole world.

Mr Burke. — The Commission has continually stressed that the system of monetary compensatory amounts is a transitional instrument to maintain the machinery of the common agricultural policy in operation in the presence of monetary disturbances. The Commission has always insisted that the MCA's should be temporary, and should not become a permanent feature generating distortions of competition.

The should serve only to prevent short-term fluctuations in exchange rates from immediately affecting agricultural prices expressed in national currencies. It is in line with these principles that the Commission, last October, sent a proposal to the Council concerning the long-term measures to be taken in the field of MCA's, and it is in this context that the Commission hopes to submit further proposals on this subject later this month.

I can therefore agree with the sentiments expressed by Mr Howell; the Commission also shares the view that these disparities should be phased out with time.

¹ See Annex.

Mr Kellett-Bowman. — I want to underline very forcefully the remarks of my colleague, Mr Howell. I wonder if the Commission realizes just how desperate is the situation of, in particular, the beef and pig herds in my country, where slaughtering is going on at an alarming rate. In the very near future, in a matter of a few years, there will be no beef herds left in the United Kingdom. There will scarcely be a pig herd either, unless rapid action is taken. We know that it will have to be done gradually over a period of years, or possibly over a period of 18 months, but we must make a start before our beef and pig breeders go out of production altogether.

Mr Burke. — It is precisely because the Commission is aware of the difficulties referred to by Mr Howell and Mrs Kellett-Bowman that our new proposals will go forward as a realistic effort to reduce the disparities which now exist. I do not wish to repeat what I have already said: it has always been Commission policy to reduce these disparities. I have taken note of the honourable Members' views and will convey them to my colleague.

Mr Hamilton. — Can the Commissioner tell the House what the reaction of the consumers' associations is on this matter? Is he aware that they will be very sceptical and very critical of the remarks made by Mr Howell and Mrs Ewing to protect the interests of the farmers, as opposed to those of the consumers?
(*Applause from certain quarters — Protests from Mrs Kellett-Bowman*)

Mr Burke. — As the Commissioner responsible for consumer affairs, I am personally aware of the points being made by Mr Hamilton. He will realize that I have been speaking on behalf of my colleague. But we should also try to bear in mind that one object of the common agricultural policy, as is stated in Article 39 of the EEC Treaty is 'to ensure that supplies reach consumers at reasonable prices'. We in the Commission share this point of view, and we will express a balanced view in the proposals that we put forward.

President. — Question No 3, by Mr Cifarelli:

Has the Commission considered producing a coordinated and comparative History of Europe for schools, the need for which has often been raised in Community discussions and is, particularly acute on the eve of elections by direct universal suffrage to the European Parliament, to help to put an end to the prejudiced and distorted picture of the history of the peoples of Europe held, in particular, by many young people in the Nine; if so, can the Commission indicate how far preparatory work has gone?

Mr Haferkamp, Vice-President of the Commission. — (D) The Commission is trying by various means to promote the European aspects of history teaching. Through its information campaign for universities — based on the Kreyssig Fund, named after a member of

this Assembly at whose initiative the fund was set up in 1959 — the Commission is constantly and intensively promoting documentation, the training of teachers and above all cooperation between the authors and publishers of school text-books. A number of history books have now been published which present national history in a European context. As to the publishing of a single coordinated and comparative European history book, that would scarcely be feasible at present, given the wide range of syllabuses, teaching methods and teaching facilities in Community schools today.

Mr Cifarelli. — (I) I do not like the Stalinian idea of tailoring the pages of the encyclopaedia to political events. I tend to believe rather, with Lao Tse, that every argument can be presented in three ways: mine, yours and the true way.

I therefore ask the Commission whether it has encouraged cooperation with the Council of Europe and what use it intends to make of the work of the International School Textbook Institute in Braunschweig, directed by Professor Georg Eckert.

Mr Haferkamp. — (D) On the basis of our work we shall gladly give further attention to the activities suggested by the honourable Member.

President. — Question No 4, by Mr Blumenfeld:

Can the Commission state what steps have been taken to implement the customs remission on citrus fruit imports into the six original Member States which is at present 60% but which, in accordance with the promises made at the signing of the May 1975 agreement between the EEC and Israel, should from October 1977 be brought into line with the 80% customs tariff reduction already in force in the United Kingdom, Ireland and Denmark?

Mr Burke, Member of the Commission. — The Commission, by letter of 24 August 1977, transmitted to the Council a communication in which it considered that the conditions exist for an extension to all Member States of the Community of a reduction of 80% for citrus fruits from the beginning of the marketing season 1977-1978 and requested authorization to enter into negotiations with Israel, Egypt, Jordan, Lebanon and Turkey for an improvement of the Community's tariff concessions for these countries. This communication is being examined by the appropriate bodies of the Council.

Mr Blumenfeld. — (D) I thank you and hope that the responsible bodies in the Council of Ministers will take action on Mr Burke's reply.

Since Israel is not only an exporter of oranges and lemons but has also acquired great experience of matters such as irrigation, desalination or solar energy — to name only a few examples — which may be important to the Community for its work in the developing countries, I would ask the Commission

Blumenfeld

whether it intends to work also on the problems and activities in cooperation of the kind envisaged in the agreement between Israel and the Community. Is the Commission prepared to work as actively here as on the question I put originally and to which Mr Burke replied?

Mr Burke. — I am glad to be able to tell Mr Blumenfeld that cooperation in this area is desired by the Commission and by the Community and, in fact, a working group in this context of cooperation will meet somewhere between now and the end of the year.

Mrs Dunwoody. — Is the Commissioner aware that in fact this is a field in which he could do some positive good for the consumer? Israel produces very high quality fruit and vegetables at a time when they are not available in Europe. It would be a very good thing if this trade could be expanded, not only because Israeli fruit is widely welcomed inside the Community, but because it is in fact marketed at very reasonable prices. Indeed, if some other agricultural producers were able to put goods on the market at the same viable rates they would be as welcome to the British housewife.

Mr Burke. — As I indicated in my answer, the Commission has put forward a proposal for an improvement in the common external tariff in relation to these countries, and that will be one way in which an improvement could be effected. In regard to the wider question raised by the honourable Member, I am sure that that can be drawn to the attention of the responsible departments and I certainly undertake to do so.

Mr Bertrand. — (NL) Israel is the only Middle Eastern country to grant important tariff concessions to the Community in the context of free trade between the Community and Israel. Israel is today a very important market for the Community since in 1976 Community exports to that country totalled US \$ 1 772 000 000 while Israeli exports to the Community represented only US \$ 886 million. This means that Israel has a trade deficit of US \$ 885 million with the Community. That is not a healthy relationship and since the supplementary protocol of 8 February 1976 provides for a positive evolution of cooperation, ways must be found of at the very least cutting this deficit substantially; can the Commission therefore indicate what immediate measures it is envisaging to find a positive solution to this problem and through what projects it purposes to attain this aim?

Mr Burke. — It is true, as the honourable Member has indicated, that these tariff matters are as he says. This is in the context of the agreement between the EEC and Israel, and I am glad to be able to tell the honourable Member in Parliament that matter will be re-examined after 1 January 1978.

President. — Question No 5, by Mr Osborn:

In view of the fact that the Commission's power to grant derogations to Member States in respect of Reg. 1463/70 ceases at the end of this year, what steps does the Commission intend to take, and when, to ensure that the UK and Ireland are no longer in breach of this Regulation?

Mr Burke, Member of the Commission. — The Commission's powers under the Treaty of Accession to allow the new Member States to take protective measures against serious economic difficulties, were not used in connection with the tachograph, Regulation No 1463/70. Although three new Member States applied for and received deferrals until the end of this year for the social regulations in road transport (543/69), no such derogations were granted in respect of Regulation No 1463/70. Ireland applied for a deferral of Regulation No 1463/70 but this application was rejected. Denmark has already introduced the necessary national legislation to implement the tachograph. The United Kingdom has neither applied for a deferral nor implemented the tachograph as the EEC regulation requires. The Commission is giving close attention to these matters, and I hope to be in a position to make an announcement in the fairly near future.

Mr Osborn. — While thanking the Commissioner for the tactful way he has given his reply, may I ask him whether he is aware that there are rumours in international press that he may be considering taking certain new members, if not old members, to Court over the application of these directives? This would certainly be unfortunate at the time of direct elections and would stir up opinion against the Community and the powers of the Commission. Is he also aware that in my country, for instance, the Royal Society for the Prevention of Accidents, as well as many operators and drivers, see this as a useful means of ensuring safety and as an instrument of management and a means of looking after drivers' interests. But to make it mandatory too soon would have disastrous results, and I therefore very much hope that conciliation will continue to apply after the five-year limit.

Mr Burke. — In reply to the honourable Member and in thanking him for the tactful tone of his supplementary, in response to what he described as my tactful answer, I think that this is the spirit in which one should try and proceed. Nevertheless I would have to be realistic in informing Parliament that if concrete signs are not fairly soon evident, then I am bound, as is this institution in its own way, by rules which I must carry out in order to fulfil the mandate which I understood at the beginning of this year.

Mr Evans. — Will the Commissioner accept that the United Kingdom and Ireland have real and very serious difficulties in relation to the implementation of Regulation 1463/70? Indeed in some respects it is impossible for the United Kingdom to adopt the regulation by 1 January 1978. Will he accept that a

Evans

compromise must be found which will allow the United Kingdom and Ireland further time to adjust their road transport industries to this regulation? Otherwise an utterly unnecessary crisis will be created. Will he therefore consider introducing an amended version of the original regulation which would allow a further limited derogation?

Mr Burke. — In reply to the last part of the honourable Member's supplementary, in which he invites me to give an indication of my willingness to amend the regulation, he would obviously understand that I, speaking personally, could not commit my colleagues in the Commission, to any action simply in answer to a supplementary question of this nature. What he has asked me of course will be taken into consideration in conjunction with all the other aspects of the matter. But I would like to point out to the honourable Member that, as he already knows, we have been patient in dealing with this matter. We have tried to use all our influence with the two countries mentioned to see that the regulation is implemented and I just simply do not know what further steps are open to me other than the continuation of my existing patient approach to this matter. I must ask him to understand that I cannot answer his question about the possibility of an amendment, simply in answer to an exchange of this nature. But I will certainly consider it and bring it to the attention of my colleagues. but I cannot give any guarantees of any kind in relation to it.

Mr Mitchell. — Is the Commissioner aware that most of the workers in the road transport industry in Britain and the trade unions who represent them are totally opposed to the introduction of the tachograph, which they refer to as 'the spy in the cab'? Whatever we as individuals think of tachographs — and I personally am in favour of them — how does the Commission think that a directive can be enforced when the workers concerned are entirely opposed to it? Surely, any Community directive, just like a national law, must be based on a certain element of general consent before it can become effective.

Mr Burke. — I am aware of the reluctance of some trade-union interests to facilitate the early implementation of this regulation. I take that into account in my approach to the matter; I have always done so, and have spent long and weary hours, in a sense, in trying to bring all interests with us in this. I should point out to Parliament, though, that this matter was before the relevant bodies when the accession of the three new countries came before the proper authorities in 1971, '72 and '73. It was not, to the best of my knowledge, the subject of any particular requests that it should be totally departed from.

But I have to bear in mind that I have an obligation to see, in so far as is realistic and possible, that Community legislation that is binding on all the Member States is carried out. But I want to assure the

honourable Member that I appreciate the difficulties of the situation and in no way wish to minimize them. On the other hand, he must accept from me that my duty is to the Commission and the Commission's duty is to see that the Treaty is implemented. Between these, if there is a possibility of forward movement, I am quite sure he will accept my word that I will seek it. But if not, my duty is clear.

Mr Dalyell. — The Commissioner tells us eloquently about his duty to see that regulations are carried out. What actual steps have the Commission taken to see that these tachograph regulations are actually carried out at the grass roots? Frankly, all of us hear stories from lorry drivers that these regulations are regarded with some levity, if not ribaldry, in many Member States of the Community. Is there in fact evidence that anyone takes them really seriously?

Mr Burke. — The honourable Member will realize that, although the regulation has existed for some years now, in fact the phasing of introduction is somewhat more recent. I will ask him to understand, then, that we have first of all to try and get the regulation implemented and the various installations set up. We will then be in a better position to monitor the exact progress as a result of that installation. I would not wish it to be understood that the Commission is in any sense going easy on this, but the point has not yet been reached at which the tachograph has been installed in the new member countries, and we will therefore have to await events as they unfold in the latter half of this year.

Mrs Ewing. — Has the Commission actually carried out any investigations into the effect of such regulations on the population of rural areas which are far away from any metropolitan centre? Before perhaps answering that there is nothing to be done, would it not be particularly relevant to consider this in the light of the possible enlargement of the Community to include countries which will have very grave rural area problems of the kind Scotland, Ireland and parts of England have at the moment?

Mr Burke. — There are two aspects to this question. The first is the tachograph and the other is the social regulation. It is in the context of the social regulation that one takes into account the very point made by the honourable Member. On the other hand, the tachograph is a technical instrument, and I see no good reason for delaying too long the installation of these technical instruments. I take the point she has made, but I relate it to another question, the social regulation, which is not the subject of this particular question.

President. — Since its author, Mr L'Estrange, is absent, Question No 6 will receive a written answer.¹

¹ See Annex.

President

Question No 7, by Mr Hamilton :

Is the Commission aware that despite repeated representations to the Japanese Government, there has been an unremitting increase in imports of Japanese goods to the EEC, with little corresponding increase in European exports to Japan; and when does the Commission propose to recommend more forthright active measures against these developments?

Mr Haferkamp, Vice-President of the Commission.

— (D) The Community's trade deficit with Japan will continue to rise in 1977, although probably at a lower rate than last year. The Community has a vital interest in avoiding as far as it can protectionist measures and in particular import restrictions. The Community is therefore focusing its attention on an improvement of export possibilities to Japan. For some time we have been working on a number of lines of action and, as you were already told during a debate this morning, the Commission President is at this very moment in Japan to work on this problem. In discussions with the Japanese Government we have been able to obtain the removal of trade barriers in the vehicle and pharmaceutical sectors. Expert discussions are under way with a view to abolishing barriers to trade in the chemical, pharmaceutical and marine diesel engine sectors. A community action in the area of trade-mark protection is now being prepared. Some import facilities for processed agricultural products have now been improved.

For next year's budget the Commission had entered an appropriation of 2 million ECU for the promotion of export possibilities for small and medium-sized undertakings. The Council of Ministers failed to approve this item. It would be a welcome development if the European Parliament could give its support to the Commission's efforts and make the appropriations available. Furthermore, the Commission does not hesitate to take the necessary steps and all possible action when unfair trading practices are noted. We then apply the existing instruments of commercial policy. We have already done so for instance in respect of ball-bearings. I would also point out that these questions cannot be solved solely by action on the part of the Community institutions or other official or political agencies. We can create certain conditions but industry itself must play its part. In addition this is not simply a problem between the Japanese and European markets. The real trial of strength with Japanese competition will be faced by our industry on the markets of third countries.

Mr Hamilton. — Would the Commissioner appreciate that probably most of this House — if not all of it — would agree with his remarks about the avoidance of protectionist measures? This seems to a lot of us to be no solution at all to the problem that we are faced with. Nevertheless, does he also appreciate that, despite the talks over a long period with the Japanese, there is little evidence to support the idea that the

Japanese are really serious in wanting to reduce the considerable deficit which the EEC in general, and the Nine separately, have with the Japanese? Can he affirm that the trade deficit of the EEC countries last year was 4.2 billion dollars and is likely to be in the region of 5 billion dollars this year, that over the years the impression has been created by the Japanese that they are seeking to achieve, by commercial means, what they have failed to achieve by military means, and that, in those circumstances it is extremely important, for the Community and the individual countries to look very seriously again at the problem of selective import controls if the Japanese are not going to remove their protectionist policies themselves?

Mr Haferkamp. — (D) I am able to confirm the figures quoted by the honourable Member. The deficit between the Community and Japan is in fact as large as he says, but I would warn against taking general deficit figures as the sole basis for our decisions. May I point out that Austria's deficit with the Community as a whole is as large as the Community's deficit with Japan. If we start to talk on these lines, we may reach a situation which will perhaps not be at all pleasant.

Mr Osborn. — Is the Commissioner aware that the promises made about a year ago by Sir Christopher Soames and Mr Gundelach that Community action would redress this adverse balance of payments figure for the Community and the member countries alone, will be regarded with disappointment when the projected figures for 1977 are considered? Is the Commission satisfied that it is getting enough support from the diplomatic corps of the member countries in Japan, and will it bear in mind that the problem of dumping is now in its hands, that this, as well as genuine exports from Japan to the Community, are a cause of concern in many areas, particularly where the products are in the cheaper range? Would the Commissioner therefore look at this matter with much greater urgency and send a telegram to Mr Jenkins, asking him to take this matter very seriously when he is in Japan.

Mr Haferkamp. — (D) I do not think that there is any need for further representations to the President of the Commission on this matter; he is of course fully informed of the whole subject and the purpose of his visit is to seek solutions for constructive cooperation in conversations with the responsible Japanese bodies. I would remind you that since the Downing Street summit the Japanese Government has taken a whole series of economic policy measures aimed at the stimulation of domestic demand and a 6.7% real increase in the national product which would result in higher imports. We are jointly seeking ways of removing barriers to trade. The answer will not be found overnight and I repeat that we can only prepare the ground and create the outline conditions; the real action must be taken by industry. We cannot do the work for our companies.

Haferkamp

I would also urge you not to confuse the issue of dumping with that of commercial policy. We shall apply the anti-dumping procedures whenever possible under the existing rules and provisions and, as we have shown in several cases, we shall do so very energetically, our aim being to avoid abuses and unfair practices and not as a pretext for protective measures. As regards our diplomatic representations in the Member States, we enjoy full support in Japan. But I would mention in passing that the diplomatic representations of our Member States are very often there to serve the interests of their domestic industries and frequently compete with each other.

President. — We have now taken 45 minutes and have reached only Question No 7. I must ask Members and the Commission representatives to make an effort to be more concise.

I call Mr Dalyell.

Mr Dalyell. — Is the Commissioner aware that some of us would find it a great deal easier to swallow what he has to say on the virtues of opposing protectionism if it were not for the fact that we all know that the Japanese have a very skilful, well-organized plan of hidden protectionism themselves, and that they have started the whole business of protectionism? Now, as we said this morning, when Mr Jenkins returns, could we not have some written statement going into detail, on, for instance chemicals, or the motor industry, on this issue, because it is of vital importance to many of those we represent?

Mr Haferkamp. — (D) We can present such a report to this House even without reference to the Commission President's visit to Japan, but we shall gladly also include the results of his visit.

Mr Prescott. — The House will note the Commissioner's statement that despite the negotiations for increases in the price and restrictions in the volume of these products imported into the Community, the deficit in trade has not been reduced, and more importantly the degree of penetration of our industries continues. Does the Commission therefore intend, even if its talks are successful in Japan, to continue such negotiations with Korea, Brazil, and Taiwan when they take up the slack in the market left by the Japanese? Surely it is now time to recognize that the only way that we will stop such penetration of our industries and the increasing unemployment is to introduce trade quotas and import controls?

Mr Haferkamp. — (D) I do not agree that this is the only possibility. I personally am convinced that we shall not overcome our difficulties by protective measures and fear of problems but essentially through greater effort. We believe in the promotion of free world trade, which is why we are seeking to speed up the proceedings in GATT. We shall protect ourselves against unfair practices but we shall not hide from reality.

Mr Prescott. — Tell the unemployed!

President. — Since its author, Lord Bessborough, is absent, Question No 8 will receive a written answer.¹

Since its author, Mr Seefeld, is absent, Question No 9 will receive a written answer.¹

Question No 10, by Mr Veronesi:

Does the Commission not feel that it is failing to comply with the spirit of the Treaty of Rome on the improvement of the quality of life by disregarding the express wishes of the European Parliament on the protection of workers exposed to vinyl chloride monomers which, even in low concentrations, are known to be carcinogenic and for which the Commission has increased the technical long-term limit value to 3 ppm.?

Mr Vredeling, Vice-President of the Commission. — (NL) Only recently, on 13 June last, we discussed this matter in the Assembly and my answer to the question is really a straightforward 'No', because to my mind all the arguments, certainly those with which I am familiar, have been put forward. Following the debate in June the Commission, considered all the interests involved and amended its proposal fixing the maximum concentration at 3 ppm for new industries, while allowing existing industries a transitional period of one year to attain this level.

This proposal elicited reactions of another kind than those suggested in the question. But since June no new scientific data has been brought to my attention and I believe that the Commission took the right decision.

Mr Veronesi. — (I) Since there are considerable doubts as to the reliability of the method of determining the technical limit value, since too it is impossible to determine cell exposure and there is no certainty about the cycle of the vinyl chloride monomer dispersed in the atmosphere (the United States fixed the following limits on 1 January 1975: one part per million for eight-hour exposure and five parts per million for exposure for periods of less than 15 minutes) and since, finally, there is a prevalent opinion that a zero concentration is technically feasible, does the Commission not think that it has assumed a serious moral responsibility in accepting a figure of 3 parts per million?

Mr Vredeling. — (NL) The Commission is naturally following the development of technological knowledge in this sector. I have already said that our technical knowledge is constantly being advanced and that this leads in some cases to the imposition of increasingly stringent standards. But the Commission does not think that the time has come to specify even lower degrees of concentration. However, the directive indicates a procedure for adjusting the standards in a simplified manner if the state of scientific knowledge so warrants.

¹ See Annex.

President. — I declare the first part of Question Time closed.

I call Sir Geoffrey de Freitas on a procedural motion.

Sir Geoffrey de Freitas. — Mr President, a little while ago you drew attention to the fact we had taken 45 minutes to reach Question 7. In order to allow more questions to be covered and to make our proceedings livelier, and more interesting would you consider in future asking Members, and Members of the Commission, to make their questions and answers shorter, because we are otherwise in danger of destroying a lot of the interest in Question Time?

President. — I agree entirely, Sir Geoffrey, and it was for the same reason that I appealed for shorter questions and answers a few minutes ago. Obviously, Question Time cannot be used to make speeches. As from Question Time tomorrow, I intend simply to cut off speakers who exceed a certain time limit.

I call Mrs Kellett-Bowman.

Mrs Kellett-Bowman. — Mr President, the matter is far worse than it would appear on the surface. Because of the absence of no less than four of our colleagues, we have in fact dealt with only six questions in this time. It is a quite outrageous state of affairs and many important questions remain unanswered.

President. — I call Mr Brown.

Mr Brown. — Mr President, surely you yourself can take some action in this connection? Many of us take great care to think out questions for which we think the answers are important, but we are pushed right to the back of the queue because you call people to ask who have given no thought whatsoever to the original question. They come into this Chamber and simply batten on to somebody else's question so that those of us who are waiting for our questions to be answered are unfortunately unable to put them.

President. — I call Mr Fellermaier.

Mr Fellermaier. — (D) Mr President, I am afraid that this whole litany of complaints will lead nowhere without a measure of self-discipline in the House. We can simply appeal to all our colleagues to put shorter questions. The Commission is not the guilty party here. If we first thank the Commission for its answer and then make a further assertion it becomes very difficult afterwards to find the question hiding behind the various assertions. We are all to blame here; we can make question time a lively element of discussion with the Commission and Council if we put precise questions and leave out all the decorative flourishes. Let us leave the ornamentation to the china factory and confine ourselves here to hard questions.

President. — Thank you for that sensible suggestion, Mr Fellermaier. I think we might begin by leaving out the 'thank you's'. There is no need for the Commis-

sion to thank the Members, or for the Members to thank the Commission, since it goes without saying that we are polite to each other at all times.

(Laughter)

The next item is voting on motions for resolutions on which the debates have been closed.

9. *Regulation on uniform costing principles for railway undertakings (Vote)*

President. — I put to the vote the motion for a resolution contained in the report by Mr Osborn (Doc. 287/77).

The resolution is adopted.

10. *Decision and regulation on intervention by the European Social Fund (Vote)*

President. — I put to the vote the motion for a resolution contained in the report by Mr Adams (Doc. 314/77)

The resolution is adopted.

11. *Regulations relating to the application for 1978 of the generalized tariff preferences (Vote)*

President. — I put to the vote the motion for a resolution contained in the report by Miss Flesch (Doc. 302/77).

The resolution is adopted.

12. *Regulation concerning the cooperation agreement the EEC and the Lebanese Republic (Vote)*

President. — I put to the vote the motion for a resolution contained in the report by Mr Martinelli (Doc. 312/77). The resolution is adopted.

13. *Implementation of the Community budget for 1977*

President. — The next item is the oral question with debate (Doc. 295/77) by Mr Aigner, on behalf of the Christian-Democratic Group, Mr Lange, on behalf of the Socialist Group, Mr Bangemann, on behalf of the Liberal and Democratic Group, Mr Cointat, on behalf of the Group of European Progressive Democrats and Mr Shaw, on behalf of the European Conservative Group, to the Commission, on the implementation of the 1977 budget of the European Communities :

On 16 December 1976 the European Parliament finally adopted the budget of the European Communities. By virtue of its powers of amendment pursuant to Article 203 of the EEC treaty it entered the following amounts under the articles shown below — all involving items of non-compulsory expenditure for which the Council had entered no or few appropriations — with the intention that the Commission should implement the budget accordingly (Article 205 of the EEC Treaty).

President

		<i>Amendments</i>	<i>Total</i>
— Art. 254	Campaign on behalf of young people	+ 60 000	190 000
— Item 2653	Studies on the Nuclear Fuel Cycle	+ 60 000	100 000
— Item 2729	Information projects relating to direct elections to the European Parliament	+ 600 000	1 000 000
— Art. 282	European Communities' Institute for Economic Analysis and Research	+ 800 000	1 000 000
— Item 3031	Contribution to pilot projects on better housing for migrant workers	+ 500 000	500 000
— Item 3050	Research and action programme on labour market trends	+ 130 000	400 000
— Art. 316	Community action relating to the vocational training of farmers	+ 60 000	100 000
— Item 3200	Community technological development projects in the hydrocarbons sector	+ 15 000 000 (12 000 000 thereof frozen)	23 000 000
— Item 3200	Community technological development projects in the hydrocarbons sector	+ 35 000 000 commitment	
— Item 3201	Joint projects in prospecting for hydrocarbons	+ 9 000 000	9 000 000
— Art. 321	Prospecting for uranium deposits	+ 1 000 000	2 000 000
— Item 3380	Expenditure on the project on 'Training'	+ 139 800	201 800
— Item 3621	Activities supplementary to the three-year project	+ 500 000	500 000
— Item 3701	Second Programme — data-processing	+ 2 835 000	2 835 000
— Item 3701	Second Programme — data-processing	+ 9 000 000 commitments	
— Item 3710	Basic research — aviation	+ 8 000 000 (under Chapter 100)	8 000 000
— Art. 393	Expenditure on the preservation of the architectural heritage and the development of cultural exchanges	+ 40 000	100 000
— Chapter 59	Aid to disaster victims in the Community	+ 5 000 000	5 000 000
— Art. 930	Financial cooperation with non-associated developing countries	+ 45 000 000 (30 000 000 thereof under Chapter 100)	45 000 000
— Art. 931	Promotion of trade relations between the Community and non-associated developing countries	+ 1 500 000	5 000 000

Since the implementation of the 1977 budget is one of the factors on which the 1978 budget debate is based, we are obliged to put the following questions to the Commission

1. During the first six months of 1977 how did the Commission use the amounts voted by the European Parliament?
2. How does the Commission intend to implement the budget before the end of the year in accordance with the European Parliament's decisions?
3. Does the Commission consider that the budget as approved provides the legal basis for the utilization and expenditure of appropriations?
4. If so, why is the Commission still awaiting Council decision before implementing the budget pursuant to Article 205 of the EEC Treaty?
5. Furthermore, can the Commission state whether, in implementing the 1977 budget, it has encountered difficulties with articles and items other than those listed above?
6. Can the Commission also state what progress has been made with the budgetization requested by Parliament of
 - Euratom loans (Art. 329)
 - Community loans (Chapter 42)
 - European Development Fund (Chapters 90 and 91)?

I call Mr Aigner.

Mr Aigner. — (D) Mr President, ladies and gentlemen, the background to this joint question to the Commission on the implementation of the 1977 budget is above all the difficult situation as regards the Community's budgetary law. You know that Parliament has no legislative authority; however, under the Treaties of 1970 and 1975, the Luxembourg Treaty and the amendment to the Financial Regulation, the Parliament has acquired certain rights in the budgetary sector to the effect that the Council is no longer

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the sole budgetary authority but must share its previous rights with the Parliament. Clearly, if two institutions just declare a joint political will the procedure by which that will is arrived at is bound to entail conflict. That is why the conciliation procedure has been worked out and up to now it has functioned outstandingly well.

Mr President, if Parliament has certain budgetary powers and what is known as the final say on non-compulsory expenditure, it has not used this instrument primarily to spend more money; since we have formed part of the budgetary authority we have used this instrument only in one quite specific circumstance, namely when the Council of Ministers blocks its own action through its special voting procedures. You know that the Council of Ministers is constantly being faced with the problem of the unanimity rule which prevents it from taking decisions.

We have always understood our political responsibility under the budgetary regulations to mean that we do not simply propose to spend more money — the boundary is in any case drawn in such a way that there is no risk of this happening — but whenever the Council is unable to force through new activities we try to break the deadlock by exercising our rights; this we have managed to do in previous years. Now that we are in the middle of the 1978 budgetary procedure it seems readily understandable that we should want to know what has happened to this right of Parliament in the course of the implementation of the budget — the budgetary implementation authority being in the first place the Commission.

Mr President, I want to indicate very briefly the political direction followed by the Parliament in 1977 and the new or strengthened activities which it sought to encourage through the exercise of its budgetary rights. The areas concerned were measures of aid to young people, research into the nuclear fuel cycle, information measures in connection with direct elections to the European Parliament, creation of the European Community institute for economic analysis and economic research, residential programmes for migrant workers, research programmes into labour market trends, Community measures for the occupational training of farmers, common projects for technological development, common projects for hydro-carbon exploration, uranium prospection, training programme expenditure, supplementary activities under the three-year plan — the development of automatic translation facilities being the first concern here — fundamental research in aviation, expenditure on the conservation of our architectural heritage and for the promotion of cultural exchanges, aid to disaster-stricken populations in the Community, financial cooperation with the non-associated developing countries and finally promotion of trade relations between the Community and the non-associated developing countries.

Mr President, these items reflected the Parliament's policy of enabling the Commission to engage in new political activities or extend existing activities despite deadlock in the Council. And now we should like a reply to four questions.

Firstly what is the present situation regarding the flow of appropriations and the progress of these new or strengthened activities?

Secondly, what are the Commission's views on the closure of the 1977 budget and the transition to the new activities in 1978?

Thirdly, and this seems to me the most decisive question: how does the Commission judge the legal situation in the following conflict — we now have budgetary powers but not legislative authority? But if the Council maintains that the appropriations can only be paid out after an appropriate legislative act has been adopted by it and if the Commission also subscribes to that view and did not consider the budget itself as an original legislative act, in that case the entire budgetary power of the Parliament would in practice be cancelled out again during the implementation of the budget. We maintain on the contrary — and this was the basic reason underlying the amendments to the treaty — that the budgetary right is an original power anchored in the Treaty and not capable of being superseded by any other rights. The legal view of the Parliament is therefore clear and the Commission's reply will be decisive in determining whether in the 1978 budget debates we join in a bitter conflict from which there is no issue or whether there are ways of avoiding this conflict.

My last question is this: what progress has been made in the area of Euratom loans, Community loans and towards the budgetization of the European Development Fund?

Mr President, I shall end by indicating quite briefly what the attitude of the Commission and Council has been in the 1978 draft budget to this position of the European Parliament. I think we should gratefully recognize that the Commission has tried to accept and continue the actions initiated by us in that it included the necessary appropriations in the 1978 preliminary draft budget. With the exception of one item it tried to continue all the 1977 actions in its preliminary draft and we are most grateful for that clear attitude. The Council's draft is, however, a quite different matter, Mr President. In it all the Parliament's appropriations have been significantly cut if they have been entered at all. Mr President, I find this impossible to understand. The Council must surely have realized that there is a political resolve by Parliament on this point expressed in all cases by a three-fifths majority, in other words the reflection not of the wishes of individual countries and groups but of an overwhelming majority of this Parliament. It is quite

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impossible to understand why the Council should fail to accept this absolutely clear political will and on essential items simply return to the same blockade which was broken by us in 1977. May I now draw your attention to the main items — and I refer here solely to the continuity between 1977 and 1978. Article 282: European Communities Institute for Economic Analysis and Research: no entry at all. Joint projects for hydrocarbon exploration: no entry. Expenditure on the training programme: no entry. Action in the data-processing sector: no entry. Fundamental research in aviation: no entry. Aid to disaster-stricken populations of the Community: no appropriations, simply a token entry.

Mr President, I shall close with the hope that the Commission will give us clear information not only on the figures but also on the legal position, and I hope too that this will be fully reflected in the consultations and above all in the conciliation procedure with the Council in respect in respect of the 1978 budget.

President. — I call Mr Tugendhat.

Mr Tugendhat, Member of the Commission. — Mr President, I believe it was said in the Middle Ages that twice makes a custom. If that is the case, and as this is the second occasion on which this particular debate is being held, we have thus introduced a new custom into the Community's budget-making procedure. It certainly is an important element in the procedure, and the questions put by Mr Aigner show that a debate of this kind can cast a lot of light into a number of areas which are not always illuminated during the year. He raised a large number of points, which I will attempt to deal with, and this may mean that I shall speak for slightly longer than he did. However, I will try to keep my remarks as brief as possible, while providing fairly full answers.

First of all, the two factual parts of the question: the use already made of the appropriations voted in the budget and the prospects for the end of the year. There are 18 items, 50% more than last year, so I will deal with a number of them now in a fairly summary fashion. I am, however, sending the authors of the question a more detailed written statement on each point, and I hope that they will find that the written addition to what I shall say covers the field fairly substantially, while leaving time to debate the more important items here.

Of the 18 points, 12 present no problem. We have commitments well in hand, and expect to commit all appropriations provided for eight points by the end of the year: these comprise Article 254, campaign on behalf of young people, item 2653, studies on the nuclear fuel cycle, item 3050, research and action programme on labour market trends, Article 316, vocational training of farmers, item 3380, expenditure on

the project on 'training', item 3621, activities supplementary to the three-year project, Article 393, cultural activities, and Article 931, trade promotion with the non-associated developing countries. In respect of three others, the pattern of commitment has been slower for a variety of reasons, but the way is now clear for the appropriations to be used by the end of the year. These are: item 2729, information projects relating to direct elections, on which the Commission adopted its final programme on July 27, after consultation with Parliament; item 3031, pilot projects on better housing for migrant workers, where it has taken time to single out and prepare many of the actions, but where commitment of the appropriations is now in a state of advanced preparation; item 321, uranium prospecting, where a further series of contracts will be signed before the end of the year, thus using all the appropriations allocated. Finally, of the 12 cases that present no problems, we come to chapter 59, for aid to disaster victims in the Community.

These are not appropriations that the Commission wishes to have to exhaust — naturally not — but we are ready to use them if need be. Thus, on 21 September 1977, the Commission decided to grant the disaster areas of south-western France, which suffered from floods in July 1977, and Tuscany, which suffered from a cyclone on 28 August, financial aid of 1.8 million u.a. and 1.2 million u.a. respectively, to be charged to chapter 59.

Council and Parliament, Mr President, have been informed of this decision in accordance with the *ad hoc* procedure agreed for this budget heading. The formal payment of this aid can take place as soon as certain practical details have been settled. The Commission is currently doing this in collaboration with the Member States in question. It goes without saying that an appropriation of this type need not necessarily be used up completely before the end of the financial year. The budgetary implementation of this heading is, naturally enough, subject to the existence of exceptional situations.

I now turn to six cases where the end-year position is more uncertain. First of all, Article 282, the European Communities Institute for Economic Analysis and Research: the Commission's proposal to set up the institute dates back to 10 October 1975. The Council has not yet taken a decision on the matter. One question which is still to be resolved concerns Article 2 of the draft regulation, relating to the scope of the problems to be studied by the institute. Furthermore, the place or work is still to be decided. According to the latest information it looks as if the reservations which exist might — I repeat might — be withdrawn by the end of the month. The Commission certainly hopes that the Council will take a decision at the earliest opportunity, and that this sum can be committed before the end of the year.

Tugendhat

Secondly, there is item 3200, Community technological and development projects. None of these appropriations has so far been committed. The Commission has to propose projects to the Council for its approval. It called for tenders for this action on 12 November 1976. The time was then needed for the technical examination of the various projects and the preparation of the proposal to be sent to the Council. However, on 27 July, the Commission submitted its proposals to the Council concerning the third series of 40 projects for the 1977-1979 period involving a total of 53.4 million u.a. part of which is covered by the 1976 non-automatic carry-overs. It is likely that the Council of Energy Ministers will endorse this proposal at its meeting on 25 October. If that happens, the commitment of appropriations included in the budget could then be carried out before 31 December.

Thirdly, Mr President, there is item 3201: joint projects in prospecting for hydrocarbons. None of these appropriations has so far been used. In this case the Council has yet to adopt the basic regulation and to approve the individual projects. The proposal for the basic regulations was forwarded to the Council on 29 November 1974 and is now awaiting a decision by the Council. For this reason, the Commission has gone ahead with the preparation of individual projects in its proposal relating to three hydrocarbon prospecting projects costing 24.8 million u.a., which is due to be presented to the Council in the course of this month. We hope, Mr President, that the Council will shortly decide on the basic regulation and approve these projects. It will then be possible to launch the projects quickly, as the programme can be implemented immediately after the decision of principle has been taken.

Fourthly, there is item 3701: the second data-processing programme. No appropriation has been committed against this item as at 30 September 1977. Because of the delay in the procedure for approval by the Council of the second programme COM (75/467), presented by the Commission on 22 September 1975 and agreed to by the Council on 26 July 1977, and because of the time-lag inevitable in implementing, by means of contracts, the measures contained in this programme, it must unfortunately seem very doubtful whether the appropriations entered in the budget for the 1977 financial year can be committed before the end of this year. However, the commitment appropriations entered in the 1977 budget remain valid for the 1978 financial year.

The fifth item, Mr President, is 3710: technological research in the aerospace sector. No appropriation is being committed against this item. In its declaration of 14 March 1977, and following the examination of various aspects of the action programme for the European aerospace sector proposed by the Commission

on 3 October 1975, the Council laid down a number of industrial policy objectives in the aerospace sector, including an examination of the possibilities and mechanism for a joint technological research effort. On the basis of this declaration, and after having consulted the industry, the research establishments and the government authorities, the Commission presented a detailed proposal for a first research programme for the Council's approval on 2 August 1977. It is doubtful whether this appropriation will be committed before 31 December 1977 in view of the stage reached by discussions within the Council. A request for a non-automatic carry-over will need to be made early next year to permit implementation of the programme set out in the Commission proposal.

Finally under this heading, Mr President, there is item 6 which related to Article 930: financial cooperation with the non-associated developing countries. The Commission has not yet used the appropriations set aside for this purpose, since the Council has not yet adopted the basic regulation for which the Commission submitted a proposal. This document defines the types of action by which the aids are to be implemented, what the objectives are, or how the projects should be managed. The Commission suggested consultation with the Council and the European Parliament on this proposal, but so far the Council has not replied. The Commission trusts that the consultation will soon take place. In the meantime it has gone ahead with processing the applications of non-associated developing countries so that final agreements, involving the entire 45 million u.a. can be signed by 31 December. Before the funds can be used, it will also be necessary for the Parliament to unfreeze them. A formal request is now being made by the Commission.

This last case is a fitting introduction, Mr President, to the third part of the question as to whether the Commission considers that the budget, as approved, provides the legal basis for the use and expenditure of the appropriations. As Mr Cheysson did last year, I can confirm that we do consider that the budget, as approved, provides a requisite legal basis for the use and expenditure of appropriations. In the absence of such a basis no expenditure or receipts can be incurred. However, this basis is not sufficient in every circumstance to allow the expenditure. The Community can only work within the defined powers of each institution or the framework of regulations and decisions on each Community policy. The Commission, which is responsible according to Article 205 of the EEC Treaty for the implementation of the budget, confers on each institution — in accordance with Article 18 of the Financial Regulation 'the powers needed for the implementation of the budget sections' which concern them, without for all that renouncing the overall responsibility conferred by the Treaty.

Tugendhat

Each institution exercises these powers as is provided for in Article 4 of the EEC Treaty, 'within the limits of the powers conferred upon it by the Treaty'. One can say that, where they are not specifically mentioned in the Treaties, the powers conferred upon the institutions by the Treaties arise from the Treaties in the building of the Community. For institutions other than the Commission, the power to implement their own expenditure in practice covers virtually all the appropriations in the sections of the budget devoted to these institutions. The provisions of the Financial Regulation, the staff regulations and the implementing texts govern the expenditure in question and lay down the limits of the respective administrative powers. The Commission of course enjoys the same scope in respect of its own operating appropriations. But these form only a small part of the total of Section 3, for the implementation of which the Commission is more especially responsible. The other, more numerous appropriations, relate either to Community policy or to individual actions clearly defined as specified measures. The Commission recognizes that a problem can arise if for some budget heading the expenditure cannot be covered directly or indirectly by one of the existing legal or regulatory frameworks.

There are two possible outcomes. In the first case, the budget heading concerned authorizes appropriations for measures which constitute a Community policy but which cannot be precisely defined and specified in the budget, thus having to be left to separate decision. These authorizations cannot then be used until the legal basis required by the Treaties has been enacted. The Commission and Council must clearly make all possible speed to create this basis in time to allow the use of the appropriations. In the second outcome, the appropriations are for the implementation of clearly defined and specified measures. Every time appropriations are entered in the budget for such measures, the Commission uses the appropriations and incurs the expenditure in accordance with budgetary rules alone.

To turn to the further question: why have we not implemented all the actions listed? I think, Mr President — I hope so at any rate — that the answer is already clear from my factual comments and from the answer I have just given on the point of principle. The Commission is able to go ahead with many specific actions where the budget provision itself constitutes the legal basis or where the separate legal basis already exists. But where this is not so, the Commission has to wait for the Council to act before implementing the budget. When presenting the preliminary draft budget the Commission always indicates the legal basis for each heading, mentioning whether this exists or will have to be created. Thus, when the budgetary authority enters the appropriations in the budget it is fully appraised of any legal preliminary to the use of the appropriations concerned.

The next question asks whether in implementing the 1977 budget we have encountered difficulties with articles and items other than those listed above. The Parliament is well aware of the problem we are discussing and has stated it perceptively. However, I am not aware of difficulties. Our position in general is as I have explained it. For further detail I would refer Parliament to the quarterly report on the implementation of the budget in accordance with agreed procedures which the Commission regularly sends to the budgetary authority.

Finally, Mr President, the question asks the Commission to state what progress has been made with the entry in the budget requested by Parliament of Euratom and Community loans and the European Development Fund. The Commission has accepted from the outset the principle of including loans in the budget. There has never been a fundamental difference of opinion between the Commission and the Parliament on this matter. It should also be recalled that the budgetary presentation — a heading with a token entry, a remark with binding force, and an annex giving the details of the operation — was accepted for the financial year 1977 and has been adopted by the Commission in its revision of the Financial Regulation. Moreover, in the preliminary draft budget for 1978, the Commission has again presented its borrowing and lending operations in the same way, and these have been accepted by the Council and included in the draft budget, except that the Council has removed the binding nature of the remarks. The Commission hopes that Parliament will restore this element when it discusses the 1978 draft budget.

As to the EDF, Mr President, the Commission fully endorses the opinion of the European Parliament, according to which the appropriations allocated to the next European Development Fund should be entered in the General Budget of the Communities. Even when the present Lomé Convention was being negotiated, the Commission proposed that the Fourth EDF be entered in the budget, clearly stating the political and financial reasons underlying its thinking. The Commission's position has not changed and the requisite steps will be taken to ensure that the Fifth EDF is similarly included. Moreover, an agreement of principle on this important question has already been reached between the Member States, even though it seemed impossible at the time to include the Fourth EDF in the budget. In anticipation of this new budget entry, the Commission created the necessary framework in its preliminary draft budget for 1977, setting aside two chapters, Chapters 90 and 91, for the future EDF. The Council preferred not to keep this presentation but has nevertheless kept Chapters 90 and 91 free. The same proposal is contained in the preliminary draft budget for 1978, and the Council has adopted the same approach as in 1977.

Tugendhat

I hope, Mr President, that these remarks, necessarily rather long, and also I fear rather dry, will help the House, and I hope too that the written summary which I will be passing to the people who have asked this question, will provide further assistance.

(Applause)

President. — I call Lord Bruce of Donington.

Lord Bruce of Donington, General Rapporteur for the 1977 budget. — Mr President, I have the honour to address the House in my capacity as the rapporteur for the 1977 budget, concerning which Mr Aigner has raised a number of very pertinent questions. The House should be indebted to Mr Aigner and to his colleagues for having posed this question, and, as I hope to be able to show, they should also thank the Commissioner for the very great degree of frankness which he has shown, because when one comes to consider both question and answer together, what one finds is that Parliament has virtually no budgetary powers whatsoever.

This of course goes contrary to popular supposition. The Parliament generally, the Members of Parliament, and the outside public, are of the opinion that once the budget is adopted at the end of the budgetary procedure, it is then a legal document, and they assume thereby that once Parliament has passed the budget, the Commission is authorized, with all prudent regard to economy, the elimination of waste and so on, to spend the money that is in the budget. Indeed, the principle is enshrined in Article 205 of the Treaty, which I make no apology whatsoever for reminding the House of :

The Commission shall implement the budget, in accordance with the provisions of the regulations made pursuant to Article 209, on its own responsibility and within the limits of the appropriations.

And turning to Article 209 we find the responsibility laid upon Council :

The council shall, acting unanimously on a proposal from the Commission :

- (a) make financial regulations specifying in particular the procedure to be adopted for establishing and implementing the budget and for presenting and auditing accounts.

I draw particular attention Mr President to the words 'for establishing and implementing the budget'. Article 209 makes no provision whatsoever for the Council altering the budget, for it restricting the budget, for it enlarging the budget. Once the budget is adopted in accordance with the provisions of Article 205, the responsibility on the Council is to make regulations in order that it may be implemented, not that it may be altered.

Now on the basis of the figures that have been given to us by Mr Tugendhat, which I added up while he was speaking, it would appear that an amount of over

80 million u.a. has no prospect of being spent during the current year — for of a variety of reasons, the most predominant reason being that Council has not yet made up its mind. Mr President, this is a contingency for which Article 209 made no provision. Article 209 did not give the Council power to sit on its behind for two years with a view to delaying the decisions already reached by Parliament. The responsibility of the Council is quite clear.

Mr President, I want to make the context also quite clear. Parliament has often prided itself that under the provisions of Article 203 — and they have been somewhat significantly amended, but not in the main substance, by the new treaty of 22 July 1975 — it has a certain margin of manoeuvre at its disposal, whereby it can increase expenditure beyond what was incurred in the previous financial year by an amount of one half of the rate notified by the Commission on 17 May of each year. Mr President, on the basis of that doctrine, Council came to the conclusion after what were euphemistically described as conciliation proceedings with Parliament, that Parliament had a margin of 140 million u.a. for the year 1977. Mr President, I will not go into the very dubious and underhand means by which the budget at its reduced figure for 1977 was eventually established, although I have incorporated that already in a paper that is available for consideration by Parliament. But even on the assumption that Parliament's margin was 140 million u.a., we have out of the Commissioner's own mouth this afternoon that the margin of Parliament has in fact been reduced to 60 million, because 80 million are not going to be spent during the current year.

Mr President, I venture to suggest that this raises questions of very grave principle for Parliament to consider, because what it does show is that after all the laborious work that is put in by Members of Parliament, after all the procedures in the Committee on Budgets, after the half a day's voting in Parliament to establish the budget, the Council, if it so wishes, can frustrate the will of Parliament, notwithstanding the fact that it has already been established in an adopted budget.

Mr President, I will not go into that in any greater detail, but I would like to draw your attention and that of my colleagues, to the excellent paper produced by Mr Aigner on 18 March this year (PE 47.932 fin.) where Mr Aigner draws the attention of Parliament to the habit of Council of interposing management committees between the Commission and the expenditure of money whenever it thinks fit. In this way the will of Parliament is completely frustrated. I understand Mr President that there may be some legal argument brewing as to what the real powers of the Commission are under Article 205, but the Commission cannot be absolved of responsibility. The Commission has its powers under the treaty. If circum-

Lord Bruce of Donington

stances arise where the Council disagree with the Commission after Parliament has adopted the budget, it is a challenge to the Commission. The Commission should exert its rights under the Treaty, under Articles 205 or 209, regardless of what the Council may say. If they decline to do so, they will not only have destroyed their credibility as such, but they will have fatally damaged the alleged power that Parliament has in its control of the Budget.

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

Mr Lange. — (D) Mr President, ladies and gentlemen, I am speaking here on behalf of the Socialist Group and also as one of the authors of the question. We put these questions jointly in the hope that conclusions might be drawn for the 1978 budgetary procedure from our experience with the 1976 and 1977 budgets.

A number of observations have been made here on the subject of the Treaty and those remarks are certainly correct in so far as they relate to the rights and duties of the individual Community institutions. However, the conclusion that Parliament in reality has no budgetary rights at all seems to me a little far-fetched.

The real question which arises in this connection is the extent to which the Council — and this will always be a bone of contention — repeatedly tries to weaken budgetary positions of the Parliament through the legislative procedure. This will repeatedly be the subject of conciliation procedures with the Council. There is no way round that conclusion until the Council genuinely recognizes that the budget is a law of a special kind enabling the things provided for in the budget to be actually done. That is the practice at national level where no-one has any objection; it is only at Community level that these attempts are made to proceed differently.

Mr Tugendhat, we already discussed with your predecessor how far you — that is the Commission and the Commissioner responsible for the budget — consider that the budget itself provides the necessary legal basis for the activities of the Commission implementing the will of the budgetary authority as reflected in the budget. That is the basic issue and I think that you as the budget Commissioner should once again consider the extent to which legal bases other than the budget are still needed under certain conditions, as you suggested in your answers.

In this connection we shall have to consider how far we can make the right-hand page, that is to say the remarks page, as binding as it is in the case of national budgets, quite apart from the fact that commitments entered into towards third parties on

the basis of other legal acts must obviously also be entered in the budget. There is no way round this problem and we all recognize basically that this must be done.

The question at issue is how far the political activities considered necessary by Parliament have been actually approved by the Council in this framework — that is the point of the question by the political groups — or how far this action can be inhibited through a different legal interpretation which supposes that regulations or directives must first be adopted. And, let me repeat the question, how far will the Commission be willing to act on the expenditure of the appropriations without the prior adoption of proposals by the Council, given that nobody doubts the need for appropriations to be spent in certain political areas? But if the Commission already submits proposals in respect of particular budget lines, it seems to me that the Council should pronounce on this matter without undue delay. If it fails to do so, the Commission would surely have to act in respect of the current budgetary year.

Mr Tugendhat, this questions was already debated once with your predecessor, Mr Cheysson in respect of cooperation with non-associated countries. The Commission then held the view that it might be possible to act on the lines recommended by Parliament in this connection. I believe that this matter should be given thorough examination once again by you to ensure that the budget for a given year is in fact implemented as had been decided, perhaps not down to the last unit of account but still in the direction indicated by the will of Parliament or of the budgetary authority. We have given our approval for payment authorizations which can therefore be spent. I repeat of course that there is no obligation to spend the amounts down to the last unit of account.

Mr Tugendhat, I should be grateful if you could forward the promised detailed report on these individual items to us in time for the next meeting of the Committee on Budgets on 17 and 18 October, i.e. next week. That may perhaps also facilitate the discussions of the Committee on Budgets because we have always stressed that if particular proposals are made — by the Commission or by others — it must be possible, and I am referring here not to the legal basis but to the practical implementation of projects and intentions, for those proposals to be implemented in the course of a budgetary year. If there is no such possibility it is pointless making the proposals and entering high figures against the corresponding items in the budget.

This has nothing to do with the legal basis on which the Council believes that action can be taken; we are concerned with the possibilities open to the Commis-

Lange

sion for the implementation of the budgetary proposals which it makes itself. To that extent both the Council and the Commission are concerned, and we shall make due allowance for the fact during the second and final reading of the budget.

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

Mr Notenboom. — (NL) Mr President, I shall try to be brief and avoid repetition as far as possible. I subscribe fully to what the previous speaker has just said.

This is a short but significant debate which once again underlines the position of our Parliament. We are the budgetary authority in the strict sense of the term in respect of that margin for manoeuvre within which Parliament has the final say on a particular amount. Our authority is thus limited but even such as it is it has been undermined because by no means all the budgetary items are given a sufficient legal basis for the actual expenditure of the corresponding amounts and the implementation of the programmes. That undermining of our authority has been made clear in this debate. However, if Parliament makes use of its right to the final say and enters certain appropriations when the budget comes to be adopted, that is an important juridical fact. If certain further requirements then have to be met because the full legal basis does not yet exist the Commission must then give priority to these aspects. If supplementary proposals have to be made to the Council, the Commission must treat them as a matter of priority because these are programmes which have been fixed by the budgetary authority. If the budget entries themselves provide an adequate legal basis, the Commission must naturally implement the budget without delay even if this involves taking risks at a particular point; it would then be for the Court of Justice to determine who is right. I appeal to the Commission to act on these lines. On the other hand, it is clear that much, if not all of the problem which has been defined so clearly here today, can be laid at the door of the Council and I hope that the Council representatives will have followed this debate closely and will consider it at their meetings.

The Christian-Democratic Group does not wish to look in detail at the individual items. Like Mr Lange, we hope that the Commissioner will provide us with the supplementary data without delay. This information can still play a major part in the debate on the 1978 budget. The Commission must draw its conclusions and the Council must put an end to its inability to reach decisions, but we in Parliament can also learn something about the use of our right to the final say; we should use our limited margin of manoeuvre as carefully as possible for programmes which can actu-

ally be implemented in the course of the budgetary year.

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

Mr Bangemann. — (D) Mr President, although this debate seems to touch only on a detailed aspect of budget implementation, there is a fundamental aspect which is vitally important to relations between the Parliament, Council and Commission; that aspect is first of all of a legal nature. We shall have to discuss the matter fully one day because I share Lord Bruce's view that the Treaty does not provide a sufficient basis for interpreting the institutional balance between the Council, Parliament and Commission, firstly in regard to measures which are decided and secondly in regard to budgetary decisions.

It seems to me that we must first make this distinction between measures including all the legislative acts of the Community, i.e. regulations, directives and other specific acts on the one hand and budgetary decisions on the other; this is necessary despite the formal legislative nature of the budgetary decision because the act of legislation, material legislation, is a clear, legally defined area in which the Commission and Council at present have greater weight than the Parliament. Of course a number of interesting legal questions arise here. What will happen for instance if — let us take the clear case of a new regulation — the Council enacts such a regulation on a proposal from the Commission but the Parliament then uses its final say to refuse the financing of this regulation, something which it is quite able to do in the case of non-compulsory expenditure? Who will decide in the event of such a conflict? To reverse the problem, and this is the subject of our discussion today, what happens if the Parliament takes a budgetary decision, i.e. makes financing available, but this framework is not then used for actual legislation? Can it be maintained in such cases that the Parliament's decision must result in action by the Council so that the Council would no longer be free to exercise its legislative authority but would be obliged to implement such a decision? All these questions, which I put here to the Commission, are legal problems which remain to be clarified and are of very great importance to the institutional balance both now and in the future. I am not able to give an outright answer and I do not think anyone in this Chamber can. These things are very complex, especially as not all measures must essentially be based on legislative acts. To that extent this question is based on the right idea, which is that a regulation is not always necessary. Let us consider the expenditure mentioned here on fundamental research in the aviation sector. Why is a regulation necessary here? A regulation is only needed as a basis for commitments to third parties or for a general legislative act which has general consequences. But if we want to implement a particular measure at a particular time, for instance through a contract placed with an institute, there is naturally no need for a regulation.

Bangemann

What happens in such cases? Is the Commission aware what the institutional consequences of this are? Is it willing to use the institutional framework to the full with Parliament? These are the legal issues.

Now for the political problems on which I think a little self-criticism is not inappropriate: does it not often happen in our budgetary debates that we simply enter 100 000, 1 000 000 or 5 000 000 u.a. with the best intentions in the world, but without the least idea how this expenditure is actually to be effected? In other words, we use our political ambition to increase budgetary appropriations without first creating the necessary basis for these appropriations to be actually used.

If we are honest with ourselves — and after all this is in part a debate among ourselves — we must admit that disagreeable questions have been put to the Commission on certain points. On some points it may say: yes, we have envisaged this or that aim with Parliament but there is not yet any concrete basis for the necessary action. We should, I think, make this point in the committees of Parliament. I think it is not enough for the Committee on Energy, the Committee on Development and Cooperation — or any other committee — simply to request in the budget proceedings an increase in the appropriations for a given research project without indicating what is actually to be done with the funds. In other words we should first do the preparatory work before asking for money and not ask for money only to wonder afterwards what is to be done with it. Otherwise we arrive at the only too common situation in which the Council says and quite rightly — although, as I hope you are aware, I am not always on the Council's side in these matters: what exactly do you want? You are always asking for more money but you do not know how to spend it.

I think, and here I agree with the previous speakers, that this question and the Commission's answers are important for the current budgetary discussions not only as a weapon in the hands of Parliament but also as an instrument of reflection. Our institutional weight will increase and our political arguments will be all the more strong, the more we concentrate on things which we have properly thought out for ourselves and can then carry through with the support of public opinion. But if we scatter our efforts and enter 100 000 u.a. more here and a million more there without any precise underlying political concept we shall then be weakening our own position, and that is something that I do not want at any price. In conclusion my basic hope is that the Parliament will become stronger and the Council weaker.

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

Mr Cointat. — (*F*) Mr President, at first sight this oral question may appear to be a purely technical

matter. In reality the avalanche of figures hides two fundamental problems: the first is the role of the budget and the second parliamentary control of the budget.

The budget must be an instrument of Community policy and a tool for economic forecasting. This means — and I am making this point more for the Council than for the Commission — that the budget must show all the actions and expenditure of the Community and that these actions must be mentioned for information, e.g. the European Investment Bank, or else fully integrated into the budget.

It will not then come as a surprise that the budgetary working party of which I am the chairman is presenting a whole series of amendments with a view to defining budgetary policy in precise terms so that the budget will be a real budget and not simply the work of a group of accountants.

As regards the second basic question we are concerned not simply with implementation of the budget but also with control of implementation which is still more important. Approval of the budget means that the budgetary authority has given its signature, that Parliament and the Council have approved the budget. Or else reservations should have been entered. But once the budget has been approved it should be implemented. Last year the Council gave its agreement. Consequently the budget must be implemented.

We have already given our attention to these problems, particularly that of appropriations which have no legal basis, for some time. We were reminded just now that Mr Cheysson raised the subject on 21 April 1977, but in my capacity as rapporteur I had already drawn attention to it on 15 June 1976. I note that we have made little progress on this point. There are two cases: either we have appropriations of a secondary nature or appropriations intended for specific actions, in which case the EPD Group considers that there is no need for additional Council decisions. Special legal bases are not necessary. That has been the practice in recent years.

On the other hand when the action entails a new policy we must have a corresponding regulation and, gentlemen of the Council, in giving your approval to the budget you have implicitly undertaken to enact the regulation in the course of the year. If you fail to approve the regulation in due time you will not be given a discharge in respect of the budget. That is how we understand the situation and if we stress the point rather strongly we do so because, as I have said, if you fail to determine and define budgetary policy perfectly before direct elections to this Parliament, you will be faced with serious difficulties from an elected Assembly. We want everything in the budgetary sector to be clear and transparent so that there is no misun-

Cointat

derstanding about the role of the various parties. That is why I have appended my name to this oral question on behalf of my group.

IN THE CHAIR : MR YEATS

Vice-President

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

Mr Shaw. — Mr President, this was a short debate, and there is much work to be done both here and elsewhere. However, I did feel that, as one of the signatories to the document, I should add a very few words to the short but very important debate that has taken place. I would like to add my own thanks for the explanations given by Mr Tugendhat, and I certainly look forward, particularly as rapporteur for 1978, to reading his document when we receive it.

We are probing a very difficult and ill-defined field. I do not believe that the field is as clear as some previous speakers have made out. For example Lord Bruce talked about documents and commended very rightly the document by Mr Aigner. That document was produced for the Legal Affairs Committee, and I myself, as rapporteur for the Legal Affairs Committee, produced a document that in certain respects was very different from Mr Aigner's. But the point I want to make is that our conclusions were very similar, and simply as follows: that the law, irrespective of whether it had been broken in the past, or to what extent, was very unsatisfactory as practised at the present time. We must take all possible steps, and this is where I agree with Mr Aigner, to try and get the practice, and indeed the law, both clarified and improved.

I therefore believe that these questions, and the solutions to them, are both vital and necessary. There is an urgent need — and I hope that we take this up in the control subcommittee — to define much more clearly the word 'implementation', which so bedevils our thinking on this matter, because it is not clear from the document what this word means. In my document I think I gave three different possible interpretations, and it is a matter of judgment which one you choose at the end of the day. I think it absolutely right that we raise these questions today, Mr President, because the situation is unsatisfactory for Parliament, and it is even more unsatisfactory if we bear in mind that we are advancing in our powers and authority over the budget. If we are to implement our powers in a responsible way, it should be quite clear what those powers are. At the moment, even if we have a clear idea ourselves, our interpretation of our powers is not accepted, as far as I can see, by the Council. I would hope that, as a result of what we say both here and in the Committee on Budgets, there will be proper discussion with the Council to see if we cannot settle

this matter, and ensure the proper implementation of the powers of this House as a part of the budgetary authority. It has been most valuable that these questions have been asked today and have been replied to, but believe that these questions only represent an initial request for further action that must be demanded from the Council.

President. — I call Mr Tugendhat.

Mr Tugendhat, Member of the Commission. — Mr President, I will try to cover as many of the points as possible. Some of them are a little complex and necessitated legal advice, but I hope that I will be able to cover most of them.

Starting with Lord Bruce, who spoke immediately after myself, I would like to emphasize that the preliminary draft budget does make clear the cases where further legislative action is necessary, and Parliament is therefore not unaware of this necessity when it actually adopts the budget. It is not true to say that Parliament has no powers. Where a legal basis already exists, as with the Social Fund, any increase which it makes in appropriations is immediately effective. As Mr Shaw said in his last speech, the law is in many ways unclear and we are in a developing situation. However, at the present time, although Parliament may not have as many powers as it believes to be necessary, it would not be right to say that Parliament has no powers at all. It is a question of degree.

Another point which I would like to raise in connection with Lord Bruce's remarks concerns the entry of appropriations for items which do not yet have a legal basis. In doing that, we believe that pressure is exerted on the Council to take the legislative measures that are necessary. Again, we are dealing with an untidy situation, and entering measures which do not have a proper legal basis certainly creates difficulties along the way, but it is a form of pressure on the Council. It is a way of drawing attention to a necessity, and that, I think, is a good reason for doing it.

Lastly, I would like to make this particular point to Lord Bruce. The Commission does exercise its rights, but it cannot avoid the legal responsibilities which are often laid down in the Treaty. Although the Commission should certainly exercise its rights in a vigorous fashion, we at the Commission are just as bound by the Treaty as Parliament and as the Council. That is a framework which all of us must recognize, even if it may sometimes be a little inconvenient, and I think all three institutions occasionally find a certain amount of inconvenience arising from the Treaty provisions.

Mr Lange and Mr Notenboom raised a number of fairly similar points, and in reply to both of them, I would like to underline the Commission's view that, although the budget is an essential legal instrument, it does not always of itself suffice. The Commission does

Tugendhat

not feel that it can execute the budget in circumstances in which further legal authority is required. The case of the 20m u.a. for the non-ACP countries, which Mr Cheysson mentioned last year, seems to us to be a particular case. At that time, the Commission — and I was not then a member of the Commission, and am therefore referring to matters about which some Members of the House may have a clearer recollection than myself — took the view that further legal authority was not necessary for a one-year exploratory programme, although they wished to have such authority for the larger permanent programme which it considered essential. I can quite see how this would be a slightly murky distinction, but in our view there was a line of principle even if the surrounding circumstances make it a little difficult to perceive.

Mr Lange and Mr Notenboom ask for the information which I mentioned at the beginning of my speech to be made available as soon as possible and, if possible, before the next meeting of the Committee on Budgets. As Mr Lange himself now knows, it is available at this moment in English and he indeed has it. I entirely appreciate the difficulties and improprieties of circulating material in one language only and we would obviously wish to circulate it in all languages in the proper fashion. I mention this to show that the material is there and will be distributed to Members as soon as it can be translated.

Mr Bangemann raised a number of quite complex points on which I have sought legal advice, and which I hope I have grasped correctly — his points that is, as well as our legal advice! In the case of non-compulsory expenditure, where a regulation already exists but Parliament does not approve the entry of appropriations in the budget, it is clear that Parliament has the last word. No payment could possibly be made without an entry in the budget. I cannot, however — and this is where I ran into some difficulty — entirely follow Mr Bangemann if he is suggesting that there should not be an entry in the budget — because there is no legal authority. To apply that principle would be to run counter to the view of Parliament and of the Commission that the budget should be a forecasting document, a political document, dealing with priorities, and not simply an accounting document. This, of course, is an important point of principle, and we definitely take a broad view of the budget in that respect, which is fundamental to one's approach to developments of this nature.

Mr Cointat raised a number of points which I think were directed more at the Council than at the Commission, and no doubt the Council will be able to provide him with a reply.

That, Mr President, is as much as I feel able to do in response immediately to the debate. Some of the issues are quite technical. If Members feel that they need further and more complex elucidation, I think in

matters of this kind it would be better for us to seek legal opinion within our own house in order to provide a definitive answer, and not to speak too soon and perhaps regret it afterwards.

President. — I call Mr Aigner.

Mr Aigner. — (*D*) Mr President, I want to make a few observations on the debate which Mr Tugendhat has described as very dry whereas I readily admit that for me it has been one of the liveliest of the past ten years because we are concerned here with the decisive problem of the future development of Parliament; after all budgetary powers are the sole original basis of parliamentarism which has any prospect of being fully implemented in the context of a future political union or freely elected parliament. I must say, Mr Tugendhat, I am somewhat disappointed by your attitude. I must assume that you were reflecting in the first place the views of your legal experts and not making a political statement. . .

Mr Tugendhat. — I am sorry to intervene, but Mr Aigner said that I had used the word 'dry'. Could I emphasize that it was my speech I was referring to, not the subject of the debate. I was apologizing for the dryness of my speech; I was not talking about the debate!

Mr Aigner. — (*D*) . . . Allow me to return the compliment. Your speech was certainly not dry, nor is the subject matter. It may only seem dry to someone who has not really followed the subject — which is not an easy one because it presupposes some legal knowledge and familiarity with the Treaty — but to those of us who have been fighting for budgetary rights for many years the subject is far from dry — on the contrary it is one of the most exciting topics of all our parliamentary activity.

I said I was rather disappointed because I have gained the impression that, measured against the speech of your predecessor, the Commission has at least not acquired fresh courage. I am expressing myself in particularly measured terms. As I said, I am assuming that you were expressing first and foremost the legal views of the Commission rather than your own views. But now I come to the decisive question: the bulk of the unexpended appropriations concern policies which have mobilized our strongest political will in the area of technological research. How are we to make progress in our common projects for hydrocarbon prospection, in the data-processing sector, for fundamental research in aviation and for financial cooperation with the developing countries? These are the main areas in which we have used our freedom of manoeuvre in an attempt to bring the Community forwards, and it is precisely here, on these major projects, that we have become bogged down; this is partly attributable in my view to the Commission's

Aigner

lack of courage. It is not merely the attitude of the Council, but a lack of courage on the part of the Commission and it is my view — please inform your legal experts of this — that the three treaties are no longer those of the founding years. We have seen developments and your lawyers should at long last break away from the Council. They should find the courage of their own convictions and break the umbilical cord with the Council. Today we do not have the same constitutional structure as we did when the Community was established.

What then is the legal position — I shall give you my own view as a lawyer. Two legal positions resulting from the amendment of the treaty are now in conflict: on the one hand Parliament's final say on non-compulsory expenditure and on the other the legislative authority of the Council. Those are the two legal positions and nobody, even as a lawyer, will be able to convince me that the solution to the conflict lies in giving priority to the legislative authority of the Council. A solution to the legal conflict is only possible if we seek ways of maintaining the substance of both legal positions, instead of one being over-ridden by the other.

Now there are solutions and we shall propose them to you. Whether the Commission accepts them will depend probably on the extent to which Parliament is able to form a coherent political will. We once threatened to dismiss the previous Commission if it did not take action. And after all the political groups of Parliament had endorsed that threat the Commission's legal position suddenly became compatible with that of Parliament. The situation at present is that we must force a solution to the conflict if we are not to abandon the budgetary rights given to us by the treaties. It is a pity that Mr Bangemann is not here because I would like to look now at what he said ...

President. — Mr Aigner, under the Rules you are entitled to comment briefly on the reply of the Commission, but not to make a second speech, commenting on what everybody else has said in the debate. It is a matter of commenting briefly on the reply of the Commission. I must therefore ask you, Mr Aigner, to do this and, since you have already had five minutes, that involves bringing your remarks fairly rapidly to a close. I appreciate the importance of the subject, but I think I am bound by the Rules.

Mr Aigner. — (D) ... Mr President, I know that we are all facing the pressure of time, and I am not criticising you, but in the sixteen years for which I have been a member of this Parliament I have never once known time to be too short to discuss a subject such as this in full. There are some things which cannot be said in two minutes particularly when legal positions are at issue. Allow me, however, to attempt briefly to

put our position to the Commission. This is not a regulation on wet nurses but a matter of the constitutional structure and rights of this Parliament.

Mr Bangemann says that if the Council were obliged to comply with the budgetary law it would do so. My view is that if the Council could do so it probably would. The Council is not always ill-intentioned but unfortunately has a voting mechanism which is the root cause of all these difficulties. Now we should try to find a solution here and I shall suggest this to my group. We shall very shortly be faced with this problem in the 1978 budgetary debates. When Parliament has said its last word on the budget and we have decided on the non-compulsory items of expenditure, we can then say to the Commission — and after all we are always in agreement with the Commission on this because it is not our task to give payment orders, that is the matter for an administration and not for a budgetary authority — : if the Council is late — and we could fix deadlines —, if it fails to make the necessary provision or is unable to do so, we shall then make payment proposals to the Commission. That will not create any external legal claims because nobody can appeal to this budget from outside, but internally the Commission will be obliged to implement the budget on the basis of such payment instructions. This is the key problem facing us in the budgetary discussions.

Mr President, the groups must now formulate their political will. The groups must know whether they themselves want to jeopardize the hard-won budgetary rights again by capitulating before the legal claims of the Council.

President. — The debate is closed.

14. *Regulation on a Community tariff quota for wines known as 'Cyprus Sherry'*

President. — The next item is the report (Doc. 290/77) drawn up by Mr Hansen, on behalf of the Committee on Agriculture, on the

proposal from the Commission of the European Communities to the Council for a regulation opening, allocating and providing for the administration of a Community tariff quota for wines known as 'Cyprus Sherry', falling within subheading ex 22.05 C III of the Common Customs Tariff, originating in Cyprus, and introducing subsidies for similar wine products produced in the Community (1977).

I call Mr Brégégère.

Mr Brégégère, deputy rapporteur. — (F) Mr President, Mr Hansen has asked me to submit his report since he is attending the opening session of the Luxembourg Parliament. I must ask for your indulgence because I am not an expert on the various kinds of 'sherry' we are dealing with.

Bregère

We have a draft regulation stating that as from 1 July 1977 certain liqueur wines exported by Cyprus to Ireland and the United Kingdom as 'Cyprus Sherry' will be subject to the Common Customs Tariff. In order to maintain trade in the products in question, the Community agreements are to be replaced by a Community tariff quota which will exempt these wines from customs duties and from countervailing charges. The support system applied hitherto is also to be maintained.

This proposal gives rise to various reactions and several observations. Firstly, the allocation of the Community tariff quota between the Member States seems rather curious. Some Member States allocated a share of 100 hectolitres of 'Cyprus Sherry' cannot sell it as 'sherry' because of a series of bilateral agreements with Spain which are specifically directed at protecting Spanish sherry.

Secondly, the description of the liqueur wines in Article 1 is different from those actually drunk in Ireland and the United Kingdom. The ingredients of the 'Cyprus Sherry' drunk in Ireland and the United Kingdom are different from those set out in the Commission's proposal.

Furthermore, the Committee on Agriculture unanimously expressed several reservations which I should like to recall :

The subsidies provided for in Article 8 may well produce anomalous results. Thus, if Ireland or the United Kingdom imports, say 50 or 100 hectolitres of 'Cyprus Sherry', the total production of a Community liqueur wine exported to that state will be eligible for payment of a subsidy. This suggests that there would be a marked disproportion between the amount of the subsidy granted and the quantity of 'Cyprus Sherry' imported.

The Committee on Agriculture would ask the Commission

to explain at this stage how it proposes to grant these subsidies and what types of Community liqueur wines similar to 'Cyprus Sherry' are eligible for such aid. The wording of Article 9, which refers to the management committee, fails to clarify the matter.

Moreover, the Committee on Agriculture would also emphasize

the extreme vagueness of the financial statement appended to the proposal for a regulation. The Commission is asked to explain how it estimates that its proposal will entail a loss of receipts of 0.3m u.a. It is also asked to indicate what amount is likely to be disbursed in the form of subsidies.

Finally, the Committee on Agriculture would ask the Commission

to supplement its proposals for granting to third countries quotas exempt from Common Customs Tariff duties with details of its general trade policy vis-à-vis those countries so that Parliament may base its opinion on a comprehensive set of figures rather than on isolated import data which are largely uninformative.

Consequently, the Committee on Agriculture unanimously

expresses the strongest reservation as to the allocation of the Community quota of 'Cyprus Sherry' asks for further details of the designation of the products covered by this quota as indicated in the first article of the proposal for a regulation, considers Article 8 of the proposal, on the granting of subsidies for Community liqueur wine similar to 'Cyprus Sherry', to be lacking in precision and draws attention to the vagueness of the financial statement appended to the proposal for a regulation.

It therefore requests the Commission to reconsider its proposal.

President. — I call Mr Burke.

Mr Burke, Member of the Commission. — Mr President, the Commission proposal for Cyprus sherry envisages duty-free entry within a Community quota of 100 000 hectolitres during the second half of 1977. This importation is to be exempt from the countervailing charge and coupled with the granting of aids for similar wines originating in the Community destined for markets within the EEC other than in the country of origin.

The proposal is made against a background of virtually duty-free entry of Cyprus sherry into its main markets of the Community — Ireland and the United Kingdom — from February 1973 until July 1977 in accordance with the EEC-Cyprus Association Agreement and subsequent Council regulations. Owing to the provisions of the Act of Accession, it is not possible to extend the regime applied over the past four and a half years beyond 30 June this year. This is due to the non-uniform application of this regime throughout the Community. It has been the intention of the Community to grant Cyprus preferential treatment for Cyprus sherry within the overall Mediterranean approach. However it has not yet been possible for the Council to define the treatment, although a proposal concerning this product was forwarded many months ago. Consequently, in order to avoid trade disruptions in a product of major importance to the Cyprus economy, the Commission proposed what is, in effect, an extension of the treatment which has been applicable until 30 June this year, modified to be of general applicability throughout the Community as now required by the Act of Accession.

Regarding the criticisms which have been made of this proposal within the parliamentary committees, I would like to stress that, if we take the matter of the definition of the product, steps will be taken during the Council deliberations to ensure that the tariff subpositions coincide exactly with the characteristics of Cyprus sherry. Furthermore, I would like to give an assurance that no prejudice will be caused to existing legislation regarding the use of the word sherry by this proposal.

Burke

Upon the matter of criticism of the quota allocation between the Member States, it must be noted that owing to the lack of statistical data on Cyprus sherry, quotas have been based on the possibilities of absorption in the various Member States, coupled, where possible, with indications of requirements notified to the Commission by certain Member States. This is not only a practical solution but also a just method. Suggestions that the reference to aids for similar Community wine is too vague cannot be accepted by the Commission. The wording employed is essentially similar to that used in previous acts and no problems of interpretation have arisen.

I would also like to make an observation upon the comment that the financial statement was not sufficiently detailed and that it must be noted that the major budgetary cost is the loss of customs duties. This item was specifically indicated in the financial statement. The cost of aids, the presentation of which would be complex, is indeed relatively insignificant. If we take our 1976 experience as a basis, they represent only 2 % of the total budget cost.

As to the point made by the rapporteur in his introduction, I would like to point out that we can have an importation as Cyprus sherry, but the sale can be under the title 'liqueur wine' with no mention of the word sherry, so that his apprehensions in this regard are not necessarily well-placed. I have already mentioned his point about aids and I would add that aids can only be accorded when economic circumstances justify it and these aids for Community wine circulating in the EEC would be calculated on the existing basis. The loss of customs duties is 0.3 million units of account, as I have already indicated, and aids, as our previous experience in 1976 shows, make up only a very small part, that is 2 %. I would therefore make a very strong plea for the full support of Parliament for this proposal. My plea is not only inspired by the substance of the proposal, but also involves an appreciation of the difficult circumstances currently experienced by Cyprus, for which understanding support by the Community is as important now as it has been in the past. I would therefore, Mr President, recommend this very strongly to the House and I think I have answered the questions posed to me by Parliament.

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

Mr De Clercq. — (NL) Mr President, Mr Hansen's report on the regulation on tariffs applicable to the import of sherry originating in Cyprus, known as 'Cyprus Sherry', gives me the opportunity to make a few comments on this matter and to ask two questions, one to the Commission and one to the Council.

I should like to point out that this matter is of especial importance, not only as regards the advantages

which the application of this regulation could have for Cyprus but also as regards this country's necessary economic progress, which could help to re-establish the economic balance between the countries of the eastern Mediterranean.

I say this in the hope of getting support for equality of treatment in the preferences and advantages granted by the Community to the Mediterranean countries. Consequently, I would point out that in this case, too, it is important for the Republic of Cyprus that we act in a positive and realistic manner.

On the other hand, I would point out that the Community has committed itself to negotiate with Cyprus on the agricultural aspect of the EEC-Cyprus Association Agreement, with a view to the results being applied as from 1 January 1978.

This being so, I should therefore like to ask two questions and justify them as follows: no preferences have so far been granted to Cyprus in the first stage of the overall Mediterranean policy, although they have been granted to the other Mediterranean countries. As from 1 January Cyprus will no longer enjoy special status on the British and Irish markets. There is therefore little time left for the negotiations to be completed if the results are to be applied on 1 January 1978.

My two questions are as follows: what has the Commission done so far to obtain a mandate from the Council for negotiations with Cyprus in order to meet the deadline? And I should like to ask the Council the following question: why is the Council postponing a decision in this matter, when this is of great importance to an associated country such as Cyprus, a small country having to contend with serious political, social and economic problems? The volume of trade with this small country would surely not create any great difficulties for the Member States of the Community, and the Community's obligations towards Cyprus can and must therefore be respected.

President. — I call Mr Burke.

Mr Burke, Member of the Commission. — To answer specifically the question as to what the Commission has done up to now to obtain a mandate from the Council for negotiations with Cyprus in order to meet the deadline, I am sure Parliament will realize that in a communication dated 3 March 1976, well in advance of the necessary deadlines, the Commission in fact submitted to the Council a proposal in regard to an agreement between the EEC and Cyprus. In other words the Commission has fulfilled in due time its part of the bargain, so to speak, and therefore we feel that Parliament has noted this and can proceed, in the light of this knowledge, with its question to the Council at a later stage. I suggest to Parliament that we in fact have done our duty by making these propositions to the Council.

President. — I call Mr Brégère.

Mr Brégère, deputy rapporteur. — (F) Mr President, I don't want to give the impression that the Committee on Agriculture is indifferent to the difficulties Cyprus might face, but I would like to say to Mr Burke that the arguments he has put forward by no means justify the anomalies I have just pointed out.

President. — I call Mr De Clercq.

Mr De Clercq. — (NL) Mr President, I see that we have had a reply from the Commission, but not from the Council. The Commission's positive answer suggests to me that the Council's answer would be negative.

President. — The debate is closed.

15. *Decision amending the decision adopting common research programmes in the field of animal leucoses*

President. — The next item is the report (Doc. 310/77), by Mr Ney on behalf of the Committee on Agriculture, on the

proposal from the Commission of the European Communities to the Council for a decision amending Decision 75/460/EEC of 22 July 1975 adopting common research programmes and programmes for the coordination of research in the fields of animal leucoses, livestock effluents, beef production and plant protein production.

I call Mr Klinker.

Mr Klinker, deputy rapporteur. — (D) Mr President, I can be very brief because the Commission's report is also very brief.

Since this matter must in any case be reviewed in 1978 the committee feels that there is little point for the Commission to approach the Council of Ministers once again, especially since it has been unable so far to persuade the Council of Ministers to accept its point of view.

This research programme in the fields of animal leucoses, livestock effluents, beef production and plant protein production was carried out until 1975, but the Council and Commission have been unable to agree since then. The coordination of this research would therefore have to be coupled with a financial statement so that the Council could take a new decision. I consider — and the committee agrees — that the Commission has been rather clumsy in its approach to this question since, after all, this is a very important research matter.

Basically, the Commission has justified its plan only on the grounds of staff redundancies. Since then,

however, the research workers concerned have been taken on by other institutes, so that at present the staff problems are no longer pressing. For this reason the committee, after receiving the opinions of the Committee on Budgets and the Committee on the Environment voted overwhelmingly that the Commission should be requested to withdraw its proposal.

I think the Commission should concentrate its efforts on submitting an effective proposal for the coordination of these research projects which could then be submitted afresh to the Council in 1978. We should welcome a detailed financial statement, because this whole Commission proposal is much too vague, as the other committees found as well. For this reason I would request the Commission to withdraw this proposal.

President. — I call Mr de Koning to speak on behalf of the Christian-Democratic group.

Mr de Koning. — (NL) Mr President, my group agrees with the rapporteur's proposal.

President. — I call Mr Burke.

Mr Burke, Member of the Commission. — Mr President, I thank the rapporteur, Mr Ney, and indeed the Committee on Agriculture, for their clear and succinct report. Parliament I dare say would not expect the Commission to agree with everything it contains. However, the Commission is conscious that the criticism of the proposal reflects a very real anxiety on the part of Members and a desire to be constructive, and indeed it may have some force. In the light of this, the Commission wishes to review the proposal.

President. — The debate is closed.

16. *Organization of the debate on the enlargement of the Community*

President. — Following the enlarged Bureau's deliberations on the subjects and in agreement with the political groups, I propose that, pursuant to Rule 28 of the Rules of Procedure, speaking time in the debate on the enlargement of the Community, which will be held tomorrow from 9.00 a.m. to 1.00 p.m. should be allocated as follows:

Council and Commission :	30 minutes
Socialist Group :	60 minutes
Christian-Democratic Group :	55 minutes
Liberal and Democratic Group :	25 minutes
Group of European Progressive Democrats :	20 minutes
European Conservative Group :	20 minutes
Communist and Allies Group :	20 minutes
Non-attached Members :	10 minutes

Are there any objections?
That is agreed.

17. *Regulations laying down special measures for castor seeds and soya beans*

President. — The next item is the report (Doc. 311/77) by Mr de Koning, on behalf of the Committee on Agriculture, on the

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

- a regulation laying down special measures for castor seeds
- a regulation amending Regulation (EEC) No 1900/74 laying down special measures for soya beans.

I call Mr de Koning.

Mr de Koning, rapporteur. — (NL) Mr President, as long ago as 1974 the Community introduced support measures to encourage soya cultivation in the EEC. On the one hand we wanted to reduce the total dependence of European agriculture on imports of animal feedingstuffs from North and South America and we also wanted to achieve greater diversification of agricultural products, especially in the South of the Community, by means of these support measures. You are already aware that Italian and southern French agriculture can produce only a limited variety of crops, and any extension of potential here, in principle, deserves our support.

The dependence of European agriculture on imports of animal feedingstuffs, especially soya beans, is alarming. Every year we import some 11 million tonnes of soya beans and 6 million tonnes of cake, especially from the United States and Brazil. In principle it of course constitutes a healthy international division of labour for the large-scale, extensive agriculture of North and South America to supply raw materials to the much smaller, intensive agricultural processing industry in Europe.

The United States has some 250 million people to feed, but it can draw on 500 million hectares of arable land. The Community also has to feed about 250 million, but it has only 100 million hectares. These figures alone would be sufficient justification for an international division of labour. The United States can meet its own needs in primary agricultural products and still export to Europe. The Community converts this primary produce into meat and dairy products, some of which are re-exported to the United States.

May I digress and say that here the attitude of the United States is frequently deplorable. The natural balance between exporters of primary products and exporters of processed products, in other words between the United States and Europe, is upset if the exporters of the primary products are unwilling to meet their obligation to import the processed products. Every barrier raised by the United States against imports of meat and dairy products is incom-

patible with their dominant position in the export of basic animal feedingstuffs. But apart from the imbalance between the free export of feedingstuffs from the United States to Europe and the restricted export of processed agricultural products from Europe to the United States, our dependence on primary agricultural products is alarming in two respects. If the amount of primary product supplies falls sharply because of poor soya harvests, as happened a few years ago, then Europe's food supplies are directly threatened.

Henri IV of France once pledged that every Frenchman would have a chicken for his Sunday lunch, but even this 300-year-old pledge cannot be honoured if the supply of feedingstuffs from the United States is reduced for whatever reason.

For these two reasons — the increase in the number of agricultural products, especially in southern Europe, and the decrease in dependence for our feedingstuff supplies — the Committee on Agriculture requests Parliament to approve the Commission's proposals to extend the encouragement period for soya cultivation in the Community. I must point out here that the results of this encouragement so far have not been very inspiring. In 1974, when the effects of the soya crisis were still being felt, the area under soya cultivation was 4 300 ha, but in the following year this area was reduced from 1 600 to 1 300 ha in 1977. However, it is appropriate to continue the encouragement of soya cultivation. After all, we have every reason to hope that in the long run better varieties will be developed which are more suited to the European climate and that better cultivation methods will improve yield. As in the case of maize, if we find more suitable strains, we may be able, in a few years, to extend to the whole of Europe a product initially confined to its southern regions.

The Commission proposes that a target yield per hectare should be established and a subsidy paid which equals the difference between the world market price and the target price for soya of 30.64 u.a. per 100 ha. The difference between the target price for European conditions, and the world market price was nil three years ago. Then it increased to 11 %, and last year it amounted to just over 8 u.a. per 100 kg. Given the small area under cultivation, this means that the financial implications of these measures are minimal. They are also already accounted for in the current budget and the multiannual estimates.

For castor seeds, the Commission proposes that a start should be made on encouraging cultivation. The world market in castor seeds is very small, and we should safeguard our supplies to the small number of Community oil mills more than we have done in the past by encouraging the production of a small amount in the Community.

De Koning

Here too we should welcome the fact that in the South of the Community, particularly in the Mezzogiorno, the variety of agricultural products is being increased. In this way the weak regional structure can be buttressed to some extent.

The Commission proposes that aid should be channelled through the processing industry. This would contract to purchase castor seeds from the producers at the target price and be responsible for paying the subsidy. This system has the advantage that the producers are guaranteed an outlet at a reasonable price. The Committee on Agriculture fully agrees with the basic principle of this system of giving security to the producers.

Two amendments have now been tabled by Mr Pisoni and Mr Ligios which I should like to discuss now.

The first amendment to paragraph 3 of the motion for a resolution repeats what I pointed out in my introduction, that it is important to develop alternative agricultural products in the Mediterranean area and to base the marketing system on production contracts. I can accept this amendment.

The amendment to paragraph 4 offers an alternative system for outlet guarantees, a guarantee which was also the aim of the Commission's proposal. But the amendment by Mr Pisoni and Mr Ligios is based on a somewhat different system, that of producers' associations, whereby the price subsidies to the producers would be paid through their associations. This would of course mean, as the amendment explicitly states, that contracts would have to be drawn up between these associations and the processing industry.

The Committee on Agriculture has always been strongly in favour of producers' associations being set up. In that sense, I can accept the amendment by Mr Pisoni and Mr Ligios, emphasizing that this amendment aims at the same target as the Commission's proposal, although with a different organization.

Moreover, this amendment does not alter the need to fix a reasonable minimum price for castor seeds because there must be no doubt, especially where production of this crop is just beginning, that producers will receive a fair profit. I therefore think it would be better to retain paragraph 4 of the motion for a resolution and add the amendments tabled by Mr Pisoni and Mr Ligios, which I am pleased to accept, as paragraphs 3a and 3b.

President. — I call Mr Burke.

Mr Burke, Member of the Commission. — Mr President, I should like to thank first of all the rapporteur Mr de Koning, who, although proposing to Parliament that the two proposals mentioned to us should be accepted, nevertheless evinced, I thought, a certain scepticism regarding the future of both soya and castor seed production in the Community. One

cannot guarantee the development of these two crops, but, like the rapporteur, I believe it is worthwhile to continue the efforts undertaken for soya and to try and start up production of castor seeds by means of the proposed measures, which appear to be the most appropriate. By granting soya producers further guarantees, the possibility of developing production is increased. This production is currently experiencing some difficulties.

In trying to develop castor seed production, a small step is made towards a better balance between agriculture in the North and in the South of the Community, a balance to which the Commission attaches great importance. Moreover, this measure helps the Community crushing industry.

The Commission shares the view of Mr de Koning that the future development of these two crops will largely depend on the prices fixed for them. Parliament will have the opportunity to evaluate the level of price necessary when the agricultural prices proposed by the Commission are being examined.

I would like to indicate to Parliament, Mr President, that Amendment No 3 is acceptable, but that in regard to Amendment No 4, I would not wish either to accept or to reject the amendment which deals with aid to producers, but to take it back for further consideration to the Commission.

President. — I call Mr Pisoni to move his amendments.

Mr Pisoni. — (I) Mr President, I do not think I need to explain the amendments, since the rapporteur has already done that. I should simply like to point out that the amendment to paragraph 4 is aimed at encouraging the setting up of producers' associations at the same time as an effort is being made to encourage castor seed production in these southern regions which are most suited to this type of crop and where producers' associations are less strongly represented.

For this reason, we urge that this amendment should be adopted. It has already been accepted by the rapporteur, although Mr Burke seems to have some doubts about it.

President. — I call Mr Broeks.

Mr Broeks. — (NL) Mr President, with reference to what Mr Pisoni has just said, I should like to say that I have the impression that in this amendment he aims at ensuring that every producer belongs to an association and that a producer who fails to join one would be excluded from the subsidies paid by the Council or the Commission. If this is indeed his aim, then Mr Pisoni should say so. If it is not, then he should re-word this amendment, because as it stands the producers could only receive subsidies through *their* associations, and then only if they were members. I

Broeksz

think this is wrong, even if it is, at least to some extent, workable.

President. — I call Mr de Koning.

Mr de Koning, rapporteur. — (NL) Mr President, I should like to point out to Mr Broeksz that in this respect there is no difference in principle between the Commission's proposal and Mr Pisoni's amendment. The Commission is proposing that the subsidies should be paid to the producers by granting those subsidies to the processing industries which have concluded contracts with the various producers. Mr Pisoni proposes that the subsidies should be paid through the producers' associations.

In both cases there is a contractual obligation between the individual producers and a larger organization. I see no problem here; on the contrary, it has the great advantage that production would be organized and planned.

President. — I call Mr Broeksz.

Mr Broeksz. — (NL) Mr President, I am not objecting to what Mr de Koning just said. My objection is that the producers are being forced to become members of this organization; in the Commission's proposal that is not necessary. Every producer would receive his subsidy in any case. Does Mr Pisoni really want to force people to become members of an organization? Because he says they can only receive their subsidies through their associations — not through *an* association but through *their* associations. The producer must therefore become a member. I should like information on this and, if the Commission has received this information from Mr Pisoni, it might be easier to reject this idea. We should like to know.

President. — I call Mr Pisoni.

Mr Pisoni. — (I) Mr President, what Mr de Koning says is true. The Commission's proposal does say that these subsidies will be granted if there is a contract between producers and the seed-processing industry. We propose a different form for this: the wording of the text makes it clear that it does not exclude contracts between individual producers and the processing industry; but it prefers this other form of association because it wants the subsidies to go directly to the producers, and not via the industry.

President. — I call Mr Bersani.

Mr Bersani. — (I) Mr President, I should like to say to Mr Broeksz that we must make a choice here: either we choose the path which leads via the industry or, as Mr Pisoni said, without excluding that possibility, we give preference to the one suggested by the farmers and by the producers themselves, who are capable of creating their own producers' organizations. In the second alternative, the farmers will create

various organizations which, in their turn, will define the processing structure. In this way the producers and farmers will come to defend their own interests and we shall have encouraged this social progress which is one of the principles on which our conception of agriculture is based.

President. — The debate is closed.

18. *Urgent procedure*

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

- a motion for a resolution by the Committee on Budgets on the Court of Auditors of the European Communities (Doc. 329/77);
- a motion for a resolution by Mr Fellermaier, Lord Brimelow, Mr Holst, Mr Broeksz, Mr Zagari and Mr Bayerl, on behalf of the Socialist Group, on terrorism in the Community (Doc. 327/77);
- a motion for a resolution by Mr Klepsch, on behalf of the Christian-Democratic Group, Mr Durieux, on behalf of the Liberal and Democratic Group and Mr Kaspereit, on behalf of the Group of European Progressive Democrats on terrorism in the Community (Doc. 328/77/Rev.).

I shall consult Parliament on the adoption of urgent procedure at the opening of tomorrow's sitting.

19. *Agenda for the next sitting*

President. — The next sitting will be held tomorrow, Wednesday 12 October 1977, at 9.00 a.m. and 3.00 p.m., with the following agenda:

- Vote on the requests for urgent procedure in respect of various questions: Court of Auditors, terrorism in the Community
- Motion for a resolution on the enlargement of the Community
- Oral question with debate to the Foreign Ministers on terrorism in the Community
- Oral question with debate to the Council on the date of direct elections to the European Parliament
- Joint debate on two oral questions to the Commission on fisheries policy

3.00 p.m.: Question Time:

- 3.00 p.m. to 4.00 p.m.: questions to the Council
- 4.00 p.m. to 5.30 p.m.: questions to the Foreign Ministers

4.30 p.m.:

- Vote on the motions for resolutions on which the debate has closed
- Opinion of Parliament and motion for a resolution tabled by Mr Colombo on the membership of the Court of Auditors.

The sitting is closed.

(The sitting was closed at 6.10 p.m.)

ANNEX

Questions to the Commission which could not be answered during Question Time, with written answers

Question by Mr Cousté

Subject: Negotiations between President Carter's representative and the Commission spokesmen

What are the Commission's views on the talks that have recently taken place between President Carter's special representative for trade negotiations, Mr Robert Strauss, and the spokesmen for the Commission of the European Communities, particularly as regards the prospects for the GATT negotiations, and is it true that the Commission and Mr Strauss have agreed that the negotiations should be speeded up and not slowed down?

Answer

With reference to the successful conclusion of the multilateral trade negotiations, the Commission attaches great importance to close cooperation between the Community and the United States. During the first visit of the US President's special representative for trade negotiations, Mr Strauss, agreement was reached on a programme of work which would result in every aspect of the negotiations being sufficiently clarified by 15 January 1978 for the final phase of the negotiations to commence immediately thereafter. The particular outcome of the discussions held during Mr Strauss' second visit on 22 September was a joint working hypothesis for a formula which would enable duties to be simultaneously reduced and harmonized.

Question by Mr L'Estrange

Subject: European Unit of Account

Is the Commission entirely satisfied that the introduction of the European Unit of Account at the present time will not cause difficulties in the implementation of the 1978 Budget, and in financial control and audit at a later stage?

Answer

It is certainly true that the introduction of the European Unit of Account poses a number of problems. But these problems arise from the process of transition: they are not inherent in the use of the new unit of account.

Moreover, even these transitional difficulties pale into insignificance in comparison with the advantages of the EUA: in particular, the elimination of the distortions caused by the use of IMF rates, which are already out of date for practical purposes, and will shortly be legally invalid as well.

I would also point out to the honourable Member that a satisfactory solution has already been found to the problems of applying the EUA in other areas — most notably to the ECSC Budget. At the same time, however, I would like to take this opportunity to emphasize the need for the Council to make very rapid progress with the proposals it is currently considering with respect to this change-over; otherwise the technical difficulties will become very substantial.

Question by Lord Bessborough

Subject: Community's relations with China

Would the Commission report on the progress made in drafting the framework and cooperation agreement between the European Community and the People's Republic of China?

Answer

From 4 to 13 July 1977 a Commission delegation held exploratory talks in Peking with a view to concluding an agreement between the Community and the People's Republic of China. On the basis of these talks, the Commission decided on 28 September 1977 to ask the Council for a mandate to begin negotiations with the aim of concluding a trade agreement with the People's Republic of

China. The Commission trusts that the course of discussions in the Council will be such as to enable negotiations to begin at an early date.

Question by Mr Seefeld

Subject: Joint conference in the transport sector

What action has the Commission taken or does it plan to take to institute a system of joint committees of workers and employers in the transport sector?

Answer

The Commission has set up Joint Advisory Committees on Social Questions arising in Road Transport (OJ No 130, 16. 7. 1965, p. 2184), Inland Navigation (OJ No 297, 7. 12. 1967, p. 13) and the Railway Industry (OJ No L 104, 3. 5. 1972, p. 9).

The statutes of these Joint Committees needed to be amended on the accession of the three new Member States. The Commission is looking into the matter at present and hopes before long to have made enough progress to enable new statutes to be drawn up for these three transport branches. Until then, the employers and employees will continue their joint activities as usual.

The Commission also plans to extend the system of Joint Committees to the other transport branches. In the case of maritime shipping, the employers and employees have already held several meetings under the chairmanship of the Commission's departments.

Finally, the Commission would point out that it attaches the greatest importance to cooperation between both sides of industry in dealing with the social questions arising in the Community transport policy.

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IN THE CHAIR: MR COLOMBO

*President**(The sitting was opened at 9.10 a.m.)***President.** — The sitting is open.1. *Approval of minutes***President.** — The minutes of proceedings of yesterday's sitting have been distributed.

Are there any comments?

The minutes of proceedings are approved.

2. *Membership of committees***President.** — I have received from the Socialist Group a request for the appointment of Mr Schwabe to the Committee on Regional Policy, Regional Planning and Transport.

Since there are no objections, the appointment is ratified.

3. *Decision on urgent procedure***President.** — I consult Parliament on the adoption of urgent procedure for the motion for a resolution tabled by the Committee on Budgets on the Court of Auditors of the European Communities (Doc. 329/77). Since there are no objections, the adoption of urgent procedure is agreed.

I call Mr Rippon on a point of order.

Mr Rippon. — Yesterday Mr Klepsch made the point about the inflation of motions of this kind. I really think it is a mistake to put down a resolution of this nature. I think it is either unnecessary or, at the worst, offensive; I hope it will not be approved.**President.** — I also think, Mr Rippon, that the motions for resolutions and requests for urgent procedure tabled just before the sittings and during the sittings themselves have assumed inflationary proportions.

At its meeting tomorrow, the Bureau will therefore discuss how better use can be made of these procedural instruments.

The motion for a resolution on the Court of Auditors tabled by the Committee on Budgets could be placed on this afternoon's agenda before the vote on the motion for a resolution concerning the opinion of the European Parliament on the appointment of the members of the Court of Auditors, which is already on the agenda.

Since there are no objections, that is agreed.

I now consult Parliament on the adoption of urgent procedure for the motion for a resolution, tabled by

Mr Fellermaier and others on behalf of the Socialist Group, on terrorism in the Community (Doc. 327/77).

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

This motion for a resolution could be debated jointly with the oral question on the same subject which is on the agenda for this afternoon.

Since there are no objections, that is agreed.

I now consult Parliament on the adoption of urgent procedure for the motion for a resolution, tabled by Mr Klepsch on behalf of the Christian-Democratic Group, Mr Durieux on behalf of the Liberal and Democratic Group and Mr Kaspereit on behalf of the Group on European Progressive Democrats, on terrorism in the Community (Doc. 328/77/rev.).

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

This motion for a resolution could be debated jointly with the question on the same subject.

Since there are no objections, that is agreed.

4. *Welcome***President.** — Both personally and on behalf of Parliament, I am pleased to extend a warm welcome to the delegation from the Danish Folketing's Market Relations Committee and to its chairman, Mr Christiansen, and vice-chairman, Mr Holst, who is also Vice-President of our Parliament.

I should like to draw particular attention to their presence among us, since our Danish colleagues are members of a parliamentary committee which has carried out important work concerning relations between Denmark and the Community.

*(Applause)*5. *Enlargement of the Community***President.** — The next item is the motion for a resolution, tabled by Mr Klepsch on behalf of the Christian-Democratic Group, Mr Fellermaier on behalf of the Socialist Group, Mr Durieux on behalf of the Liberal and Democratic Group, Mr de la Malène on behalf of the Group of European Progressive Democrats, Mr Rippon on behalf of the European Conservative Group and Mr Sandri, on behalf of the Communist and Allies Group, on the negotiations for the enlargement of the Community (Doc. 323/77).

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

Mr Klepsch. — *(D)* Mr President, ladies and gentlemen, my Group has consistently expressed its support for the policy of enlarging the Community to take in every democratically governed European State.

Klepsch

We have been responsible for initiating, co-initiating and stimulating a number of resolutions on the question of enlargement, resolutions in which this House has expressed its fundamental belief in the principle of enlargement. Our attitude is entirely in keeping with Article 237 of the EEC Treaty, which lays down that any European State may apply to become a member of the Community. I would say quite openly that we Christian-Democrats are mindful of the decisive part played by Christian-Democratic governments in the planning and drafting of the Treaty and we feel that by standing up for the principle of enlargement at this stage, we are acting in full accordance with this original Treaty.

By approving the accession of Greece, Portugal and Spain, we shall be making a political contribution towards leading these countries once and for all out of political isolation and into the European Community of States. We believe that by absorbing these countries into a free Europe, we shall be making the best and most effective possible contribution to the maintenance of political and economic stability, in the Mediterranean countries of Europe, a contribution which will serve to strengthen these young democracies.

At the same time, we are not blind to the fact that this forthcoming enlargement of the Community will present the Nine as well as the three new members with major political, institutional, economic, social and financial problems for which there is no magic cure. My colleagues in the Christian-Democratic Group will be going into these questions in more detail and setting out our attitude to them. I would, however, make one point right at the outset: these problems must not be allowed to obscure the essentially *political* decision on the membership of Greece, Portugal and Spain, although we are perfectly well aware that our deliberations must take account of the effect that enlargement will have on the associated countries. I am thinking here not only of Turkey — an associated state which is aiming eventually at full membership — but also of the other associated states with special relationships with the Community, relationships which must be kept carefully in mind throughout the negotiations.

In the face of all the problems that enlargement will bring, there is now some talk of giving these countries the same level of economic and financial assistance under a comprehensive association agreement as would be available in the case of full membership. Many people incline to the view that partnership with a strong Community of Nine must be more attractive than membership of a European Community of Twelve. To subscribe to such a view, however, is to ignore the political *raison d'être* of the Community and the importance of membership of this Community. A country's motives for wanting to join the Community are undoubtedly to a great extent of a

material, economic and financial nature, but there are also — and most significantly — political motives, and priority must be given to these political aims. I would point out that rejecting these three countries' applications for membership would have grave, incalculable consequences. By rejecting these applications, the Community would be betraying its ideals and the EEC Treaty. The Community must remain open to all Democratic European States.

One question is of course of particular concern to us, and that is the problem of a further enlargement of the Community pure and simple. What form will the the Community of Twelve adopt? Are we biting off more than we can chew? Will it become bigger, but at the same time weaker? We reject any idea of the enlargement of the Community being used to water down the process of European integration.

Enlargement must not be allowed to make the Community politically weaker; on the contrary, it must be used to improve the internal cohesion of the European Community even before the date set for accession. This is where our standpoint differs radically from what was said in Brighton last week and from the ideas expressed in the Callaghan letter. An enlarged Community, with its material and political content deliberately reduced to the level of a loose, almost apolitical free-trade area conforms neither to the wishes of the Christian-Democrats nor — and I would stress this point particularly — to the wishes of the applicant countries.

(Applause)

Our policy, at any rate, remains one of unswerving allegiance to the policy of integration and its political implications. And we should like to point out today — as we have elsewhere in the past — that we have been fobbed off before with promises of concerted action to accompany the enlargement of the Community. We went into the first round of discussions in 1973 with any number of good intentions and resolutions, but looking back now, we are forced to conclude that only very few of these good intentions have stayed the distance. And so, I would say that if we really want to achieve this aim, we must press on with the internal development of the Community now, because if one thing is certain it is that this Community cannot last if it is allowed to remain such a loose collection of States as it has been so far.

We must take steps to see that our long-term policy for integration is not jeopardized by the enlargement of the Community. This is why our original question to the Commission asked what the Commission was planning to do to improve the political and institutional efficiency of the Community and to achieve its further inner development, and to strengthen the economies of the applicant countries before accession. As far as the institutional framework is concerned, will the Commission comply with the spirit of the propo-

Klepsch

sals contained in the Tindemans Report and ensure that the question of the decision-making procedures in the Council, in particular, is dealt with without further delay? We must realize that the unanimity rule will no longer be tenable if the whole institutional framework of the enlarged Community is to be saved from total collapse. What is the Commission's thinking *vis-à-vis* the transfer of greater powers in the administrative set-up of the Community? On the question of internal development, the European Council agreed — at its meeting in Rome in March this year — to assess at the end of the year the prospects for progress towards economic and monetary union. The internal strengthening of the Community is indeed a matter of lasting concern, quite apart from the question of enlargement; however, the accession of three new members gives special significance to a renewed effort to achieve economic and monetary union.

Any day now, we are expecting new proposals from Pierre Werner, the man behind the Werner Plan. Reports would seem to suggest that there was some initial disagreement in the Commission as to the strategy to be adopted. Today may not be the time to go into the matter, but we should take a longer look at the subject with an eye on the meeting of the European Council in December. We expect the Commission to come up with a realistic and practicable programme with precise objectives. Increased harmonization of monetary policies and improved coordination of national economic and financial policies must be a first step towards getting the Member States to agree to the key elements of this policy for extended credit mechanisms and the creation of new instruments of finance.

It will require an impressive show of solidarity on our part if we are to cope successfully with the economic and social consequences of the accession of Greece, Portugal and Spain to the Community. How does the Commission intend to ensure that the economies of these countries are strengthened and the gap between the applicant countries' stage of economic development and that of the Nine reduced? We are, of course, well aware that this will be a long-term process. What financial measures will the Commission use to encourage the urgently needed economic diversification and thus contribute to achieving a better balance between agriculture and industry? The accession of the new members is politically motivated, and we must do our utmost to provide the economic backbone. We realize that stagnation normally means regression. On the other hand, we do not support the idea of growth at all costs, using injudiciously chosen measures.

I would say then that we are fully aware that the enlargement of the Community will be a risky business for all of us — the Community itself, the present Member States and the new applicant states. But we must be prepared to take these risks — indeed, our

job will be to see that the risks are minimized. There is certainly no way in which we could justify the present form of the European Community as an exclusive rich men's club. We must also realize — and I think this is something we should always bear in mind — that the Treaty provides for more countries to apply to join the Community, over and above the present three, and I personally am convinced that these three applications will not be the last. We Christian-Democrats stick by what has always been our fundamental attitude to the question of accession; we welcome those countries knocking on the door to the Communities. We regard the accession of these countries as a challenge and as a fresh opportunity both for the Community and for the countries concerned. Our concern is to demonstrate that the enlarged Community is based, and will continue to be based, on the principles of liberty and democracy, as living proof of the fact that fundamental human rights really can be fully respected in a modern society, and that sovereign states can grow together into a community capable of showing its members and the rest of the world the way to a better future in a spirit of cooperation.

(Applause)

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

Mr Lezzi. — *(I)* Mr President, ladies and gentlemen, at the end of the seminar in Sorrento to study the effects of Community enlargement in the context of Mediterranean policy, the Socialist Group stated that the application for membership from Greece, Portugal and Spain must be accepted by the Community institutions and by the Member States in order to strengthen democracy, to ensure the untroubled development of the economies of these countries, and to avoid their isolation or dependence on one or other of the two superpowers. Peace and security and the balanced development of the Mediterranean countries are vital if the Community is to progress and assert itself. The Socialist Group is fully aware of the economic problems, particularly the agricultural problems, to be overcome. These are problems which will have to be solved through structural reform over a given transitional period, during which we shall have to devise new forms of political and economic cooperation with the applicant states. The Socialist Group realizes that the problem of Mediterranean Europe can be solved only if there is a determined effort to achieve general economic — and especially industrial — development in that region through the solidarity of the Member States — which is what the Community stands for.

The final text of the Sorrento seminar echoed the line already laid down at the many meetings of Mediterranean Europe's Socialist parties, firstly in Paris and then in Madrid in 1977. It is in keeping with the analysis and guidelines of the Socialist International, and with the ideas repeatedly expressed by the European Parliament on this matter.

Lezzi

There is an awareness that the political goal of the European Community is the unification of Europe in an institutional system based on the principles of freedom and democracy and inspired by the ideals of peace and political, cultural, social and economic progress.

After the accession of Denmark, Ireland and the United Kingdom, the Community is now turning to the South, and this move brings in the whole of the Mediterranean area with all its problems.

During the current discussion of Community enlargement in the Political Affairs Committee the *rapporteur*, Mr Durieux, brought up a question which was — if I may say so — most pertinent. He asked if the opening of the Community's doors to the South in fact represented a much more definite Community involvement in the Mediterranean area.

The answer is 'yes' as far as the Socialist Group is concerned. With the easing of post-war tension, which for more than 20 years focused on Central Europe, the Mediterranean is now sadly where some of the world's major trouble spots are to be found. As tension has decreased in Europe since the war, so the Mediterranean has produced conflicts in an alarming manner. Although the situation is characterized by a continuing balance of power between East and West and by a definite trend towards détente, there is still an area of rivalry and confrontation to be found where colonial systems have been dismembered and where the absence of any immediate risk of a nuclear conflict has continued to provide potential flashpoints for the two power blocs.

This is where friction and conflict have endured and grown worse, with Arab-Israeli hostility, the Cyprus problem, tension between Turkey and Greece, the crisis in relations among the Arab States, the difficulty of forging new Euro-Arab relations and, in many respects, the energy crisis as well.

On the European side we have to be ready to play our own part in world affairs. While realizing that obligations and cultural ties place the Community firmly in the Western world, we must play a part in evolving a process of political and economic development which is in line, as much as possible, with the development of the whole Mediterranean area.

Let me mention only two features of the whole complex pattern of Mediterranean affairs. Firstly, it was only recently — at long last, I might add — that the European Council adopted a clear stance on the Middle East question. The resolution adopted at the last meeting in June, together with the more recent decision by the Council of Ministers on a common policy on *apartheid*, are grounds for believing that the Nine are at long last paying more attention to political cooperation.

The Socialists have always been convinced that a common and independent foreign policy is a must if

we are to be effective in strengthening and developing détente.

I want to mention one other point very quickly. Recent events in Cyprus — the death of President Makarios, the situation after the elections, the serious economic crisis — have placed a dramatic question mark over the fate of the island. Bold political moves are called for, to hasten the withdrawal of Turkish troops and to get talks under way between the two communities and between Greece and Turkey, both of whom are seeking membership of the European Economic Community. We need an agreement that guarantees the independence of the island and ensures a peaceful solution to the problem of what kind of Cypriot State should emerge.

Let me also mention in passing the uncertain situation in the Horn of Africa and Central Africa.

Europe is a meeting point of North and South, of the industrialized and the developing nations. It is at the centre of the whole complex interplay of international relations. It must play its part so that all the miles tones of détente — the most recent of which is the Helsinki Agreement — do not merely maintain the *status quo*, but offer an opportunity for the development of relations within the two power blocs and the assertion of an independent political identity for Europe.

If we turn our attention to the Mediterranean, we are, moreover, continuing and extending the work which the Community started in the sixties, when formal cooperation began with the countries of North Africa and the Near East. Turning our attention to the Mediterranean means also that we can coordinate the many agreements that have been signed.

It means a tangible expression of the global approach to our relations with the Mediterranean countries, with the aim of developing collaboration through economic, technical and financial cooperation, as well as cooperation on employment and environmental protection.

The future of the Community and its links with the Mediterranean countries must naturally be viewed from a different angle as a result of further enlargement of the Community in southern Europe.

The Council of Foreign Ministers has been meeting in the last few days to discuss the same topic as is now being discussed in the House. A similar meeting was held a few days ago by the Members of the Commission. The application from Madrid, following those from Athens and Lisbon, is proof that the European Community — in spite of the feeling of frustration which is more often than not occasioned by its complicated and laborious workings — is still felt to be the best solution to the political problem of strengthening democracy and to the economic problems which are raised by interdependence and the need for larger markets.

Lezzi

Enlargement is therefore the touchstone of the ability and political determination of those who profess European ideals. But enlargement must also be the opportunity for a thorough rethink and a new start in the Community.

When we look at the individual applications for membership, the case of Greece stands out, as Greece has been an associate member of the Community since 1961. Nor must we forget that a European Community with Spain in its fold is going to take on a new meaning for the whole of the Spanish-speaking world, especially Latin America, where relations with Spain have endured while régimes have changed. There can be no doubt that the fact and the method of the changeover from dictatorship to democracy in Spain — where the rebirth of democracy stems from the will of the people and not, let it be said, from any individuals, however brilliant they may be — has enhanced that country's standing in those parts of Latin America which are still under the heel of merciless dictators.

In any case, the Spanish-speaking countries of America have for some time been hoping for increased and improved relations with the Community. Democracy in Portugal, too, can play its part in dealings with the countries of southern Africa. We know that there are difficulties and reluctance; we know that there are those who do not want to see other 'Italies' in the Community and who feel that enlargement will bring nothing but trouble.

These fine gentlemen have realized that those who believe in the development of the European Community want to use enlargement as an opportunity for a thorough reappraisal of Community policies and to tackle the problem of deciding whether things are to go on as before, with minor alterations and repeated adjustments which can only perpetuate an admittedly ramshackle system, or whether we are going to use the resources at our disposal to implement a policy of structural reform. In view of the numerous difficulties and the complex nature of the problems, we favour the second solution.

We therefore feel that we must use the time remaining before the accession of the new Member States to progress more rapidly towards a more stable and binding Community by tackling the economic problems — although these are not the only problems facing us.

I am going to wind up rapidly as other Members of the Socialist Group are going to speak in the time allotted us, and they will stress particular aspects of our view.

Let me just say, very briefly, that the question of agricultural policy must be tackled, although it is obviously unlikely that the problems of southern Europe can be solved solely by an agricultural policy.

It is clearer now than ever before that what we need — as Mr Klepsch pointed out — is coordination of agricultural, regional and social policy.

As far as we are concerned — and I happen to come from a Mediterranean country, from the south of Italy — we are not calling for special privileges in line with the privileges which have been granted to the modern agricultural sectors in the northern countries. We are merely saying that we have to follow an overall policy, with flexible planning designed especially to revive the depressed areas of the South. In our opinion, the aim should be the development of the most backward areas by reorienting production and by altering the industrial base through a modified balance of agricultural and industrial development.

We realize that the continuing social and economic disequilibrium among the various countries and regions of the Community highlights the need for coordination and planning to bring together the political parties, the trade unions and the regional and local authorities, and so to bring about the coordination of various policies.

What is required is a planning policy with the aim of creating new opportunities for employment where the labour is available, a policy which encourages — in the widest sense of the term — the free movement of migrant workers, by coming up with the answers to the problems of keeping them informed, vocational training, housing, education, social services and participation in the administration of the community. The constant objectives of the Socialists remain: the fight against inequality, social security, improvement of working conditions, integration or rehabilitation of the handicapped, coordination of social and industrial legislation, and further education for all.

In closing, I want to touch very briefly upon what Mr Klepsch rightly said about the effects of enlargement on the institutions of the Community. If I may offer my humble opinion, I agree that this problem is already topical, quite apart from any connection with enlargement. There are excellent reports by eminent Members of the European Parliament which show that a thorough reform of the constitutional structure of the Community is needed, a thorough reform of the Council of Ministers, of the Economic and Social Committee and of Parliament itself.

Difficulties exist, of course, but these will have to be overcome with genuine political determination. The Treaties are not after all Holy Writ, and there is no reason why we should not look at them again, 20 years or more after they were approved, when we are now faced with increasingly urgent problems which have to be tackled in the context of a Community Europe, for which the people of Europe will be called to vote in the spring of 1978.

We can play a part in objective and carefully determined choices provided we are able to present to the

Lezzi

voters a Community which is clearly moving towards political and economic integration, with the aim of securing a role in world affairs so that we can surmount the division of the world into spheres of influence and create the opportunity for multilateral international relations to become a growing source of peace, security and well-being for the whole of mankind.

(Applause)

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

Mr Durieux. — (F) Mr President, ladies and gentlemen, the Liberal and Democratic Group regards the debate on the economic aspects of enlargement as a scene-setter for the political and institutional debate which will inevitably be more exhaustive, being based on a more thorough and more extensive report which I am now drafting for the Political Affairs Committee.

The comments I wish to make today are therefore not those of a Political Affairs Committee rapporteur on the question of enlargement, but simply those of a spokesman for my political group. Nevertheless, I have — in my capacity as rapporteur — put a number of questions to the Presidency of the Council, to the Commission and to this House. I believe that the answers we will be getting to these questions, starting from today, will enable the Political Affairs Committee to go a little deeper into the subject.

I would not deny that the economic question is an important initial factor in the enlargement debate, particularly in view of the recession that Western Europe is going through at the moment and which is of course affecting first and foremost the weakest economies, which I take to include the three applicant countries. The short-term economic outlook is particularly bleak in Spain, which — unlike Greece and Portugal — does not have the benefit of a financial protocol with the Community. Portugal in particular — as we are all no doubt aware — recently received 230 million units of account worth of credits, enabling it to go some way towards tackling its foreign indebtedness.

The Liberal and Democratic Group therefore calls for the balance to be redressed immediately and for the Commission of the European Communities to take the initiative in seeking genuine solutions to the serious problems now facing these countries, and in particular — as I have just implied — to grant financial aid to Spain to place it on the same footing as Greece and Portugal.

One concrete example will serve to illustrate the gravity of the situation — recent losses on stock exchange dealings have been of the order of 240 000 million pesetas, 153 000 million of these in the banking sector. Equivalent data may be extrapolated for Greece and Portugal, although I will leave that to Mr Declercq, who — as chairman of the committee

responsible — is well acquainted with these problems and who will be speaking in a few minutes.

In conditions like these, there is no point in considering the question of investment, because there is already no scope for saving. We therefore feel that the imminent threat to these countries is rather to their economies than to their democracies. If the economy is subjected to any more shocks, they stand to lose everything.

The opening of the Community doors to new members will be judged on the extent of its commitment to help the three Mediterranean countries to take up the economic and social challenge offered by membership, the aim being to bring the new countries' living standards up to Community standards by making available genuinely viable financing instruments.

We wonder whether perhaps the regional mechanism we do have should not be refined and developed from a simple regional fund to a sophisticated instrument for carrying out a genuine policy of improving regional structures; after all, regional discrepancies are becoming more evident from day to day.

Whereas some citizens of Community countries enjoy a level of income which may at times even exceed that of the USA, others only barely exceed North African income levels. The Community must not entrench itself as a kind of rich man's club. If it were to do so, it would forfeit the prestige it enjoys among third countries and to which these applications for memberships are clear testimony. The Community should rise to this historic challenge by making timely preparations for the integration of the new members. Let us not forget that although the *per capita* income in Portugal is still only 900 dollars — in other words, 20 % of the Community average — the comparable figure in Greece and — especially — Spain is around 3 000 dollars, which is not so far removed from the *per capita* income in some of the present Member States, such as Italy and Ireland.

The Commission must therefore show a greater sense of responsibility towards the applicant countries by way of concrete measures which are manifestly fair to all concerned. Let us not forget that these peoples have overcome dictatorships, thanks mainly to moral encouragement from the Community and from the European Parliament. The Community would lose all credibility if it were to turn its back on them in their hour of need for petty financial reasons. In all these countries, Europe and democracy are synonymous. The time has now come for us to reiterate and confirm the positive declarations made by various visitors to the applicant countries on the question of accession, even though some of those visitors may have changed their tune somewhat on their return to the Community. We Liberals, in any case, herewith declare our full and unequivocal support for the membership of these three countries.

Durieux

At the same time, the Community must identify the economic problems with which the Member States will be faced. I am referring here to the typically Mediterranean kind of agricultural produce and to the need to make prior arrangements without further delay for regulations to facilitate the integration of these three countries without thereby aggravating the situation in the most deprived areas of the Community. The major flashpoint is — as everyone knows — the problem of wine, although other bones of contention may well be citrus fruits, vegetables, fruit and early produce. While on the other hand, we must ensure that the pattern of trade is not distorted by less burdensome social systems and lower-paid labour we must, however, also restore the balance of expenditure by the Guarantee Section of the EAGGF to the advantage of Mediterranean agricultural produce.

The Oral Question to which I put my name on behalf of my group is also concerned with political and institutional problems. This being a very delicate subject, I would prefer — in my capacity as rapporteur — to discuss it in the light of the more thorough study to be drawn up by the Political Affairs Committee, rather than at the moment when I might — indeed would — have to deal with it too cursorily.

The Community must not use the accession of the three Mediterranean countries as an excuse for a sudden reform of the Community institutions; on the contrary, the accession of new members should prompt the Community to break out of the present decision-making impasse, which — as the previous two speakers have just said — has been allowed to continue for too long. Already — in consequence of the so-called Luxembourg agreement — the process of decision-making is virtually paralysed. With 12 members, it will be practically impossible to get a unanimous decision, and the upshot will be total stagnation and inertia. Let us take the first step ourselves towards breaking this deadlock before accession by applying the Treaty to the full — first and foremost Article 148 concerning majority decisions.

Likewise, from a strategic point of view, the Community's position on the major oil route and in the Balkans must be strengthened, the other side of the coin possibly being our direct involvement in the question of Cyprus and the Aegean. Here again, our efforts would have a good chance of success if our preparations in the political field are made in good time and in conjunction with the associated country concerned Turkey.

Today's debate will be useful as long as it concentrates on its limited objective and on the preparation of viable accession machinery for the applicant countries. Economic measures must have top priority.

I hope that when the time comes for the major debate on the Political Affairs Committee's report, we shall be in a position to make a first positive assessment of the action of the Community as a whole and the Commission in particular on the question of financial

arrangements and preparatory measures in the field of economic and social cooperation.

Coming back to today, and speaking in my capacity as rapporteur, I look forward to hearing the initial reactions of the Presidents of the Council and the Commission, because their thoughts and comments will be useful to us as we continue our discussions on the Political Affairs Committee's report.

(Applause)

President. — I call Mr Krieg to speak on behalf of the group of European Progressive Democrats.

Mr Krieg. — *(F)* Mr President, ladies and gentlemen, the fact that all the groups which make up this Assembly have signed the motion for a resolution we are now discussing shows that there is in this House a consensus on this question of the enlargement of the Communities. We in the Group of European Progressive Democrats, who have always been in favour of this enlargement for a number of reasons to which I shall be referring presently, are of the opinion that if this is to happen it must not be done just anyhow, nor under just any conditions, nor at no matter what price, but must serve the interests both of the Community as it exists at present and of the countries wishing to join. It would indeed be unfortunate if, in some new way or other, the Community were to move, in the course of enlargement, towards a certain dilution — which we can in fact already see the making of in the none too distant future. We do not regard the enlargement of the Community as an obligation but rather as a more or less inevitable process. Ever since the creation of this Community, when its destiny was said to be to gather together a certain number of countries which met certain specific conditions, it has been obvious that sooner or later it would be obliged to expand. This has already happened once with the increase from six to nine; today, the Community is faced with the now familiar problem: should we, must we, how can we go from nine to twelve?

Actually, this is, of course, a false problem, since for one country at least the question of principle has already been decided although the same cannot be said of the problem of conditions. And there is also no getting away from the fact that for the other two it will most probably be decided in similar fashion. We have in fact — and we must not forget this — a moral duty to fulfil with regard to Greece which I do not hesitate to say we must fulfil within as short a time as possible. We made certain promises to that country at the time when it was a democracy; these commitments were put on ice on account of the events with which we are all familiar and which, more particularly, affected the country itself for seven years. Today, however, we have returned to the straight and narrow path, Greece has returned to the fold of democracy and it goes without saying that sooner or later — and sooner rather than later — we shall have to keep the promises that we made quite a number of years ago.

Krieg

As regards Spain and Portugal the problem is different, but the fact remains that, given that these countries fulfil the conditions of democracy laid down for accession to the European Community, it is perfectly possible for us to examine how, in the longer term and under different conditions, they will be able to join our ranks. Today, I feel that with regard to this problem we ought to consider not the questions of detail but the philosophy of the matter. In particular, we must ask ourselves a certain number of questions of both an economic and a political nature. It is a political problem to decide whether or not the applications submitted to us should be dealt with together, and this is a question to which we give a political answer — like the answer that we wish to hear from the Commission — namely that the joint treatment that has already been applied once in connection with the first enlargement of the Community cannot be used in the same way today. The present problems are different. For the reasons I mentioned just now, on account of the promises made to one country and not to the others, the problems which arise must be examined country by country — but we must not forget that since all these countries are Mediterranean countries it is advisable, whenever a particular problem is under consideration, to put it in the overall context, which is that of European Mediterranean policy. With Greece, for example, we cannot examine a certain number of problems concerning its agricultural production without also considering what might be the effect on these same problems of the future or ultimate accession of Spain or Portugal.

Another political problem is that of the effects that the accession of one or more of these three countries might have with regard to our own institutions and the way they work — problems of an extremely material nature (such as the language problem) and problems concerning the officials, commissioners and translation delays); all of which however, is of secondary importance compared with the problem of the decision-making process.

On this point we should like the Commission, whose task it is to consider and examine these problems, to give Parliament a certain amount of precise information on the elements currently before it and on the way it envisages settling the questions which are bound to arise. We are not prepared to wait until the last minute before knowing what will be the political effects of these new members on the Community as we know it, as we see it in operation and — I say this without hesitation — operating in conditions which are not always ideal.

There are, in addition, a certain number of economic and other problems to which we in the group of European Progressive Democrats, representing three Community countries, as we do, are particularly sensitive. We cannot in fact forget that at the moment the Community is centred on a rather Nordic or Northern Europe — call it what you will — and that accepting the Mediterranean countries into the

Community will have the primary aim and effect of giving it a new, more Southern balance by the introduction of countries which have always been part of Europe geographically and which we want to see as part of our Community.

But these countries clearly present us with problems, particularly with regard to agriculture, which is without a doubt the most awkward of all the points with which we shall have to deal. I do not wish here to go into details about the problems arising, but allow me to recall that the applicant countries are exporters of fruit, vegetables and wine, while Italy and France are themselves producers of these same commodities, which are already causing us considerable problems. There is an important question to be resolved here, and decisions will have to be taken. This will not be easy, but we cannot allow anarchy to spread in markets which we have to admit are already very often subject to it.

A further question that is bound to arise concerns the problems of industry, since Spain constitutes a serious potential competitor.

The Community will undoubtedly find some advantages in Spain's accession, in that this country will be obliged to respect Community rules. The fact remains that this will not be achieved all at once and we shall be obliged to negotiate a certain number of transitional measures.

As regards trade, there will certainly be some serious problems to be settled, for at present — as we all know — we have association agreements with a certain number of Mediterranean countries which cover almost the whole circumference of the Mediterranean. For a large number of products these countries are already direct competitors of France and Italy and more particularly, to a much greater extent, of Greece, Spain and Portugal. This means, without a doubt, that we shall have to renegotiate a certain number of association agreements and, similarly that the advantages which had been granted to the countries with which we have these agreements will probably have to be compensated for by financial advantages when it becomes impossible to do so in kind. This is likely to be very expensive for the Community, as indeed the transitional period will also be very expensive. I have heard it said by a number of our colleagues that the financial problems are of secondary importance beside the major problems of political philosophy. This is true, but let us not forget that these are nonetheless fundamental problems, that financial matters must be taken seriously and we must not accept commitments that we cannot keep. Let us not forget that the commitments we shall have to enter into, both towards the present member countries of the Community and towards those who wish to join, must be serious commitments which we shall abide by and which must contribute to the development of our Community and not to aggravating the present crisis, as I said at the beginning of my speech.

Krieg

The last political problem which arises is then that of workers. What is already happening today shows that this is a serious problem, particularly in the present circumstances: 5 600 000 persons out of work in the Community as a whole, with a flood of relatively cheap labour from these other countries.

That, Mr President, ladies and gentlemen, is what I wanted to point out on behalf of my group. I am intentionally leaving aside — since that would lead me into too wide a discussion — the political problems that the European Mediterranean policy, which in our view is not sufficiently developed, is bound to create with the Mediterranean and African countries.

In short, the answer of the Group of European Progressive Democrats to the present question is the answer that we wish to hear from the Commission: a 'yes' to enlargement but — let this be clear — it is, however, a 'yes but'. We are acting within this Assembly not as citizens of this or that country but as Europeans, and no one can doubt the will that we have always shown to pursue the enlargement and development of the European Community. But we share with others the view that the enlargement of this Community goes hand in hand with strengthening the links within it. This was true a few years ago, when Great Britain, Denmark and Ireland joined our ranks; it is more true than ever today and we are not ashamed to say that this is where the real problem lies.

(Applause)

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

Mr Rippon. — Mr President, I welcome this debate. I think it is important that this Parliament should express itself clearly on the general question of enlargement. We can discuss the details, as Mr Durieux suggested, at a later date when we get detailed reports. What I think is important is that today we should welcome, and indicate that we intend to facilitate, in accordance with the letter and the spirit of the Treaty, the accession of Greece, Spain and Portugal and, I hope in due course, Turkey also.

In the Conservative Group we share the sentiments expressed by Mr Klepsch on behalf of the Christian-Democratic Group. We endorse the view expressed by Mr Anthony Crosland, the British Foreign Secretary, when on 12 January he addressed this Parliament as President of the Council and said: 'The political benefits of enlargement outweigh all the practical difficulties'. I share his view that enlargement will give a new strength to European democracy. By contrast, any rejection of enlargement would weaken European democracy and undermine the coherence of the Community.

At the same time, I and the members of my group repudiate any arguments to the effect that enlarge-

ment is to be welcomed because it will dilute the Community or hold back, in any way whatever, the aim of European unity. We should indeed seize this opportunity, in concert with the applicants for membership, to take practical steps to improve the decision-making process of the Community and the cohesion of Community action.

As I see it, the process of enlargement should be the means by which we get out of our present economic crisis and political doldrums. We should, as the last speaker said, seize the opportunity to create a better Community. What the United States did for Europe after the Second World War with the Marshall Plan — the most unsordid act in human history, as Winston Churchill described it — Europe could now perhaps do for itself with a European Marshall Plan, which could not only reduce the disparities between one area and another within Europe but, ultimately, enrich us all.

Now having taken this decision to welcome the enlargement of the Community we must take steps to ensure that real and effective negotiations now begin without delay. To that end, Mr President, I believe we should set time limits to the negotiations. Ideally of course, all the applicants should join at the same time. But that is not essential, and in the case of Greece in particular, which has had such a long association with the Community, I think we should envisage negotiations being completed within a year, within the period of 1979, so that they could sign a Treaty of Accession in January 1980 and become full members in 1981 with appropriate transitional periods. We believe that the pre-accession period should be as short as possible, with a transitional period that may vary from country to country for as long as necessary to achieve a fair balance of mutual advantage between the present and the new members.

Of course Mr President there will be all sorts of practical difficulties but I do believe that the problem of olive oil or wine could probably best be dealt with by officials and through the permanent representatives, provided the necessary political goodwill and determination exist among the Member States. I got into a little trouble in the course of the British negotiations by saying I thought all the major issues could be settled over coffee and cognac. I should of course have had regard for British sensibilities and referred to tea and beer, but I believe that what I said was essentially correct.

I do believe that we must beware the dangers of delay. If we keep the new applicants for membership waiting in the wings for too long, then they may well leave the theatre altogether. I recall how in 1967 the then British Prime Minister, Mr Harold Wilson, was able to boast that he had virtually the greatest majority in British parliamentary history in favour of our application to join the Community. It was supported by Mr

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Wedgwood Benn, it was supported by Mr Enoch Powell, and then within a few years a great deal of that good will had been needlessly dissipated.

Above all, Mr President, do let us not negotiate in a mean or petty spirit. We talk a great deal about our desire to aid all the developing countries of the world. Surely we can lend a hand and give some support, some priority, to those who dwell within our own continent. Do not let us have a repeat, over oil or wine, of the fisheries regulation, which because of senseless and selfish doctrines and attitudes drove Norway out of this Community. Do not let people forget what happened in the case of Norway. There are certain people who bear a heavy responsibility for the fact that Norway is not today in our Community. That regulation, as I then forecast, is now in the ash can of history; it is of no relevance whatever. But the fire it left behind still smoulders rather dangerously at times. Let us in this Parliament, let us as member countries, show the necessary political will to enlarge and to deepen the Community at this critical moment of European history. Let us remember in the words of Jean Monnet: 'we are not uniting states, we are uniting people', people who share with us our common civilization.

(Applause)

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

Mr Amendola. — *(I)* Mr President, ladies and gentlemen, I am speaking here on behalf of the Italian Communists, since the group which I have the honour of leading does not have a unanimous opinion on the question of enlarging the Community by the accession of Greece, Spain and Portugal. Mr Lemoine will speak on behalf of the French Communists.

This difference of opinion should come as no surprise. It is an example of the new relations of national autonomy and mutual respect which unite our parties in the common struggle. We each follow a political line which cannot be dictated by the Communist Group in the European Parliament, but which is pursued by each party on the basis of decisions taken by its own national congress and in accordance with what is felt to be in the national interest.

There has been a great deal of fuss about 'Eurocommunism', which is primarily the rejection of the idea of a world centre of Communism — as the Soviet Union once was — and the confirmation of the national character of the policies adopted by the Communist party in each country. There is therefore nothing surprising in the fact that parties with strong national identities, working in countries as different as France and Italy, should follow different lines. It is up to us to see that these differences do not lead to enmity but to a broad spread of opinion accepted in a spirit of mutual respect and collaboration.

The Italian Communists expressed their support for Greek, Spanish and Portuguese membership of the

EEC some time ago, and we said that we were ready to follow up their applications forthwith. The primary reason was political, since these three countries shook off the chains of dictatorship through the determination of the people — this cannot be stressed enough — and through internal determination, by a process of political clarification and a shift in economic, social and political forces, without outside intervention, without upheaval, and without bloodshed.

The move towards democracy benefited from our help, because the Community's decision to freeze relations with Greece while the colonels were in power and to reject Spain's application until the basis of democracy had been laid was, of course, of some significance.

While the Community helped to put these countries back on the road to freedom, our task now is to continue with our support at a time when these countries are commencing the difficult job of eliminating the roots of Fascism. We, in Italy, know just how difficult, long and arduous this job can be.

We Italians have a special interest here. For many years Italy was the sole democracy in the Mediterranean, hemmed in by the colonels' Greece on one side and the Spain of Franco and the Portugal of Salazar on the other. We were on the receiving end of the actions of subversive groups in Athens and Madrid which organized terrorist gangs and attacks and which encouraged that 'strategy of tension' which attempted to subject our country to new problems and terrible suffering. We have overcome these problems, and we are overcoming them, at the cost of an immense joint effort of democratic will.

The elimination of these terrorist bases has already borne fruit. Madrid, for example, has already handed over to the Italian authorities those responsible for, or at least accused of, a number of crimes, including the killing of Rome's deputy prosecutor, Vittorio Occorsio. It is clear that it is to Italy's advantage to see democracy strengthened in these countries. We cannot reject their applications, which express their political determination and their genuine acceptance of the democratic reality which our Community represents.

There is another factor involved. When these countries join the Community, its Mediterranean influence — indeed, its worldwide influence — will be greatly reinforced. These are lands with old and splendid civilizations whose peoples have a very significant spiritual and cultural role in the world, and which bring to Europe something that it needs. Western Europe, in fact, lacks something in the Mediterranean area, so long the cradle of civilization before it spread northwards. The problems of peace in the Mediterranean, relations with the Arab countries, energy and the alarming conflict between Israel and the Arab world are all problems which will be easier to tackle if our

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approach to them includes not only Northern Europe, which is vitally important from every angle, but also the Mediterranean area, which also affects Europe and the whole world. In the light of the increasingly serious problems raised by the great world crisis, the 3 000 million people in this world who are crying out for their needs to be satisfied, and the worldwide ecological and nuclear risks, the fact that Europe is drawing together the strands of its ancient civilization is, I feel, a factor which will allow us to fulfil our role better.

Of course, there are difficult problems, but we have to adopt a positive attitude right from the start. In my opinion, we have to look at these problems constructively, and not from the angle of the commercial benefit we can obtain. In Italy, for example, there are a number of serious problems in the agricultural sector: oil, wine, vegetables, fruit and so on. I should not like to see some kind of compensation scheme by which, after years of protecting meat and dairy products in the North, we call for the same kind of protection for Mediterranean produce. This is not what we want. The entire agricultural policy of the Community has to be changed. This is our chance to open up discussion on and to change that policy. Down in the south of Italy there is an agricultural sector which cannot compete even with the associate countries or others completely outside the Community, like the United States. We Italians need an internal transformation of our agricultural sector, and this means transforming economic structures and production ratios, creating cooperatives, investing capital, etc.

The time has come to turn our attention to what we have neglected for so many decades. This is true not only of the agricultural sector but also of investment policy. There has been talk of a Marshall Plan, but there is no need to recall this economic episode on which our views and opinions differ. There is, however, a need for the mobilization of capital both from within and from outside Europe. Even American capital could be used, if it could be channelled by the Community to promote the economic growth of countries which have been left behind in the general economic development. Just look at the differences of income levels in this respect. Finally, there are the problems of the institutions. Here, too, there is a chance which should not be missed. It is obvious that a Council of twelve Ministers cannot function like a Council of nine — and we already know that it is not working even with nine. This is the simple truth. There is a point when enlargement from nine to twelve Member States requires us to do something to break out of the present situation, which is one of stagnation, malfunction and inertia.

The whole problem of the institutions will have to be looked at again. In my opinion, it will be looked at energetically when there is a directly elected Parliament with specific powers. A true parliament creates

its powers for itself, depending on the number of votes it gets, its members and the relationship between it and the people. The new parliament we wish to create on the basis of universal suffrage will, as I see it, have to tackle the problems of the relations between Parliament, the Council and the Commission.

We shall be spurred on to tackle these problems by the fact of enlargement. I believe that enlargement is a good thing, and the Italian Communists will continue, as they are doing now, to campaign strongly in its favour.

(Applause)

President. — I call Mr Hoffmann.

Mr Hoffmann. — *(D)* Mr President, ladies and gentlemen, a great deal of what has been said in the House concerning the need to enlarge the Community has certainly been most ambitious and worthy of consideration.

Before I add a few comments in connection with the regional and agricultural policies, I should like to state that I feel very uneasy when comparing the efforts of our national governments and the Community in the sphere of practical politics. I get the feeling that although we adopt a kind of humanistic approach and eagerly approve enlargement, the situation is completely different when the time comes to take action. Instead of giving effective help to the three applicant countries, we conduct our negotiations with them on day-to-day affairs in a more petty-minded manner than with any other country you care to mention. I consider this to be politically scandalous.

(Applause)

Our policies in our day-to-day dealings with the three applicant countries should be more tolerant and less cumbersome and bureaucratic. I therefore appeal to both the Commission and the Council.

Secondly, we apparently do not appreciate the serious situation in certain countries and we lay ourselves open to blame by not helping them. This is true, for example, in the case of Portugal. In one year Portugal received 900 000 immigrants from its former colonies — that is, 9% of the country's population. The Community has not once considered how it can help to alleviate this problem. Apart from small-scale national aid there is no programme to deal with this.

(Applause from the left)

I regard this as politically outrageous, since this country, which has a balance of payments deficit of 1 thousand million dollars per year and which has to spend 1.1 thousand million dollars on food imports, is entitled to our assistance, — not just because it is an applicant country, as it would have an equal right even if it did not intend to join the Community. It would simply be our democratic duty to help Portugal.

(Applause from the left)

Hoffmann

I believe it possible to provide aid quickly and simply. This is obvious in the case of food supplies, as Portugal's fishing industry, for example, could be helped very rapidly by a simple programme. This is one sector in which the Portuguese have problems. For instance they do not possess an adequately equipped fleet or processing facilities, and there are no training schemes for this sector. We should call upon the Commission — as well as the Council — to produce adequate and effective short-term programmes which may be implemented without delay.

These initial talks are marked essentially by controversy. On the one hand — and here I am not referring to today's speakers but to the national policies — the question of entry is regarded merely as a matter of butter, olives or wine. This is just not so! On the other hand there are those who, when it comes to taking practical decisions, adopt a penny-pinching approach saying that the need for the measures must first be examined.

I find both attitudes equally reprehensible. I therefore ask the House — what strategy should we adopt? Should we delay further or help those in need? These questions are directed at ourselves. For what are we doing in our national parliaments? It may be that, while we deliver great speeches about Europe here, we do not have sufficient courage in our national parliaments to turn these into concrete policies.

My second question is addressed to the Council. Does it intend to wait until it is too late, until one or more of these countries is in such a state of economic ruin that the foundations of their democracies crumble because their people needed to be fed? Do we intend to wait until this happens to Portugal, for example?

And now my question to the Commission. Where are your ideas and plans to give tangible help to these countries in the agricultural, regional and economic sectors?

Ladies and gentlemen, I feel that we are exposed to grave dangers in two areas. Firstly, in the field of regional policy: the countries in question have very serious structural imbalances. We have established that, in the early years of the community regional differences in the standard of living were in a ratio of 1 : 4. In the Community of Nine this ratio is 1 : 6, in other words the regional imbalance has increased. This is connected with the immediate transfer from one country to another, but it also plays an important part in determining our long-term structural policies. Thus we should first of all draw up an emergency programme for urgently needed social and economic infrastructures in the applicant countries and for the similarly affected regions of the present Community. Secondly, we should not be content with mere words,

but should actually draw up a plan for the countries of the South. We should help in drafting the plan and give it our strongest support, so that it is supported at national level.

The second area in which we are particularly threatened is the agricultural policy, and I feel that this is a sorry story. Mr Gundelach has put forward a number of ideas which have been largely supported by the House and which I greatly favour — for example the idea that we should get away from excessively high price subsidies for agricultural products and adopt a policy of immediate aid by converting to higher quality products or by providing processing facilities, better training or re-afforestation, etc. I believe that, if we are not careful, all our good intentions for the agricultural policy will be negated in one or two years time because some countries may make enlargement conditional upon higher price subsidies for their products. If we accept such a deal, the agricultural policy will be permanently in the state it is in now, and we shall have no further opportunity to make the changes which are required.

Of course I appreciate that the countries of the South have a right to more support than they receive at present. They receive an unequal share of the resources distributed — this is true. The goods from the countries of Northern Europe receive greater financial support. But since we are all aware that the system cannot continue as it stands, it should not be extended to cover other products. We should instead provide emergency structural aid and, if possible, aid in respect of revenue.

(Applause from the left)

Ladies and gentlemen, I should like to conclude and to sum up by urging first of all that, from now on the day-to-day discussions with Portugal, Spain and Greece should be tolerant, uncomplicated and fast.

Secondly, a short-term programme of aid for Portugal must be prepared, adopted and implemented as soon as possible. We call upon the Commission to submit such a plan to Parliament without delay.

Thirdly, a medium-term programme for the countries of the South should be drawn up, with particular reference to the basic economic and social infrastructures.

Fourthly, preparation should be made for the judicious development of the agricultural policy as I just outlined.

Finally, we should all take up the challenge of putting into practice in our national parliaments the good intentions which we have expressed here.

(Applause)

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

Mr de Koning. — (NL) Mr President, I should like to begin by saying that I go along with what the chairman of my group Mr Klepsch, has said, namely that the Christian-Democratic Group has frequently spoken in favour of enlargement of the Community in the past. The task of the Community is, in our view, to enable other democratic states to accede with a view to strengthening the democratic forces in Europe and increasing the influence of the Community in the world.

I should now like to make a few remarks concerning economic problems which might arise from the enlargement of the Community, but this should not be taken to mean that I am looking for obstacles to this enlargement. I should just like to try and outline the problems which must be solved if the political will on both sides to succeed is to be translated into reality. The economic problems which enlargement of the Community will involve are indeed formidable, but my group is convinced that they can be solved if we are prepared to make sacrifices and if each side is prepared to take account of the wishes, possibilities and problems of the other and to exercise the patience necessary to solve these economic problems with a view to making the political fact of accession possible.

The magnitude of these problems is clear from the great differences in the GNP per head of population in the countries involved. In the case of Greece and Spain, this figure is approximately half the average for the Community of the Nine, and in the case of Portugal less than a third. If Turkey also applies for membership we will find that the difference in that country is even greater.

These major differences in *per capita* GNP reflect not only a different degree of prosperity between the present Community and the applicant countries, but also the profound differences in the social and economic structures of these two groups of countries.

Clearly, if we were simply to apply the principle of the free movement of goods, the basic principle of the EEC, without more ado this would lead to great difficulties in certain sensitive sectors of the economy of the Community, and would have disastrous effects on the economies of the applicant countries too. Thus, what we need is a broad plan which will permit an adjustment of the economies in the applicant countries and of certain sectors of the Community economy.

In order to make the economic problems arising from accession of new members a little more tangible, I should like to refer briefly to the problems likely to arise in agriculture and industry, which are, in a sense, contrasting sectors. In the case of agriculture, the current prices for a number of products are currently lower in the applicant countries than in the Community. Olive oil prices in Spain and Greece are approxi-

mately 55 % and 85 % respectively of the Community level. The price of table wine in Spain is approximately 65 % of the EEC price level, and quality wines are also cheaper. The prices for unprocessed tobacco in Greece are 75 % of the EEC level. In the case of oranges, too, the prices in Spain are lower than, for example, in Italy and the same is true of tomatoes for industrial use and various fruits.

In the industrial sector, on the other hand, which in many cases still consists largely of craft enterprises, a number of products in the applicant countries continue to be protected to a very considerable degree. This is, indeed, essential for certain sectors which would otherwise stand no chance of surviving if the modern, highly-developed industry of the Community were allowed to compete freely on their markets. In Greece, for example, customs duties on shoes are approximately 40 %, on clothing, leather and leather goods around 30 % and on metal goods around 15 %. These three sectors account for a total of almost 40 % of Greece's gross industrial product. In Italy, the duty on clothing and road vehicles is about 20 %, on electrical appliances 18 % and on shoes 15 %. These three products account for over 35 % of Spanish industry. The same is true of Portugal.

This means that the contrasting positions of agriculture and industry in the three countries may facilitate the negotiations on the conditions of accession, since both the Community and the three countries will inevitably suffer, albeit in different sectors. Thus the Community and the applicant countries will have to make certain coordinated adjustments.

As we all know, this economic adjustment will require considerable time and new instruments — considerable time particularly because structural changes are called for and changes in economic structure involve not only changing production processes and marketing patterns, but above all changing people, and this can only be done gradually.

In all of the countries wishing to accede to the Community there is an unfavourable ratio between the *per capita* GNP on the one hand and agricultural production and the number of persons employed in agriculture on the other.

The accession of Greece, Spain and Portugal would result in a 9 % increase in the gross domestic product of the EEC. However, agricultural production would increase by 20 % and the number of people employed in agriculture by 55 %. If Turkey should ever apply for membership, the figures would go up by only 3 %, but the number of people employed in agriculture in the Community would double.

These figures reflect the weak structure of agriculture in the applicant countries. In Greece 80 % of all holdings of less than 5 ha use only 45 % of the total area, and only 5 % of all holdings are larger than 10 ha. In

De Koning

Spain, 60 % of the holdings are smaller than 5 ha and only 20 % of the holdings are larger than 10 ha. Similar figures apply in the case of Portugal. Adapting an agricultural structure of this kind to the agricultural structural programme of the Community, which aims at creating modern holdings on which a family can earn a living in an economically viable manner, will be an enormous undertaking and one for which the traditional instruments of market and price policy and the agricultural structural policy alone are inadequate. In addition, considerable efforts will have to be made in the field of regional and social development. Alternative job opportunities in other sectors are a prerequisite for the rationalization of agriculture which must take place in the coming years in the applicant countries.

Nor should we forget that alongside action of this kind aimed at developing agriculture in the countries which have applied for membership, similar action must be taken in the existing Community, particularly in the less-favoured agricultural areas in the south. The benefits of the enlargement of the Community must not be obtained at the expense of the economically most vulnerable group in the existing Community. Thus we must give priority to these groups and regions of the Community by strengthening their position.

A strengthening of the structural policy for agriculture and industry is not the only requirement. The agricultural market and price policy must also be adjusted in certain respects. I am not thinking here of a *volte-face* in the agricultural market and price policy, as Mr Hoffmann has just suggested. I am thinking of an adjustment of certain aspects of the agricultural market and price policy, particularly with a view to strengthening the position of the countries in the south of the Community and promoting the adjustment of agriculture in those areas.

If it should prove necessary to suspend the preference for agricultural products in the Community completely in the short term, we can expect considerable difficulties in the case of a number of products since this preference is reflected in reference prices and the relevant levies for third countries.

We should have to expect serious disturbances in the market for olive oil, wine and vegetables, particularly tomatoes and tomato purée, and for fruit and citrus fruits.

In the case of olive oil, the accession of Greece, Spain and Turkey would have the Community 100 % self-sufficient as compared with the present 80 %. This means that any surpluses produced would have to be disposed of on the world market with refunds to the producers. In the case of wine we would become approximately 105 % self-sufficient, but there is no question in this case of disposing of the wine even in third countries and even with refunds. In the case of

tomato purée, too, we would become more than 100 % self-sufficient. Our self-sufficiency as regards the supply of citrus fruits would rise considerably, to about 60 % of the total demand, but this would result in such a reduction in demand for citrus fruits in third countries that we could well expect protests from them.

These figures relate to the current production situation in the Community and the applicant countries. If the price level were increased in these countries in order to bring it into line with the Community price level and if this led to increased production, the problem would become considerably more acute. The logical conclusion is that it will only be possible to reduce both the duties designed to protect industry in the countries involved and the protection of sensitive agricultural products in the Community by means of preferences very gradually. This does not mean, however, that the actual accession of these countries will have to wait until the adjustments have been fully made on both sides. The accession process could easily be carried out in several stages. An important element in this process would be a period of adaptation with considerable financial facilities after which the actual accession would ensue with all the political rights and obligations that implies. This would then have to be followed by an extended transitional period with different measures for the various sectors.

We feel that a flexible system of this kind for the transition from associated membership, which is the current status of these countries, to full membership without special provisions — which is what we must aim for — must take account of the particular interests both of the countries involved and of vulnerable groups within the Community.

Mr President, two final points. Firstly, a question regarding the costs of the enlargement of the Community. I assume that the costs are an important factor for us, but not the deciding factor. If we speak about a new world economic order and realize what sacrifices this will demand from the Western world, the relatively modest financial sacrifices the proposed enlargement of the Community will require are of no great importance.

A few years ago the European Commission estimated that the net cost of the accession of Greece would be about 300 million u.a. This was, of course, only a rough estimate. What we need at this stage is an up-to-date and more detailed estimate, not only for Greece, but for Spain and Portugal too. However, if we work on the basis of the original estimate for Greece, we can think in similar terms for the costs of the accession of Spain and Portugal, making allowances for both the population of the countries in question and the *per capita* GNP. In this way one arrives at a figure of approximately 500 million u.a. for Portugal in view of the low *per capita* GNP, and about 1 000

De Koning

million u.a. for Spain, which not only has a much larger population, but also a higher *per capita* GNP.

These figures are, of course, substantial, but taken in the context of the overall Community budget and in view of the fact that this budget represents only a small proportion of total public expenditure in the Member States and the total GNP of the Member States, the increased burden which these amounts represent by no means constitutes an insuperable problem. The question is, however — and this is what I would particularly like to ask the Commission — whether in fact we are correct in assuming that the cost of the accession of Greece would be around 300 million u.a., and secondly, can this figure be used as a basis for the extrapolation of the costs of the accession of Spain and Portugal? In other words, do these figures of 500 million u.a. and 1 000 million u.a. represent the actual cost of accession with any degree of accuracy?

My second question to the Commission is as follows. There is an urgent need for detailed studies by applicant country and by sector if we hope to gain a real understanding of the problems, the transitional measures required and the costs involved. My question is, 'When can we expect detailed sectoral studies of this kind for each of the three countries?' The Commission, with the help of its services, must, in our view, take steps to identify the problems in good time, so as to quash any tall stories that might be going around concerning the problems and costs the accession would involve, and to indicate practicable routes to accession.

The second and most important problem is whether the accession of the new Member States would permanently weaken the institutional structure of the Community. Various relationships are conceivable between the Community and the candidates for accession. Mr Klepsch has just adumbrated them. For example, we could think in terms of an intensified association in which, on the basis of the existing Treaties, we would increase our efforts under the association agreements. Our Group does not regard this as a realistic possibility, however, in that it takes no account of the political question facing us, nor with the responsibility which the Community bears *vis-à-vis* the countries in question. We could also reduce the Community to the level of a free-trade zone, which might well make accession easier, but would have serious consequences for the future of the Community in the long term. It would undermine our ideal. The Christian-Democratic Group has firmly opted for a Community of twelve full members, or perhaps even more in due course.

With the process of accession we are opting for a strengthening of the Community rather than a weakening. However, it must of course be possible to specify a number of requirements. This means that

there must be agreement within the Community itself and with the applicant countries regarding the objectives and instruments of an enlarged Economic Community. Then there must be a regional and social policy which will enable the economies of the acceding countries to achieve a competitive position. In addition, the Community budget will need to be enlarged considerably for this purpose and the structural and regional policies adapted to this new task. The agricultural policy will also have to be gradually adjusted, and more emphasis placed on structural policy.

Mr President, in our view the enlargement of the Community must not be regarded as a threat to what we have already achieved, but as a chance to achieve what we originally set out to achieve, namely a Community of democratic European States, which is aware of its vocation *vis-à-vis* both the world as a whole and itself, and which makes continuous efforts to increase its own strength, economically, socially and politically. A Community of this kind is worth continued effort.

(*Applause*)

President. — I call Mr De Clercq.

Mr De Clercq. — (*F*) Mr President, I am speaking in this debate on the enlargement of the Community in my capacity as Chairman of the Joint Parliamentary Committee of the EEC-Greece Association.

I will attempt to make a constructive and objective contribution to this debate and, to this end, I shall frequently quote statements which have been made by the representatives of the Commission or Council of the Community.

First of all, I am pleased to note that the European Community continues to hold an attraction for the Mediterranean countries of Europe, in spite of the crisis it is going through in various sectors of the economy. One might conclude from this that politically, and as regards its policy towards third countries, the European Community can still be regarded as a place where many useful ideas originate and as a political force to be reckoned with. Nowadays the Community has a particularly important role to play in safeguarding and consolidating the ideals of democracy and liberty on which the political views of all the European parties are based.

Thus, today, enlargement can and must be regarded as indispensable in political terms, and the advantages of enlargement will far outweigh the economic problems involved.

At the meeting of the Commission in La Roche, certain ideas for a new approach to enlargement emerged, if we are to believe a Commission report which was leaked to a French newspaper, and which spoke of three applicant countries without any distinc-

De Clercq

tion being made as regards Greece. At the sitting of the European Parliament of 10 February 1977, Mr Jenkins, in reply to certain questions by the spokesmen of the various political groups said :

I turn now to a theme which was mentioned by several speakers — perhaps ten, perhaps more, in one form or another throughout the day — and that is the issue of the enlargement of the Community, which was quite rightly mentioned, in my view too, because this is a major issue which confronts us for the future. I wish to make it clear, because I think some possible misunderstanding may have arisen, that in the course of my speech I in no way wished to underplay the important political issue here involved, the importance of our giving political sustenance to nascent democracies in Europe, indeed of a political imperative of our returning a satisfactory answer to these countries. I wish also to make it clear that the Greek issue I regard as settled, so far as the decision of the Council is concerned, and that the Commission is fully committed to the negotiations leading to Greek membership; and that, when I talk about looking at the position with an overall approach, I mean that we should do that rather from here forward, and not that we should try and catch back in any way so far as the Greek position is concerned. That would not be reasonable at the present time.

Although this strikes me as superfluous, it would nevertheless be useful for us to know whether the Commission is still thinking along these lines or whether we should draw our conclusions in the light of what was said at La Roche — which would be in conflict with the statement to which I have just referred. In other words, it is unclear how something which appeared reasonable last February could now be the subject of second thoughts on the part of the Commission, since it is well known that, in the case of Greece, the Council of Ministers decided on 9 February 1976 to accept that country's application for membership. It has subsequently been reaffirmed on several occasions that the negotiations with Greece would be conducted on the basis of their own merits. Well the greatest merit which Greece has in this respect is the fact that it has been associated with the Community since 1962, unlike all the other candidates.

Negotiations with Greece are well under way, and we recall what the President of the Council said, namely that the first phase of the negotiations was completed and that the second, more substantial phase had begun. It emerged from the first phase of the negotiations that the problems to be solved were not too great. Suffice it to say that Greece exported the following amounts of certain 'sensitive' products — expressed as a percentage of the total intra- and extra-Community imports — in 1975: wines 2.22 %, citrus fruits 1.28 %, olives 21.8 %, tobacco 3.16 %, table grapes 6.8 % and wheat 0.07 %. These figures should, I think, put the scale of the agricultural problems to be solved in proper perspective.

You will also agree that Greece, too, must be able to export some of its products to the Community, so as to cover at least part of its imports. Let us not forget that our trade is not in one direction only, and that exports from the Community to Greece rose to \$ 2 500 million in 1976, and that they are on the same scale as our total exports to Japan (\$ 2 700 million), Australia (\$ 2 400 million), Canada (\$ 2 700 million) and Brazil (\$ 2 200 million).

The accession of Greece is thus not an economic problem, and Mr Jenkins speaking before this Parliament on 11 January 1977 made the following statement :

The Community is not a betting-shop or a lottery stall, into which one takes one's stakes and hopes to come away with more than one went in, but knowing always that the pool is fixed, that nothing can be created therein, and that a gain can therefore only be at the expense of another member's loss. Such a narrow approach would soon recoil upon the head of any nation, rich or poor, which attempted to live by it. The Community can and must be more than the sum of its parts. It can create and give more than it receives, but only if the Member States, people and governments alike, have the vision to ask what they can contribute, and not just what they can get.

Mention might also be made of the last OECD report on Greece. The upswing in economic activity following the recession of 1974 continued at a fairly rapid rate in 1976, with an estimated increase in GNP of 6 % in terms of real value. Industrial production has developed considerably and, far from deteriorating as in several other countries, the employment situation improved. The balance of payments deficit has remained virtually unchanged and has been financed largely by the inflow of private capital. The increase in family incomes, both in real terms and in nominal value, was a little greater in 1976 than in 1975, the share of wages and salaries increasing mainly at the expense of profits and revenue from property and undertakings. There has undoubtedly been a reduction in investment in certain sectors, particularly the capital equipment sector, whereas it probably remained constant or even increased slightly over the last year in most sectors manufacturing consumer goods, in which the undertakings have expanded their capacities and modernized and rationalized their production, particularly with a view to the accession of Greece to the EEC.

One might also add that, in its opinion on the accession of Greece, the Commission itself pointed out that the resultant changes will be smaller than the normal annual fluctuations in production within the Community. However, the Community is not currently self-sufficient enough in the case of any of the three groups of products mentioned, and it seems likely that considerable quantities will still have to be imported, except for a limited number of specific products, even after the accession of Greece.

De Clercq

The economic upswing in Greece was not due to financial aid from the Community. Indeed, since 1962 when the association agreement was signed, Greece has received only \$ 125 million in the form of loans, and, as far as I know, Greece has not asked for supplementary financial aid to help it fulfil its obligations as a full member. As regards the second financial protocol, which has been signed but not yet ratified, I think it should be stressed that this comes under the association agreement.

Mr President, before finishing I should like to add a few remarks of a political nature. If the negotiations with Greece do not progress satisfactorily and if the enthusiasm of the Greek people is not reciprocated, this could lead to results which it would be in the best interests of both Greece and the Community to avoid. In our view, if we give the impression that the realization of the legitimate aspirations of the Greek people is to be put off indefinitely, we would be running the risk of undermining the confidence of the Greek people and its links with the democracies of Western Europe.

Finally, Mr President, I should like to recall what Mr Anthony Crosland said before this Parliament. Why then enlarge? Because, quite simply, the political benefits of enlargement outweigh all the practical difficulties. Enlargement is an investment in the democratic future of Europe.

(Applause)

IN THE CHAIR : MR LÜCKER

Vice-President

President. — I call Mr Yeats.

Mr Yeats. — Mr President, I think that there is one thing perhaps on which all of us in this debate are agreed. That is we cannot refuse entry to the applicant States. We may have reservations on the timing, on the problems that are clearly going to arise, on the terms on which entry should be given, but I think we all agree, that we are bound to admit all those who comply with the basic requirements for membership of the European Economic Communities, that is that the countries concerned are in Europe, that they are democratic and that they are in a position to take on the obligations imposed by membership.

It is indeed, Mr President, unthinkable that we should retreat upon ourselves, that we should allow the obvious difficulties involved, the obvious difficulties of enlargement, to lead us to create a sort of rich man's club, refusing to admit new Member States because of the social, economic and physical problems that enlargement may well create for us. It is clear that a Europe of the 12 would be a much more representative and a much more genuine Europe than what we

have at the moment. The admission of the three applicant countries, being as they are in the south of Europe on the Mediterranean, would limit the sort of northward trend that we have at the moment, it would be more truly representative of Europe as a whole.

That is not to say that each of the new applicants does not raise particular problems. This is clearly so. We have the relative poverty of all the three applicant States. The fact that in each case their income per head is well below the Community average. We have the immediate financial problems of a very serious nature that face, in particular, Spain and Portugal, with inflation rates running at 25 or 30 % or even higher in this year. We have the clearly increased strain that their accession to the Community must impose on the Regional and Social Funds. I think that the problem here is not simply one of ensuring that sufficient additional expenditure is produced to keep the funds at their present level, but we must ensure that the fact that these three countries may become members, does not mean that the future development, which is so clearly dependent on these funds, should be stultified. It is clearly not sufficient to decide merely to keep the funds at their present level, we must ensure that the future vastly increased resources that are needed for the Regional and Social Funds will indeed be made available irrespective of enlargement.

Then we have the problem of the common agricultural policy, the fact that the producers of the three applicant countries are in many cases in direct competition with producers inside the Community, and particularly in the southern areas. We ought not to allow ourselves to think that the problem of the CAP that will be raised is one of the rich trying to keep out the poor. I think we must remember that a great many of the producers in the southern areas of the present Community are themselves just as poor as many of the producers in the applicant countries.

All these problems can be solved with good will, even though it may take some time to do so. But, of course, there are certain difficulties that we cannot avoid, irrespective of the particular problems raised by applicant countries. We have the obvious fact that a Community of twelve is much less cohesive than a Community of nine — or indeed a Community of six was only a few years ago. There is the danger of a loosening of Community structures. We have a danger of greatly increased decision-making difficulties and, after all, if it is difficult — and frequently impossible — to get unanimity at Council level with a Community of nine, it will be that much more difficult with twelve.

So the problem is a basic technical problem of dealing with nine languages instead of six. You have the whole possibility that, gradually, in a Community of twelve you might have a two- or three-tier Community with different parts going ahead at different rates.

Yeats

One has to look — as has already been said by, I think, Mr Rippon — with a graver suspicion on the enthusiasm shown by certain people for enlargement, people who undoubtedly look upon enlargement as an excellent way of demolishing the common agricultural policy, of ensuring that economic and monetary union never takes place, and of ensuring that we will end up as a sort of loose confederation of free-trade areas with no real political cooperation.

These are the dangers we face. Obviously, we could not allow enlargement to take place if this is going to damage the whole concept of the future progress of the Community, if it is going to create a Community which was not that in which we believed when we joined or formed the Community. But it need not do so. I think that enlargement, Mr President, will be a test of the genuineness of the commitment of all of us to the Community ideal. We can and must allow the three applicant States entry, subject to whatever conditions may need to be imposed and the delays that may be necessary. But we must — and this will be the real test of our commitment to the European ideal — ensure that enlargement does not in any way damage the forward progress of the Community.

President. — I call Mrs Kellett-Bowman.

Mrs Kellett-Bowman. — Mr President, like the leader of our group, Mr Rippon, and the rest of this Assembly, I look forward with great pleasure to the day when we can welcome Greece, Spain and Portugal into our Community with open arms. But I believe it is essential that we should thoroughly consider both the short- and long-term implications of every aspect of our Community life and policy while negotiations are still at an early stage.

The aspect which particularly interests me is the implications of enlargement for regional policy, although because of the current arguments over the size of the European Development Fund for next year, and indeed over the whole revision of the Community's activities in this sector, it is more than usually difficult to look very far into the future in this sector. However, certain fundamental problems are sure to arise, and perhaps I can best illustrate these by referring very briefly to the economic situation in the applicant States, bearing in mind that the three new applicants' population is three and a half times that of the lower income regions of southern Italy, Sicily and Ireland.

Of course, the three applicants are very different entities. Let us first consider Greece, so ably referred to by Mr de Clercq, a country for which I have a particularly warm regard. Greece suffers from a severe over-concentration in the Athens area, which contains about a third of the population, and most of the industry, and is the only area with a per capita income higher than the national average. New industrial centres are being established with a view to drawing

industry away from Athens and providing new job opportunities in Salonika and Volos and there is no doubt that communications to Salonika, which I was privileged to visit recently, have been vastly improved and many extremely modern highly automated factories have been built around there. Some, such as textile factories, are vertically integrated, growing their own cotton which they then process right through to the finished product. Indeed, to its great credit, Greece had one of the fastest growth rates in Europe from 1970 to 1975, taking full advantage of her supplies of raw materials such as bauxite, but these industries — and we must never lose sight of this fact — have grown up under a system of protectionism which will no longer be permitted to them once fully in the Community. But despite these great efforts to discourage further concentration in the Athens area, Athens still remains a magnet for the whole of Greece. The development of the different regions in mainland Greece, to say nothing of the islands, is likely to remain seriously unbalanced for a very considerable time. The careful appraisal made in the Commission's document, under the responsibility of Sir Christopher Soames, remains largely valid. Greece needs time to approach EEC standards, and face the strong competition which she will encounter from her fellow members once she is a full member.

Secondly, Spain: problems similar to those of Greece but on a much larger scale also exist in Spain. Industrial activity is concentrated in Madrid, Bilbao and Barcelona, with a prosperous coastal strip along the Mediterranean containing the bulk of developments based on tourism. Again the poorest regions' per capita income is about 40 % of that of the richest regions and 23 % of the labour force is still in agriculture. The country has a history of isolated development programmes which have never been coordinated into a coherent overall plan. Agricultural holdings are either far too small or grouped into enormous *latifundias* providing casual employment for only half the year. Wage levels in agriculture are less than half those to be found in other sectors. Again the regional disparities are vast, and the problems they create will take many years to solve. Only seven out of fifty provinces in Spain have a per capita income exceeding the national average.

Portugal, with an average per capita GDP barely half that of Ireland, has two areas of industrial concentration in Lisbon and Oporto, with a third being developed at Sines on the coast south of Lisbon. Tourism, which suffered badly as a result of the recent political unrest but is fortunately now recovering, is concentrated in the Algarve. Agriculture still employs just under a third of the working population and suffers from an abundance of tiny holdings. 39 % of them were less than one hectare in 1973. Unemployment is a major problem as a consequence both of the

Kellett-Bowman

economic crisis, and of the influx of immigrants from Portugal's newly independent African colonies. There is no doubt that Portugal as a whole, and her northern provinces in particular, will need substantial Community assistance for many years to come.

In conclusion, it is fair to say that not one of the countries that I have described has what might be termed a proper regional policy of its own. Each would demand as a Member State substantial additional assistance from the European Regional Development Fund and from the Social Fund. It has been calculated that, if we were to help the three applicant States with aid on the same scale as that presently given to Ireland and Italy, which would in no way be sufficient to meet their needs, the present fund would need to be doubled in size. If Turkey were added, it would need to be trebled and, even then, we would be offering these countries little more than palliatives. Nor must we forget that the applicants themselves would have to spend vast sums on their own regional development in order to qualify for Regional Fund assistance at all. These are not problems that can be solved by simple transitional arrangements on a time basis, as last time. This is very much a qualitative change. Our whole regional policy will have to be completely rejigged if the three Treaty objectives are to be achieved, and the three new applicant States are to take their places as full, equal and prosperous partners.

However, I wholly share Mr Rippon's view that we should get them in as soon as possible, and then allow the transitional period to take care of these problems. Problems, Mr President, are there to be solved if the goodwill is present.

President. — I call Mr Lemoine.

Mr Lemoine. — (*F*) Mr President, ladies and gentlemen, we welcome this debate. We asked for a debate on this topic and are pleased that it is being held in the House today. The matter in hand has in fact been under discussion for several months in our country, particularly in its southern regions, where great anxiety has been expressed concerning the enlargement of the Community.

Numerous responsible people have drawn attention to the dangers of such a move. The problem we are discussing is a serious and major issue affecting both national interests and the Community as a whole. No one would deny this, and with this in mind I should like to make a few comments on the situation.

The resources and potential of each country are the result of various historical and geographical conditions. In addition to the diversity of soil and mineral resources and of climate, our capitalist economies have tended to develop unevenly. Under such conditions the fostering of all forms of international relations becomes a necessity. All countries should derive benefit from these, provided of course that the relations are governed by the respective interests of the

peoples and industrial and rural workers, and not by the self-interest of the big economic and financial companies.

In this respect the Common Market of Six and then of Nine did not, and still does not meet the interests of the workers or of the economies of the various countries, in particular our own. Although we had been assured that the Common Market would bring about greater economic efficiency in the service of social progress, instead we find ourselves increasingly beset by inflation and unemployment. We have no reason to believe now that the accession of Spain, Portugal and Greece would alter this situation. On the contrary, enlargement would have serious consequences for agricultural production in the Mediterranean area and also for a large number of small and medium-sized undertakings and their workers.

Over the past few days I have been visiting the southern regions of France along with a delegation of French Communist Members of this House. I met the representatives of organizations representing vine growers, farmers, fruit and vegetable growers as well as small and medium-sized undertakings. They all asked me to convey to you their deep anxiety. I had particularly lengthy talks with the vine growers, who for several years have been the victims of the re-orientation of the common agricultural policy which was decided upon with the support of the French government. Faced with the present inconsistencies in regulations and the uncertainty in the market, they know that competition from Spanish wine, for example will pose a threat to their very livelihood. Spanish wine is produced more cheaply for several reasons, including more favourable natural conditions, by producers with different standards of living in a country with an even weaker currency than elsewhere. Although the Community already produces a surplus of wine, Spain, which is the world's third biggest wine producer, producing wines with the highest alcoholic content from the world's largest area under cultivation, has enormous capacity for production and export. This capacity may also increase rapidly with dire consequences for a market which is already in great difficulties.

Mr Gundelach, on behalf of the Commission, has already proposed a permanent reduction in the production capacity for wine. He is proposing that vines should be grubbed up, in particular in the Languedoc-Rousillon area. I spoke to these wine-growers, who are in many cases in a particularly precarious situation. One season of bad weather is enough to place them in extremely great difficulties. The vineyards of southern France are of great value and are the fruit of centuries of labour. Now it is proposed to destroy them! And what proposals have we to make to those who are uprooted from their land? They will simply have to join the dole queue in a country which already has over 1.5 million unemployed.

Lemoine

In the department of the Aude alone 14 % of the population of working age is unemployed, and this year's bad harvest resulted in the loss of 600 farm jobs, a further 1000 being threatened. What would happen if Spain joined the Common Market and sold its wine at less than half the price of French wine.

Vine growing is not the only sector under threat, however. All agricultural products in the Mediterranean area, such as fresh or processed fruit and vegetables, for example, are also affected. The enlargement of the Community would soon result in permanent surpluses of products which, in France, account for 15 % of agricultural crops. At the same time French and Community imports cannot hope to achieve substantial gains in the markets of the applicant countries. The accession of Spain to the Common Market would also be a blow to certain sectors of industry, in particular small and medium-sized undertakings affected both by competition and the drop in the purchasing power of farmers. In France only big business is completely happy with the proposed enlargement. There are obvious reasons for this — for several years large undertakings have been investing to take advantage of backward social legislation and working conditions. They sometimes close down their factories in France and set up subsidiaries elsewhere, thus putting thousands out of work. With the complete abolition of customs duties, Community enlargement would accelerate this process.

We therefore ask that subsidiaries of nine of these concerns, in which the concern has a majority holding, should be nationalized, which would make it possible to take immediate action against such transfers and to guard against their harmful effects.

Mr President, those are the reasons which prevent us from supporting Community enlargement at the moment. It is an extremely important question, and we should all accept our responsibilities. Serious economic issues are at stake as well as important financial problems. Institutional questions also play a part. Does the Commission not recognize that the enlargement of the Common Market implies a return to majority voting? Having said that, we, French Communists are in favour of the development not only of trade but also of cooperation on the widest possible basis, provided this is founded on mutual advantage and mutual respect for national sovereignty and independence. We are also in favour of extending and improving our relations, and not only our economic relations, with Spain, Greece and Portugal as well as with other countries. We are encouraged by history, which has created many bonds between us, and by geographical proximity to expect ample benefits from such a trend. Such a policy, which meets the needs of the modern world, would be pursued by a democratic France which, through the nationalization of the key sectors of its economy, will have regained control over its development aimed at assisting our crisis-torn regions and their inhabitants and fostering social and economic progress.

President. — I call Mr Albers.

Mr Albers. — *(NL)* Mr President, following the general remarks made by my colleague, Mr Lezzi, regarding the enlargement of the Community by the accession of Greece, Spain and Portugal, and after what Mr Hoffmann said regarding the agricultural policy, I should like to make a few remarks concerning the consequences of the enlargement for the form of social policy the Community might and should have. It is, of course, clear that the accession of these countries will affect the application of the social security systems. The European Social Fund is intimately involved in this, and we must consider how existing Community legislation can be applied in these countries once they have joined the European Community. However, the most important aspect of the accession will of course be its effect on the free movement of workers and the consequences of this for the labour market and employment. We must distinguish here between the effects on policy within the European Community, the effects on policy in each of the individual existing Member States, the effects on policy in the new Member States and the effects on relations with third countries which have neither acceded to the Community nor expressed any wish to do so.

If we consider the situation as regards social security systems, it is clear that harmonization in the Community of the Nine has not yet progressed very far.

There is no wish for unification, it is not a political objective. Harmonization is still in its infancy and all people want is that the systems should be brought a little more into line. In this respect, the accession of these countries would mean that the efforts necessary to achieve harmonization in the Community would have to be such that these countries, too, could be involved in this process of harmonization.

One potential difficulty is equal pay for men and women. It became apparent on the accession of Ireland that this could lead to problems in certain sectors, and the Community systems regarding pay for young people could also cause difficulties for countries with a weak economy. Obviously, the Socialist Group feels that still further progress should be made in this field, and that what we have achieved should also apply in the new Member States. This might necessitate aid to certain sectors — which would naturally affect the size of the Social Fund and the number of projects to be financed out of this fund. The accession of these countries will lead to even more people leaving agriculture, and we must provide alternative opportunities for these people. There will be more radical structural changes in the textile industry. The number of projects to combat poverty will undoubtedly increase. If we look at ship-building, for example, it is clear that we will encounter problems in this field too, which will require more money and a new policy.

Albers

One thing we must particularly keep an eye on is the development of purchasing power. This is perhaps the key to possible solutions in coming years. The poor economic situation and sectoral difficulties have to a certain extent put purchasing power and the wage level in the nine countries of the European Community in jeopardy. It will be necessary in any case to maintain or, if possible, increase the purchasing power in the Community. We also need plans to raise purchasing power in the applicant countries, which would probably lead to new jobs being created to satisfy the increased demand. In this respect, our Group feels that the accession of new Member States will provide opportunities for renewed expansion.

However, what naturally worries us greatly in this whole situation is the free movement of workers and the attendant employment problems. It is a fundamental right of workers and their families to settle anywhere in the Community offering them better social and working conditions. This implies that certain economic needs which exist in this Community can be satisfied.

If we look at Italy, which is one of the founder members of the European Community, and consider what the consequences of free movement have been for this country and for the European Community as a whole, we see that over 5 million Italians still work outside their own country. Of this 5 million, 750 000 work elsewhere in the European Community, i.e. Germany and France, but there are also 600 000 in Switzerland. We see that economically stronger countries have profited from this possibility, but that the weak regions in Italy have not benefited at all, indeed they are now even worse off.

If we then consider that there are already 1.3 million Greeks, Spaniards and Portuguese working in the Community, together with over 1.4 million Turks, it is obvious that we are faced with an extremely difficult problem to which a solution must be found.

My group also has the impression that to conduct a successful social policy in the Community of the Nine is an impossible undertaking. We cannot get away from the fact that large numbers of workers have been obliged to go elsewhere, with all the attendant problems of cultural alienation, separation of parents from children and great risks for these people in cases of a declining economic situation in weak sectors. We will have to find an answer to this problem when we come to evolve new social policies. The accession of new members makes the problem more and more complex and difficult to solve, but we feel that we must not take a passive attitude to the matter.

We are working on the assumption that the entire European Community has been an unambiguous chal-

lenge ever since its establishment, and that this challenge means that we must tackle existing difficulties and new difficulties which arise with the accession of new Member States. It is clear that the existence of the free market as we know it today has not brought us any closer to finding solutions. We have witnessed certain chaotic developments and massive unemployment together with migration on a vast scale. We therefore feel that a planned economy and planned industrial development should form the basis of our policy. The accession of the new Member States with weak economies will create a need for a European planning bureau.

We take the view that we must make the accession possible. We will have to draw up an inventory of the social legislation in the existing Member States and in the applicant countries. We will also have to look into individual and collective needs which have not been fulfilled and develop a sectoral employment programme in which the three new countries will be involved. Even after the enlargement of the European Community, the position of the multinationals will have to be taken into account. We will have to take measures to prevent undertakings blithely playing with money and human beings within the enlarged European market. The available funds will need to be better coordinated. We will have to bring the work to the people. Improved distribution of the work available will mean the existing Directive for a 40-hour working week and 4 weeks holiday per year being applied in the acceding countries as well. We will have to devote some attention to small and medium-sized industries in these countries; we have no need for new large-scale concentrations between undertakings in these countries.

There will be a fight against inequality, for new social rights, for the humanization of work, and for people who currently live elsewhere in the Community for the sake of work, but who nevertheless want to return home, to be able to do so.

When we have a programme of this kind, our group is fully prepared to do what it can to support it, but this means that the existing and the future directly-elected European Parliament must be fully involved in outlining the policy to be pursued and must also be able to influence the direction this policy takes. Thus, policy programmes must be submitted and a planning bureau will have to develop models from amongst which we in Parliament can make a choice, since, in the view of my group, what is at stake is the quality of life not only in the three applicant countries, but also in the present nine countries of the European Community.

(Applause)

6. *Welcome*

President. — I extend a warm welcome to Professor Inan, the Turkish Minister for Energy and Natural Resources, who is in the official visitors' gallery to listen to this debate, which is important for his country also.

(Applause)

7. *Enlargement of the Community (Resumption)*

President. — We shall continue the debate on the enlargement of the Community.

I call Mr Bertrand.

Mr Bertrand. — *(NL)* Mr President, I should like to make a preliminary remark on behalf of the Christian-Democratic Group. I have read in the papers that Mr Jenkins is paying an official visit to Japan this week. I would ask you to point out to the President of the Commission that he should not make a habit of paying official visits during part sessions of the European Parliament. His place is here whenever debates of such political significance are being held. I lay particular stress on this point because otherwise people might get the impression that Mr Jenkins' interest in what we do here is not as great as he has claimed before this House. I regard this as a politically important matter.

Secondly, I should like to reiterate the attitude of the Christian-Democrats to these three countries' applications for membership of the Community. In the manifesto of the European People's Party, which will be published in the near future, we have included the following paragraph :

We Christian-Democrats support the Greek, Portuguese and Spanish people in their applications to join the Community and the European union. These peoples are part of Europe by virtue of their culture, history and traditions, and Europe would be incomplete without them.

This is the straightforward attitude of the Christian-Democrats to the membership applications of these three countries.

Having said this, I must express my profound disillusionment with the text of the motion for a resolution tabled by the chairmen of the six political groups : is a four-hour debate to be crowned by a motion for a resolution which adopts no stance at all? The motion merely states that the European Parliament is anxious to follow the development of the accession negotiations. Not a word about our approval or agreement. It would be difficult to imagine a more feeble end to this debate. The resolution is meaningless. This is surely not the right way for this House to demonstrate its political resolve to the applicant states.

I should like to return briefly to the progress being made with respect to the applications for membership. Article 237 of the Treaty clearly lays down the

procedure to be followed. In the case of Greece, Portugal and Spain, this procedure has been set in motion. And I believe that today's debate is indeed necessary to demonstrate to the Commission that we demand to be involved in the negotiations. Article 237 makes no mention of the European Parliament and we are not concerned with the accession procedure. This is the exclusive preserve of the Council, acting on advice from the European Commission. Nowhere does the Treaty mention the role of Parliament in this matter.

I would accept that, from the legal point of view, we have no claim to involvement ; but from the political point of view, our existence cannot be denied, and again from the political point of view, I would like this fact to be recognized by the Commission and for the Commission to keep us informed regularly in the future on the progress made and the position reached in the negotiations and of the problems they come across, so that we are given a chance to discuss all these matters.

The Luns procedure enables us to advise on treaties and trade agreements with third countries. This is enshrined in a kind of gentleman's agreement and was also provided for in the Treaty. We are surely justified in going a step further and asking as a Parliament — and these comments are addressed in particular to Vice-President Natali, who is the responsible Commissioner here — to be involved directly in the negotiations.

We should like to know what the upshot was of the Commission's deliberations in La Roche on the question of enlargement, so that we can at least get some initial idea of the course the Commission intends to pursue.

Secondly, I should like to take this opportunity of once again expressing my disillusionment at the way the informal meetings of the foreign ministers are held. We have been given no information on the meeting which took place last week in Villers-le-Temple. It was supposed to have been a secret meeting, but we can now read in the papers extensive accounts of the positions adopted by ministers, all of whom are identified quite clearly by name. Under the circumstances, Mr President-in-Office of the Council, we feel we have a right now to demand an account of what went on at Villers-le-Temple ! As Parliamentarians we have at least as much right as journalists to know what goes on at your gatherings.

In this connection, I see that even before the Commission has issued an official statement, the press is carrying reports to the effect that you are opposing the concept of a pluralist democracy, an idea which has only recently been floated by the Commission, and which has not even yet been officially put before the Council. But already the papers are saying that the nine ministers have rejected the idea even before a

Bertrand

single discussion has taken place on it! If this is the way we are going to prepare for the negotiations on tricky aspects of the accession of these three countries, we shall of course encounter enormous difficulties without finding any effective solutions. I want to place the utmost stress on this point, because we find it embarrassing to be treated again and again as if we simply didn't exist, and as if journalists were more important than the peoples' representatives in this House.

I am furthermore of the opinion that we have a moral duty towards the three applicant states to make it plain what kind of a Community we want to welcome them into. And I would just ask whether we still really know what kind of Community we are trying to create. Do the Community institutions still have a unanimous opinion on this subject? So many decisions have been taken in the past. For instance, it was decided in The Hague in 1969 that our aim should be to enlarge the Community, and since then the talk has been only of enlargement. But at the same meeting, it was also decided that the Community should be strengthened. This process of strengthening seems to have been forgotten for the time being. No one mentions it any more. We only hear about enlargement. Instead of getting proposals for the strengthening of the Community, we now hear to our great consternation of the proposals made by the British Prime Minister to his party for a six-point programme for opposing the strengthening process, undermining the Community and calling the whole thing in question! We read in the papers that the other eight Member States protested, of course, but nowhere do we get any concrete ideas from the Commission or the Council on how to strengthen the Community. I should like to remind you of some of the decisions with respect to the Community's future objectives, taken in the course of eight successive summit conferences.

Beginning with the Hague summit conference, it was said on that occasion that the process of strengthening consisted first and foremost in bringing about Economic and Monetary Union. The President-in-Office of the Council has stressed that this remains for him an essential objective, and one on which he wants to see some new progress made.

Secondly, it was decided that work should get under way on the development of an institutionally based, effective system of political cooperation. That decision was also taken in The Hague.

Thirdly, the Six decided that the Community should have its own resources to guarantee its independence. This gave the European Parliament greater budgetary powers.

In October 1972, the heads of government of the nine Member States met in Paris and declared that

Economic and Monetary Union should be achieved by 1980. They also decided that the Community must develop into a European Union.

This was followed in December 1973 by the Copenhagen Summit, where it was decided to introduce the concept of a European identity. Paris was again the scene of a summit conference in December 1974, where the European Council was founded. Direct elections were announced and the Tindemans Report commissioned.

Are the Council and the Commission prepared to conduct joint negotiations with the three applicant states on the basis of these objectives, which are of fundamental importance in pointing the way to integration? We want joint negotiations to be conducted with all three applicant states on the basis of these political objectives because we have not forgotten the lessons of the last enlargement, when we omitted during the negotiations to point out the European Community's political strategy of integration to the three applicant states, and look what difficulties that omission has now landed us with! The three newest members do not accept the ultimate aim of Economic and Monetary Union. This was a development we failed to foresee in the negotiations on the accession treaties. I cannot overemphasize the importance of conducting joint negotiations with the three countries concerned on the question of these political objectives.

The Commission's concept of a pluralist democracy is an important factor from our point of view, not only in connection with the three applicant countries. Who can guarantee that the solid foundations of parliamentary democracy will remain just as solid in the present nine Member States in the years to come? None of us can give such a guarantee in view of recent developments in certain countries. We regard that aspect, too, as being of enormous importance from the political point of view.

Of course, the economic, financial and other problems of the three countries are so different that separate negotiations will have to be conducted with each of them.

But as far as the political objectives are concerned, the negotiations must be on a joint basis. This is one point we do insist on.

In conclusion, I should like to ask the Commission to tell us where it stands on the question of the strengthening of the Community institutions. Is it prepared to let this work continue side-by-side with the negotiations? This need not be a precondition, but there must be some degree of parallel progress to enable the strengthening of the Community to proceed in step with the negotiations. That is a problem which exists independently of the question of enlargement. Enlargement has merely made it all the more urgent.

Bertrand

That is why we stress the element of urgency and why we want to know from the Commission whether it intends to make proposals to the Council on the new composition of the Commission once there are twelve Member States. Will there then be seventeen members or less? Will the Commission once again make resolute use of the right of initiative embodied in the Treaty, and will it once again assert itself as a political body, or will it continue to labour under the burden which the Luxembourg agreements placed on the Commission's effectiveness? These seem to me to be extremely urgent questions. Should this House perhaps take the initiative and put forward proposals itself? If so, we should like to be told. We could then get our committees to formulate the appropriate proposals.

And I should like to ask the Council whether it is not considering overhauling its decision-making process? Will the Council be prepared to apply the provisions of the Treaties? We are, after all, asking for nothing more than what is in the Treaties. All we want is for the provisions of the Treaties to be applied and for votes in the Council to be taken by simple majority, qualified majority or unanimous voting as appropriate, as is provided for in the Treaty. This seems to me to be essential for the application of the Treaty which now has to be defined for the purposes of the proposed enlargement. If we do not do this we shall have no clear idea where the Community is going, and this will be dishonest *vis-à-vis* the three countries seeking entry.

The three countries which are now knocking on the door of the Community are already well acquainted with that Community; after all, let us not forget that — and I am not exaggerating — several million people from these three countries have for years been working in our Community and helping us to grow prosperous. Portugal, Spain and Greece are perfectly well aware what kind of Community they want to join. I get the impression that a European Economic Community is not really what they are looking for. After all — as Mr Hoffmann has already said — their economic problems could be solved by treaties of association. We could grant them preferential tariffs, or we could incorporate free trade agreements into the treaties of association. But no, a treaty of association is not what they are looking for. They are seeking full membership of the Community as a way — quite rightly, in my view — of becoming part of a European political community. But just such a community does not exist, the legal framework has not been worked out. The Portuguese, the Greeks and the Spaniards are not so much concerned about the economic aspects of accession; their concern is to gain access as quickly as possible to a Community which will provide a more suitable context for them to tackle their political and financial problems. They regard accession to the Community primarily as politically important, and we should pay due regard to this fact. The 64 000 dollar question is, however, what kind of Community we

want them to become members of. I hope this question will be dealt with briefly by the President-in-Office of the Council and the Vice-President of the Commission, Mr Natali.

(Applause)

President. — I call Mr Jensen.

Mr Jensen. — *(DK)* Mr President, I do not think we can force a precipitate process of democratization on the three applicant countries, as it must be up to the individual countries to decide what form of government their populations prefer. Naturally, a political and democratic harmonization will carry more weight with the existing Community. Several speakers have mentioned the positive aspects of an enlargement, and I should therefore like to explain clearly the negative aspects.

If the European Community is enlarged by the accession of the three countries mentioned, the Community will quite simply become nothing more than an enlarged free-trade zone. The Danish Progressive Party feels that the Community should not be enlarged before the nine existing countries have themselves become stronger. There are already so many shortcomings among the various Member States which must be rectified before we will be, economically speaking, in a position to accept several poor countries. However, the Community cannot allow itself to indulge in delaying tactics. Let us say quite clearly to the Greeks, who have been waiting at the door for a number of years now, that they must get used to the idea that they cannot accede for at least 10 years. But let us give them this deadline now, let us also say to Spain that it will be at least 15 years before they can be accepted, and to Portugal that they will probably have to wait over 20 years.

An unambiguous 'no' is preferable to an answer which is non-committal and, for tactical reasons, ostensibly positive. What we need is courage, genuine frankness and a clear standpoint *vis-à-vis* the three applicants. While this may mean running the risk of these countries turning to the East, are not the Eastern bloc countries simply waiting for us to reject the applications provisionally? We must let the applicant countries make their own decisions. However, in this time of crisis within the European Community we cannot afford to experiment blindly with countries which are in all respects, e.g. in terms of industrialization and the national character and culture, at a different level from the existing Member States, at the expense of the dynamism which is so urgently needed in the existing Member States. And at the purely administrative level, how can the addition of three new languages avoid making it difficult to integrate new officials in the existing bureaucracy which is already far too cumbersome? For these reasons, it would be preferable to give the three applicant countries a definite deadline and not indulge in intolerable delaying tactics which are of no use to anyone.

President. — I call Lord Bethell.

Lord Bethell. — Mr President, I am very glad that at last Parliament has decided to discuss this crucial matter. The number of speakers who have put down their names to address us this morning must surely be an indication of the importance that we in this House attach to the question of enlargement. It is obviously not purely a question for the Political Affairs Committee. I wish simply to express my agreement with the motion for a resolution, and my hope that the Commission and the Council will keep this House continually informed about the progress of negotiations for the accession of the three applicant countries.

I want now to say clearly how much I disagree with what the last speaker said. He has enumerated some of the difficulties which will come upon us during the discussions on enlargement, but he is, I think, very much in a minority in this House — I suspect a minority of two or three. I would like to say to him that I too would be opposed to the enlargement of the Community if I thought that enlargement was to be an alternative to the deepening of the Community, if I thought that it was going to be used to produce a looser European Economic Community. If I thought that the international difficulties of Greece, for instance, were going to be a barrier to the evolution of a common Community foreign policy, I should be an opponent of enlargement. If I thought that the economic difficulties of Portugal were going to prevent economic and monetary union in the foreseeable future, I would be an opponent of enlargement. If I thought that the problems posed by Spanish agricultural products were going to disrupt the common agricultural policy and our agreement with the countries of the Southern Mediterranean, I should oppose enlargement. Most of all, I would oppose enlargement if I thought that it was going to be exploited by another small minority in our midst who wish to use the question of enlargement to build what they call a wider, but much looser grouping of European States. This cynical approach to enlargement seems to me something that the Commission should watch with very great care, because it is a danger to the survival of the Community as it was conceived and as the great majority of this House desire it.

Therefore, Mr President, I would like to say to the last speaker and to the House that I do not believe that these objections, real though they are and important though they are, are a sufficient reason for the postponement of the enlargement of the Community by these three Member States. On the contrary, in spite of all the difficulties, they will serve to strengthen the Community and will, I believe, lead eventually to what was envisaged by the founding fathers in the

preamble to the Treaty of Rome — an ever closer union among the peoples of Europe.

(Applause)

President. — I call Mr Radoux.

Mr Radoux. — *(F)* Mr President, Mr Lezzi has already spoken on behalf of the Socialist Group and said that subsequent speakers would only raise certain specific questions. I should like, however, to take this opportunity of commenting on a speech I heard.

I have always thought that the principles of the democratic system should be observed in both Community and national institutions, and consequently I have always believed that the Commission and the Council had not only the right but also the duty to meet, without having to inform Parliament each time.

Secondly, I shall take the same attitude when we have started negotiations with the three countries. Parliament also has the right and the duty to take initiatives, and consequently it can make its opinion known and call to account and question the other two institutions. I wanted to say this because I am absolutely certain that we must continue along the path that we have trodden ever since the Treaties came into force. It has been rightly said that the Luns procedure is not a good one. In reply I would say this; for some time it has been clear from the operation of the Luns procedure that the system is no longer working properly. I would add, however, that the system has not only ceased to work properly for the European Parliament but that the same goes for the Commission and the Council. I think, therefore, that it is in the interests of the three institutions to reconsider this principle — without, however, replacing it by a less satisfactory system which would make all our deliberations public. Mr President, there are no two ways about it: if we are to observe the Treaty of Rome, we must say yes to accession.

We shall have to pay very careful attention to the way in which we treat the three applicant countries since, Mr President, I should like to ask this House to realize what the situation would be if, instead of having developed successfully, instead of having replaced dictatorship by a democratic parliamentary system, these countries had gone the opposite way; we should not then be talking about butter mountains or about money to be spent. I am not saying that everything is all right, but I should like to quote the case of the iron and steel industry, where a member of the Commission said: 'It is not the money that is lacking, it is imagination and plans: if we have the money and use it well, we can overcome our difficulties'. With regard to these three countries, I think we should take the opportunity in this debate of congratulating them on having emerged victorious from one of the greatest tests in their history.

Radoux

I should like now to say something about the possible reference which the Commission has said it wants to make to the political system in the wording of the accession treaty. I think it would be wrong to give these countries the impression that if we perhaps have the intention of inserting a clause in the treaties or of raising the subject in any other way it is necessarily because we are afraid of the possible fragility of the present régimes in the three countries in question.

Things have changed since 1957. In 1957 we were thoroughly sure of the system under which we would be living for a more or less lengthy period. This afternoon, Mr President, we shall be discussing terrorism, which shows that things have changed a great deal. I thus think it is a good thing to try and define what we want, under what system we want to live, but this should not be regarded by these three countries as a reference to any weakness on their part.

Thirdly, there has also been talk of the expulsion of a country from the Community. I think that we should refrain from making any reference to this in the accession treaty, since no amount of legal texts would prevent a *coup d'état*. Consequently, we must start objectively from the assumption that such a *coup d'état* will not take place and that these three countries' accession to the Community will provide an additional guarantee for their political institutions.

As regards agricultural policy, I entirely agree with what Mr Gundelach said. There are two ways of looking at the problem, as the Communist Member has shown.

What is a common market? It means having tried to create and operate what is already in existence in certain other parts of the world. A common market is in itself a good thing, and consequently it is clear that we must do the opposite of what certain speakers have been urging. Accordingly, with regard to the agricultural policy, while there are great difficulties there is also a chance of implementing a very ambitious plan, as Mr Gundelach declared. The accession of the three countries must not be regarded as a source of difficulties but should be seen primarily as a good thing in itself. I recall that at the time of the signing of the Treaty in 1957 Mr Khrushchev said that it would never work because it was a marriage of males. By that he meant that we were all industrialized countries. Well, everything has worked very well, and if only we implement the proposals of the Commission and the Council with regard to the iron and steel industry there is no reason to believe that we will not overcome our problems.

Finally, Mr President, I should like to say that, with things as they are, Parliament should thank the Commission and congratulate it on the work it has already done. The Commission is ahead of its own schedule, since it has today transmitted the promised document on Mediterranean agriculture. We should also congratulate the Council on having met.

Last of all, I should like to repeat that the speech by our Communist colleague further convinced me of the desirability of accepting new members.

President. — I call Mr Scelba.

Mr Scelba. — (I) Mr President, ladies and gentlemen, in the face of statements which are tantamount to a flat rejection of the applications for membership, it is worth repeating the reasons which we feel justify the accession of these countries to the Community. And accession should come not in ten, fifteen or twenty years — which would be an insult — but in the reasonably near future.

The Treaties and the very nature of the Community make it one which is open to every European State based on freedom and democracy. The inclusion of new States in the Community will increase its standing in the world and reinforce the appeal of freedom, democracy, solidarity and peace — the ideals on which the Community is built.

This being the case, we can only welcome the fact that three new States have asked to become members of the European Community. Their applications are proof of their confidence in the Community and its future.

But there are also special reasons why we should deal with the applications of these three countries with willingness and dispatch. Greece is a country associated with the Community, enjoying a position which is just one step from full membership. However, all three are emerging from a similar political experience. For many years the people of these countries were the victims of totalitarian régimes. The applications to join the European Community, coming immediately after the fall of these totalitarian régimes, have thus come to signify an idealistic choice. The struggle for freedom in these countries has become synonymous, for most democratic parties, with the intense campaign for membership of the European Community.

During the dark years of the struggle for freedom, the European Community heartened the democratic forces in these lands by pledging its special and entire solidarity, precisely because these nations were destined to become part of the European Community.

The European Parliament, especially, stood out with its work of encouragement and promise, which explains why the House is following the negotiations for membership with such special interest. It explains, too, its desire for rapid and constant information and its concern about any unjustified delay.

There is no doubt that the accession of new States brings immense problems, as we found both when setting up the original Six-Member Community and with the subsequent enlargement to nine Member

Scelba

States. But these problems are not insurmountable, provided that the primary political reasons for membership are not forgotten during the negotiations, and provided that all sides are inspired by the vision that led to the creation of the European Community and its subsequent enlargement.

In accepting the three new States, economically weaker than the present Member States but rich in traditions and civilization, we shall have an opportunity to show our citizens and the entire world that the European Community is not merely a trading organization, but above all a Community with a human face, where economic interests are welded by a spirit of solidarity which is the prerequisite and the guarantee of peaceful development. And we need to show this, especially if we want to convince young people in search of ideals that the European Community is an ideal worth fighting for, an institution with a future.

As the campaign starts for the election of the European Parliament, our attitude to the accession of the three Mediterranean applicants will carry much greater force than any speeches in promoting the idea of a European Community which aims to become the Community of the free peoples of Europe.

(Applause)

President. — I call Mr Corrie.

Mr Corrie. — Mr President, I speak on a personal basis and my views are not necessarily the feelings of my group. As everyone in this Parliament knows, I have always been extremely cautious on the question of enlargement of this Community. At first sight we have more than enough troubles in the nine countries to keep us occupied for years to come. Many areas of Community policy are in a mess, to put it mildly, and major reforms are needed in the CAP, without the terrifying thought of 5 million more farmers to support if Greece, Spain and Portugal come in, and twice that if Turkey applies.

One cannot compare the situation with the entry of the last three countries, including my own, as these countries were highly industrialized and had a high GNP compared with the three present applicants who are still struggling for political and economic stability. The Community was formed as an economic bloc, but it is my firm belief that the emphasis is rapidly changing and the political influence is now much more important if we are to halt the march of Marxism from behind the Iron Curtain. If for nothing else, Western Europe must join together to protect herself from that end, and I firmly include Turkey in Western Europe. The arms embargo must be lifted from that country.

I was amazed in Peking, six weeks ago, to hear the Chinese urging a strengthening of Europe by enlargement, as they were convinced that Mr Carter is the

Chamberlain of the '80s and will pull out of Western Europe to an entrenched position in America, leaving Europe to her own devices.

I therefore conclude there is strength in size, and for purely political reasons we should enlarge the Community at the earliest possible moment by bringing in Spain, Portugal, Greece and Turkey to bring them into the European family, even if this means very long transitional periods of, say, even up to 20 years in the case of Turkey. As an associate member, Turkey seems to get less help than many of the third countries do. It is better to have these countries in the European family and then sort out the family quarrels, than leave them out and have them marrying off somewhere else.

One of my British colleagues is suggesting at Question Time that Spain should not join unless the Gibraltar situation is solved. This is a disgraceful suggestion, Mr President. If one follows that line, we should not accept Greece or Turkey because of Cyprus. That is also an intolerable situation, already condemned by this House. In any case, if a British Government of either party had the courage to admit that Gibraltar would eventually return to Spanish sovereignty — as it undoubtedly will, given time — and agree to a lease-back situation, the frontier there could be opened and Gibraltar become alive once again to everyone's benefit. No Spanish Government of any colour could survive if it suggested giving away the sovereignty of Gibraltar. But some of these countries that have found their freedom are beginning to find the price of democracy is high. Minority groups, particularly in Spain, are using their new-found freedom to try and destroy the system, little realizing they would be the first to lose their voice, having achieved their objective, by taking that country to the other extreme.

I am also convinced, as the late Mr Crosland said, that the political benefits outweigh the practical difficulties, even if this means very long transitional periods. I therefore hope to see these countries coming in, in the very near future.

But we must have a firm understanding, Mr President, on what democracy means and what standards a new or an old member country must uphold. We must have the power to expel any country that deviates left or right to a one-party state. The Community, no matter how large or small, must include truly democratic States. New members must abide by our rules, particularly on human rights.

The major problem, of course, is the agricultural sector, with millions of small farms having to disappear in the new Member States if the CAP is to survive. Better to have these small farms helped by the Regional or Social Fund to leave agriculture, as it is pointless to offer incentives to our own farmers to take them out of agriculture and then bring in

Corrie

millions from these new countries. The Community will be paying twice over — once to support small farms and once to take their products into intervention.

A massive programme of industrial investment must take place in these applicant countries. These problems are not unsurmountable. If only to get a united defence policy, which must come to Europe, to build a strong united bloc, we must get these countries in. The sooner the better, Mr President. The Community should not keep these applicants standing on the doorstep for a moment longer than is necessary.

President. — I call Mr Giraud.

Mr Giraud. — (*F*) Mr President, my friends in the Socialist Group have already given ample expression to their point of view on enlargement, but some people would find it difficult to understand if I as the longer-serving vice-chairman of the Joint Committee of the association with Greece, did not contribute to this debate.

All of us in this House believe that priority must be given to enlargement and to opening the way into Europe to all democratic countries which apply. We should be betraying our ideals if we remained a closed community. The young democracies are delicate creatures and they all need our friendly, fraternal assistance if they are to surmount the difficulties facing them. It is our duty to assist them and to protect them in difficult circumstances. We know that the world economic crisis, from which the applicant countries are suffering as much as we are, is a destabilizing factor. Our friendship and our support must make it possible for them — and, indeed, for us too — to weather this storm.

Greece is the longest-standing of the applicant countries. It should not be forgotten that it was at the beginning of the sixties that Greece initiated the process which was to lead it to Community membership. I think that we consequently need an overall policy on the enlargement of the Community, a policy which will neglect none of the difficult problems — which have been referred to so often since the start of this debate — that might arise in connection with any new accession. It is essential for Greece, which was the first to lodge its application, to be allowed to pursue as quickly as possible, with the support of the Commission and of the Council of Ministers, the discussions and negotiations on its entry into the Community. The vast majority of the Greek people which, in agreement with its main political parties, supports Greece's entry into the Community, would be greatly disappointed if we did not do all in our power to hasten the final decision. I would go so far as to say that the experience gained with Greece

would put us in good stead to tackle and resolve the problems we shall subsequently have to settle with Portugal and Spain, which we wish to see joining the Common Market on the same terms.

So as not to overtax your patience or your goodwill, I shall simply quote a formula for which I have a great deal of respect: let your 'yes' mean 'yes'. The 'yes' that we have given on several occasions in favour of the enlargement of the Community to include the Mediterranean countries who wish to join must be put into practice. Excuses, manoeuvrings and shilly-shallying are quite out of place at the present time. The Community must be consistent with regard to its stated positions, and I should like the proposed accessions to become, as soon as possible, a reality.

(*Applause*)

President. — I call Mr Hamilton.

Mr Hamilton. — Mr President, in view of the time I shall devote my remarks exclusively to the issue of Gibraltar, and I speak, I must add, in a personal capacity.

Mention has been made in the course of this debate of the need to preserve human rights, and it is on that aspect of the Gibraltar problem that I wish to speak. As the House may or may not know, there are 20 000 citizens of the EEC who have been imprisoned behind a four-metre barbed-wire fence and locked gates since 1964. These people have been isolated from the mainland of Spain as effectively as West Germany is isolated from the East by that obscene Berlin Wall. Thousands of Spanish workers who had been working in Gibraltar have been deprived of their jobs and were deprived of them overnight. Families have been split apart in the most heartless and inhumane way.

In a referendum held in September 1967, under impartial supervision, the Gibraltarians opted overwhelmingly to maintain their links with the United Kingdom, a decision which Franco's Spain refused to accept. However, with the advent of a new democratic government in Spain, we hoped that this intolerable problem in Gibraltar would be satisfactorily and quickly resolved. In early September of this year, Dr Owen, the United Kingdom Foreign Secretary, visited Spain, and made it clear that a solution of the Gibraltar question was not a condition for British support of Spain's application for membership of the EEC. He supported the application, he said, because he believed passionately that the EEC could not go on being just an economic community, and, as a democratic political community, would welcome Spain as a new democratic State. Nevertheless, the blockade of Gibraltar, and the consequent infringements of human rights, must be removed before Spain can be allowed into this Community.

Hamilton

I want briefly to pose three questions to the Commission and to the Council of Ministers. I would like to know what discussions on the constitutional status of Gibraltar have taken place between the nine Foreign Ministers in the context of Spain's accession to the Community. Secondly, will the President-in-Office of the Council undertake to link the question of the future status of Gibraltar with that of Spain's accession to the Community? Thirdly, what consideration have the Foreign Ministers given to the right of Gibraltarians to participate in direct elections in view of the expected accession of Spain?

In answer to Mr Corrie who spoke a few minutes ago, I would like to put my own personal view on record. I and, I suspect, most of my colleagues in the Labour Party are anxious to strengthen bonds of friendship with the new democratic Spain. We hope that, before too long, Gibraltar will be regarded as an integral part of Spain, and a further vestige of colonialization will thus disappear.

President. — I call Mr Dalyell.

Mr Dalyell. — Mr President, I just want to put two questions, of which I have given notice, to the President-in-Office of the Council of Ministers. What institutional change in the organs of the Community itself can we expect on enlargement? Will each country of the twelve be entitled, on a regular basis, to a Member of the Council of Ministers, and on a regular basis to a Member of the Commission? If so, from his experience inside both the Commission and the Council, will this become unwieldy in terms of decision-making?

My second question is equally short. It is again a matter that I have constantly raised with the Council and Commission in relation to Scotland, but here it is in relation to Spain. Given that the Generalitat in Catalonia is likely to have an increasing amount of power, is discussion going on — I ask no more than that — on the representation of the Catalans as such in the organs of the Community?

President. — I call Mr Simonet.

Mr Simonet, President-in-Office of the Council. — (F) Mr President, I should like first of all to express my appreciation of the considerable interest that Parliament has shown in the enlargement of the Community and also the fact that the representatives of the people delegated to this Assembly from their national Parliaments share the sentiment expressed unanimously by the Council on the subject of the three new applications when it was asked to decide on starting the procedure which is to lead one day to the integration of these three new members.

This sentiment is that for a series of reasons that have been expressed both by the Council and in this House

and which are connected with the profound political reality represented by the Europe of the Community together with a certain number of countries which are not yet members, and also in order to maintain the open and profoundly democratic nature of this Community, the only response conceivable in political terms is a resolutely affirmative one. The fact remains, of course, that various speakers have also brought out the same concern as has been expressed at government level: apart from the unreserved acceptance of the principle of participation — within a time limit which I cannot specify at this stage — by the applicant countries in the activities of the Community, for which there are political reasons of which I have just mentioned two of the most important, there remain a large number of complex problems which are often difficult to formulate if not to resolve. These will be tackled in the negotiations which are to start as soon as the exploratory discussions are concluded in one case — that of Greece — and the Commission has delivered its opinion on the other two cases. There will then be a period of negotiations in which views are bound sometimes to differ on specific problems which are, however, important on account of their impact on the internal situation both of the Community and certain Member States and of the countries wishing to join. All this has also been emphasized, but the essential point seems to me to be this feeling of unanimity which is also reflected here with regard to the absolutely irrevocable nature of the European commitment of these countries and, hence, of their right to be integrated into the political and economic structure of the Community.

By your leave, Mr President, I should like to reply briefly to some of the questions which have been raised.

The first one is not directly concerned with the present debate, but was raised by Mr Bertrand, who deplored in spirited terms the fact that the informal and extremely confidential meeting of Community ministers had been the subject of certain leaks to the press. I would say to Mr Bertrand that I for my part have not read the newspapers, since from Monday morning until yesterday evening I was in Poland with the King of the Belgians who was on an official visit there. I have had to interrupt this trip to attend Parliament and I have not had time to read the press cuttings concerning the discussions or deliberations of the meeting at Villers-le-Temple. All I have done — in the plane I think — is to read a paragraph in a German newspaper which described an exchange of views reported to have taken place mainly between the Minister of the Federal Republic of Germany — supported by a certain number of his colleagues, including myself — and the British Foreign Secretary on how to interpret the tactics followed by the United Kingdom Prime Minister to prevent the Labour Party

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Conference from ending with a sort of public trial of the Community.

For my part, I abide by the rule that we have adopted, which is that no information is given, in whatever quarter, on this sort of meeting.

What I can say quite simply is that the short article I read does not correspond to the facts and that, while it is true that there was an exchange of views on this particular point, it did not exactly follow the pattern described and I do not know how the writer of this article obtained his information, incomplete as it is.

However, supposing that one or other of the participants felt obliged to confide in some member of his staff, who then perhaps made some unguarded remarks to a journalist, on the tenor of certain of the discussions held at Villers-le-Temple, I agree with you in finding this unfortunate. This said, however great my concern — which you know and as I think I have already shown — to keep Parliament amply informed, until such time as a decision is taken to depart from the line previously adopted by the Foreign Ministers, thus allowing for information to be given to Parliament and the public on meetings of this sort, I shall not depart from this course.

I am as sorry as you are that on account of some indiscretion or other, probably very indirect, transmitted via very devious channels, you have been given the impression that one or other of the participants at this meeting gives information to the press without taking the trouble to address himself directly to those who, as you have rightly emphasized, are the qualified representatives of the people and thus entitled to demand to be given all the information available.

Next I should like to reply to two questions raised by Mr Dalyell.

On the first question, Mr Dalyell has in fact raised two problems which are just now under discussion, for the moment particularly at Commission level, since the Council itself has not yet considered the problems raised by enlargement with regard to the composition of the Commission and the Council. All that I can say — I cannot answer for the Commission, as it is itself engaged in examining, as requested, the various implications of enlargement — is that it seems to me to be somewhat difficult, or rather totally unacceptable, ever to envisage a Council which did not contain representatives of all the Members of the Community, whatever their size or economic importance. In other words — and this is a personal opinion on which the Council of Ministers has not yet taken any decision, nor even had any discussions preparatory to a decision — I do not envisage that the Council of this Community, once it is enlarged by three new members will have any such formula as that used, for example, in the Board of Governors of the International Monetary Fund, on which the most important members are represented by right, and where the less important

members have to have their voting rights grouped together in order to allow a representative from a group of countries to take part in the Board's deliberations. This is a formula that I reject from the outset, nor do I think that it could ever be contemplated.

You asked a second question. I know that you are keen to find among the countries of Europe some examples which could perhaps throw some light on the future relations between the Community and part of the United Kingdom. I think I can assure you here and now that it is not part of the Council's intentions now or at any other time to start even semi-official negotiations with the Catalan autonomists or with anyone in Spain who might believe that the region from which he comes deserves special treatment and has a separate identity from that of the State negotiating with the Community. There will perhaps be completely informal contacts in certain cases with such people as come forward, but with regard to the negotiations it is quite out of the question to start negotiating with *de facto* organizations such as autonomist groups claiming the right either to reject integration or one day to demand it for their region.

Mr President, to return now to the debate itself, I should like to stress that a certain number of speakers have described fairly accurately the objective we are pursuing, the conditions in which we intend to achieve it and, of course, also the very great difficulties which we shall undoubtedly encounter. Let me start with these difficulties.

It is obvious that the declaration of principle, almost a philosophical tenet, to which we all subscribe and which I referred to a moment ago, as to the eminently European character and the undeniable commitment of the three new applicants must not blind us to the fact that matching this with concrete action in the texts to be negotiated and the decisions we must take together on the very principle of integration will be something of a gamble, since we shall have to assemble a package of conditions which are not easily reconcilable.

We must at the same time, with regard to the specifically institutional aspects of enlargement, confirm our will to remain a Community open to all countries whose system of democratic and human values corresponds to our own, however new and perhaps still fragile their adherence to this system may be. This means, of course, that we shall all reaffirm together our acceptance of and faithfulness to this system of values. There is absolutely no question of envisaging a special clause in the form of a solemn declaration to be adopted by the applicant countries. It is rather for all of us to reaffirm periodically our underlying faithfulness to these basic values which, as Mr Giraud very rightly stressed just now, are after all almost everywhere on a more or less precarious footing. Even if this precariousness is, of course, fortunately much less

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apparent in most of our countries, I think that we are not sufficiently aware of the extent to which this humanitarian, tolerant and pluralist parliamentary democracy of ours, with its values on which our Community is based, is a miracle in a world which is otherwise mostly dominated by high-handedness, violence and the rule of oligarchies. This phenomenon, which is after all exceptional, deserves to be recalled from time to time, particularly of course in order to stress to those who now want to join the Community that they have taken an enormous step and that we want to support them in this venture that they have undertaken after so many decades of dictatorship. This is not — let me repeat — a condition that we are laying down, on which we might have certain doubts as to their ability to meet it and continue to meet it in the long term, but it is really a solemn undertaking to which we all subscribe and which the Nine will have to confirm in the near future, perhaps even when fixing the definite date for elections, so as to underline the vital importance of this commitment to these democratic and humanitarian values for a Community that claims to be something other than a purely economic Community.

The first element of the dilemma is this: we must be an open Community, we want to remain so, but this is at a time when, internally, we are faced with institutional problems — prominence has been given to those relating to the decision-making process. I think that there deserves to be a debate on this, since I have the impression, when I hear what is being said about the need to establish voting by a qualified majority, that there is some misunderstanding as to the conditions under which this could be achieved.

If we wish to extend the range of decisions taken by a qualified majority, there are two requirements.

The first is a legal process accompanied by a political decision. It is a question of developing a certain number of things, for example in the field of harmonization, on which decisions at present must necessarily be taken unanimously.

Secondly, sooner or later we must agree to define more accurately than we have done hitherto what constitutes the vital interest on the basis of which a State feels itself unable to accept what the majority, whether qualified or not, would like to impose. Democracy — as has already been stressed more than once — does not consist purely and simply of the majority's being able to decide whatever it likes and force the minority to accept it. And in certain cases it does not consist of the minority's having to comply purely and simply with what the majority has decided. In a Community such as ours is at present, or such as it will finally be as a result of enlargement, there is a need to open a fundamental debate which, however, does not apply to the Community alone but, I think, concerns all democratic societies. What are the limits of a majority's right to impose its will on a minority? In my view, this is a question which we must consider

before the new members are integrated into the Community, and this is in any case necessary because it has been rightly stressed — no doubt not in the same terms as I shall use — that for the present Community there can be no question of using enlargement as an alibi to try and either put off decisions which should be taken or to shift responsibility for this in advance on to the new members, as if to say: 'there you are, we cannot reach a decision, so the last thing we want is enlargement; we cannot let the Community take in any new members because otherwise this will become even more difficult.' This is a responsibility that we have in any case, whatever the size of the Community.

The third element of this dilemma is that this enlargement is taking place in an economic climate which is firstly less stable than that which governed economic relations for, say, the first twelve or fifteen years of the Community's existence. We have no clear conception of what is going to happen; all we know is that the discussions on the enlargement of the Community are to be held at a time when the very rules of the international economic game are in the process of changing. A certain number of new countries are rapidly being industrialized: these are not developed countries and they have a certain number of relative advantages on account of the fact that their structure is less developed. Nor are they completely underdeveloped or under-industrialized countries; on the contrary, what is developing is an industrial sector capable of being extremely competitive against certain sectors of industry in the Community. This is thus a third element which must be taken into account.

Lastly, there is a fourth element which should not, I think, be underestimated: this is that it is not enough to say that the Community of the Twelve is not the same as the Community of the Nine. This is not a purely arithmetical phenomenon, involving the increase in the number of countries and the relevant consequences for the operations of the Community: it also results in a change in the Community's centre of gravity. From a Community directed rather towards Northern and Central Europe, we are moving towards a Community with a new balance towards the Mediterranean, with all that this implies, and it has been stressed that, among other things, this has consequences for the agricultural policy.

It is clear that, for that extremely large part of the Community's general budget which is devoted to agriculture, this will mean that a certain number of not only important but painful choices will have to be made. If things are allowed to take their course, in other words if we try to please everybody — the countries with what I shall call, for want of a better word 'Northern' agriculture and the countries with Mediterranean agriculture — we shall be heading straight for an agricultural budget which will take up the major part of the resources in the Community's general budget.

Simonet

In other words, we — one of the three major industrial powers in the world, alongside the United States and Japan — would find ourselves in a paradoxical situation where the major part of public funds was directed towards the agricultural sector at a time when the considerable effort required for restructuring international economic activities should, on the contrary, mean that a relatively large part of our resources was devoted to this restructuring of industry. This is, I think, a paradox which would firstly not stand up to justified public criticism, and would very rapidly be shown up by actual economic developments.

The alternative, of course, is to put a ceiling on increases in agricultural expenditure, which would mean that sooner or later the established interests of those who have been in the Community from the beginning have to be balanced against those of the new members. I am not saying that there is no intermediate solution; I would even say that we must find intermediate solutions, which — in the vital but still in all respects limited field of agriculture — well illustrates the enormous scale of the technical information which will have to be sorted out piece by piece and which constitutes this one aspect of the dilemma facing us: that of being obliged to say 'yes', but of having at the same time to qualify this 'yes' with a 'but' loaded with all the economic, social and political difficulties involved in enlargement.

That is the venture we have embarked upon and, more particularly, that is as far as the procedure has gone, at least with regard to the two most recent applicants, Spain and Portugal. As far as Greece is concerned, I should like to say that we shall do everything within our power to ensure that next week, at the ministerial meeting we are to have with the representatives of the Greek Government, and in view of the fact that the Commission has complied with the wishes expressed by the Council to be provided as quickly as possible with a first report on the Mediterranean agricultural situation, the negotiations with Greece get past the exploratory stage to which, quite understandably, they had been confined up to now, and to give these discussions a new impetus with a view to achieving, within a reasonable time, the enlargement of the Community and thus — as we all hope — its strengthening, not only from the geographical point of view, but also with regard to its capacity for development and the furtherance of greater unity.

(Applause)

IN THE CHAIR: MR COLOMBO

President

President. — I call Mr Natali.

Mr Natali, Vice-President of the Commission. — *(I)* Mr President, ladies and gentlemen, this discussion,

which was originally intended as a reply to specific questions put by the chairmen of the Parliamentary groups concerning certain of the Commission's decisions, has turned into a full-scale debate on all the issues involved in the enlargement of the Community.

This is not the first time the matter has been raised by Parliament or its committees: it has often been discussed in the Political Affairs Committee where we are currently working out our ideas in a report to be submitted by Mr Durieux. It is plain to all, Mr President, that we cannot at this stage tackle the issue solely from the point of view of our legal and procedural obligations. We ought at the same time to remember that, now that the Council of Ministers has given its opinion, the negotiations with Greece are going ahead. The President-in-Office of the Council has stated that, partly thanks to a document which specifically concerns the agricultural problems in the Mediterranean area, a quick start to the negotiations proper can be envisaged in the very near future.

If the Commission were to limit its approach to the accession of Spain and Portugal to the procedural issues, we could spend a long time on the specific and special aspects of the situations of the countries involved.

Today's debate, however, has shown clearly and not by mere chance — as the Commission knows — that the enlargement issue is closely bound up with that of direct elections to the European Parliament. This debate has revealed that the issue cannot and must not be viewed only in the light of relations with the applicant countries. As a matter of fact, enlargement and direct elections to the European Parliament will together probably constitute the dominant factor in the Community's future.

I shall not repeat what all the other speakers have stressed, i.e. that the specific economic considerations involved are overridden by one simple fact: no sooner had certain European peoples restored democracy in their countries than they turned to the Community, not only — I feel it my duty to stress this — because of the line taken by the Community in the past (the Community's stand *vis-à-vis* the dictatorship of the Greek colonels and Franco's Spain has rightly been mentioned), but also — as, I believe, one speaker has already pointed out — because of the firm conviction that Europe means democracy. If this is what is expected of us, I feel we must not let them down. Consequently, the issue we are now debating places us before this fundamental choice.

At this point, however, another question arises: what kind of Community do these peoples want to join? Is it a Community whose trademark is long-drawn-out negotiations such as those concerning the fixing of agricultural prices?

Natali

Or a Community beset now as before by natural and regional disparities, which, instead of disappearing, are being exacerbated? Or a Community which, all things considered, sometimes gives the impression that it has forgotten the fundamental principles and commitments which were certainly intended to give shape to what was to be essentially a political goal? The answer to this question, as I see it, is that these countries obviously hope that by joining the Community they will share in our economic strength and our development; at the same time, however, they cannot but also feel that their choice is determined by the prospect of joining a Community in which the political factor is becoming more important every day.

Earlier an opinion was expressed which I personally share: the three nations concerned are all Mediterranean countries, which means that there is bound to be a shift in emphasis in the character of the Community in consequence of this geographical expansion. Is this a bad thing? In their speeches, Messrs Lezzi, Klepsch and Amendola pointed out that this shift is by no means a bad thing — rather the opposite.

We have to realize that with the accession of these three countries the whole of democratic Western Europe will be united in a single Community. This fulfils Article 237 of the Treaty and specifically the preamble to the Treaty, which states that the Member countries are 'resolved by thus pooling their resources to preserve and strengthen peace and liberty, and calling upon the other peoples of Europe who share their ideal to join in their efforts'.

This is, as I see it, the *leitmotiv*. Nevertheless, we should resist the temptation to consider that the exercise of this political option means that all the problems have been solved. This opinion is a gross underestimate of the problems and is perhaps subscribed to by those who seek to turn our Community into a free trade area.

I am pleased to see Vice-President Ortoli here, since he can confirm that a recent Commission meeting in the Ardennes examined the institutional aspects and the economic consequences of enlargement, as well as the real prospects for relaunching Economic and Monetary Union, as if to emphasize the indivisible nature of this question. Those who deliberately underestimate the problems or dissociate them from the underlying objectives which we must and want to confirm therefore obviously hold a view of the Community which is radically different from ours.

The Commission intends to remain resolute on this score and I am grateful to Parliament for the observations made during this extremely interesting debate.

The problems mentioned are not only economic. Not everything hinges on oil, wine, fruit and vegetables: this is a problem which involves areas and regions of the Community as it stands and is one which is

bound up with the increasing disparities in income between the regions of the Community.

These agricultural problems are closely linked with those affecting industry. Some have stressed the problems which the free movement of labour can create; others have pointed out the gap existing between the economies of certain of these countries and the economies of our Member States, between the average income of these countries and the average income in the Community; still others have mentioned the problem of overmanning in agriculture, pointing out that the accession of these three countries will add approximately 50% to the existing manpower employed in agriculture; it has also been stressed that the accession of these countries raises a host of other problems which will also affect our relations with other countries, such as our partners in the Lomé Convention, the countries of the Mediterranean basin, the Maghreb and Mashreq countries, not forgetting Turkey for which the objective set out in its Association Agreement is membership of the Community.

It is no use burying our heads in the sand. The problems are there and have to be identified. There is another temptation which has to be resisted, namely, giving a 'Yes, but' answer. We must give a straightforward and unambiguous reply. There has been a call from many sides for the Community to aid the applicant countries of the Mediterranean area with a view to establishing the prospects for introducing changes, particularly structural changes — in other words, to use the available instruments, aid and structural intervention to ensure that the effects of enlargement are not too abrupt or sudden.

In accordance with the procedure laid down by the Treaties — and the Treaties must, in my opinion, be respected — the Commission will issue its opinions in the order in which the applications are received.

As I said earlier, the Commission feels that the negotiations with Greece should go ahead, since it is these negotiations which are at the most advanced stage. However, it is obvious that the negotiations with these countries, which all lie in the Mediterranean basin and have fairly similar economic structures, call for a concerted approach and by that — please note — I do not mean joint negotiations, but a concerted approach which also takes account of our present way of life. As has already been pointed out, aggravating the problems not only means worsening the economic problems but also creating institutional problems. Let us have the courage to admit that these institutional problems already exist, and that the accession of these three countries can only exacerbate that situation. As I stated at the beginning, we are undoubtedly faced with the problem of a decision-making process which has become cumbersome, and there is a whole range

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of problems before which the Community seems to have ground to a halt.

Let us now tackle the problem from another angle: the accession of these new countries provides an opportunity to reaffirm and pursue fundamental objectives such as Economic and Monetary Union and Political Union. It is an opportunity to view the institutional reforms needed in terms of an overhaul of our system in general: in other words, it is an opportunity to give the Community a new lease of life.

Ladies and gentlemen, I have not answered all the specific questions put to me because I feel we will have occasion to discuss the specific aspects of each problem again.

As for the Commission, we are examining a series of problems and I should like to say that our lengthy debates are not due to differences in view, but to the awareness of the thorny problems facing us. Nevertheless, the Commission feels it has already taken a great step forward with the communication which will be sent to the Council of Ministers and which emphasizes some of the fundamental points which I have dealt with. The communication stressed, *inter alia*, that the Community action envisaged is one which must involve the applicant countries in the choices made.

As for the content of the motion for a resolution, the Commission is both privileged and pleased to keep Parliament informed, and to continue a process of cooperation which I believe has begun with this debate and which it is in the common interest of our institutions to continue in order to fulfil as soon as possible the objectives which have been so unanimously set today in Luxembourg.

(Applause)

President. — I call Mr Fellermaier.

Mr Fellermaier. — (D) Mr President, the comments by Mr Natali at the end of this excellent debate have shown how much imagination the Commission is putting into trying to deal with the applications for membership in accordance with their political importance. However, my Group has observed that Mr Natali's very comprehensive reply made no reference to the problem which is the central issue in Mr Hoffmann's speech, that is what can we do to provide immediate help for the applicant countries prior to their accession? This is the main question raised by a number of members of the House — Mr Rippon in particular described the previous procedure for accession and quoted the example of Norway — because for quite understandable reasons applicant countries become disillusioned as a result of the lengthy negotiations required.

To be perfectly frank, Mr Natali, I was disappointed — and here I am speaking on behalf of my entire

Group — that you made no reference to the present difficulties in Portugal. Throughout the world people are wondering what will happen if the Rhodesian conflict is resolved, when white Rhodesians may want to settle in other parts of the world. Now that Portugal has completed its decolonization programme and 800 000 people have returned to this small, ailing country, we, the European Community, have merely left it to fend for itself. Only two Community countries have assisted Portugal under the bilateral aid programme. I appeal to the House: disasters in Friuli or southern France quite rightly lead to an immediate call by Parliament for the Commission to provide emergency aid. But where is the aid for Portugal? In view of the fact that to end colonial domination Portugal has had to receive 800 000 immigrants, which has aggravated its balance of payments problem still further, and since in 1977 alone it had to import 1.2 thousand million dollars worth of food and still does not have adequate food supplies, the time has come, Mr Natali, for the Commission — and here the Commission and not the Council will have to act — to make concrete proposals for providing immediate aid for Portugal, regardless of the negotiations for accession. This is the crucial issue. Even if Portugal had not applied for membership, the European Community would still have been morally obliged to help, but its obligations are even greater now that Portugal is in fact an applicant country.

I would therefore be grateful if you could give the House an indication that the Commission will soon be submitting clear-cut proposals to eliminate crisis situations in applicant countries, so that the Community can demonstrate that, despite long-term negotiations, short-term aid can still be given.

President. — I call Mr Dewulf.

Mr Dewulf. — (NL) Mr President, after consulting our Group spokesman, Mr Bertrand, I have only one question to put to Mr Simonet.

He referred to the paradoxes concerning the complicated issues at stake, but in reply to Mr Bertrand's very pertinent question on progress within the institutions and on majority decisions in the Council, Mr Simonet stated that the Council was at present looking into possible abuses by the majority and the protection of the rights of the minority. We do not consider this reply to be very relevant to this debate, and it would be useful if Mr Simonet, in reply also to the question put by Mr McDonald, could give a more detailed account of its discussions this afternoon.

President. — I call Mr Aigner.

Mr Aigner. — (D) Mr President, ladies and gentlemen, I should like to add a few comments on the unexpected contribution by Mr Fellermaier, which was made after the end of the discussion. It is

Aigner

certainly permissible to speak after the close of a discussion, because if the Council addresses the House the Members are entitled to make their final comments. However, I would be gratified, Mr President, if this rule could be applied consistently.

This procedure was not adopted yesterday in a crucial constitutional issue affecting Parliament — the affair was handled in a way which offended the dignity of the House.

To turn to the matter in hand: Mr Fellermaier, I fully appreciate your concern, but I would point out that the applicant countries justifiably claim that they are not interested in transitional programmes or ad hoc measures but want full Community membership. If you were to call for your own programmes during the negotiations, the pressure would be off and the talks would consequently be delayed. We should appreciate these dangers and not embark upon such measures. But if you wish to help I am surprised that you don't do so under the budgetary procedure, as it is quite flexible. So far I have not received a single application to this effect from your Group. I would be quite willing to put such a proposal to the Committee on Budgets, so that we may have concrete facts to help us in implementing it. We are engaged in difficult discussions with the Council, which deleted the 5 millions which we had earmarked for emergency disaster aid. We are in a position to re-insert these funds, but this will restrict our scope, and we will have to defer other policies. I believe that this head-on confrontation will not occur this year, because we shall have to exceed our limits and because we have the last word on the budget. Thus, in our present discussions with the Council, we are faced with the following alternative: either Parliament enforces a minimum progress or we let it come to the crunch and reject the budget. But then the ball is in the Council's court. In such cases we have to make a political decision, and that is why I stated yesterday that the matter hinges on the political will of the House. Unfortunately, my remarks yesterday were curtailed by the President-in-Office.

IN THE CHAIR: MR YEATS

Vice-President

President. — I call Mr Natali.

Mr Natali, Vice-President of the Commission. — (I) I should like to reply briefly to Mr Fellermaier.

I imagine that everyone is aware that in 1976 Portugal received emergency aid amounting to 120 million units of account and in 1977 200 million units of account. I quote these figures, which I believe are familiar to Mr Fellermaier, to show that we have not been insensitive. However, I shall obviously do my

best to relieve the concern of those who have spoken today.

I would remind Mr Fellermaier that, in response to the judgement expressed by many in this House, I emphasized that the Commission believes that the Community can take action immediately the negotiations begin, for the benefit of the Mediterranean areas — that is those countries already members of the Community or applicants for membership. I should like to stress, as I have done already, that this action must be implemented with the participation of the countries concerned. It must not be a charitable gift, but a combined effort to decide on how the funds can best be utilized.

Finally, on the question of the drawing up of an opinion on the application for accession made by Portugal, I would say to Parliament that we are actively at work on this, in close contact with the Portuguese authorities.

(Applause)

President. — The debate is closed.

The proceedings will now be suspended until 3.00 p.m.

The House will rise.

(The sitting was suspended at 1.40 p.m. and resumed at 3.00 p.m.)

IN THE CHAIR: MR COLOMBO

President

President. — The sitting is resumed.

8. *Tribute*

President. — Ladies and gentlemen, a former President of our Parliament, Jean Duvieusart, died of a heart attack yesterday morning at his home in Couillet, Belgium.

In token of our grief, the flags are at half-mast before the Parliament building.

Jean Duvieusart was born on 10 April 1900. After graduating in Political and Social Sciences, he became a lawyer, a municipal and provincial councillor, and subsequently burgomaster. He was then elected to the Belgian Parliament for the constituency of Charleroi and held this position for 20 years. He was elected a Senator in 1949.

He was Minister of Economic Affairs from 1947 to 1950, and was the Premier of the first entirely Christian-Democratic Government in the Kingdom of Belgium.

More recently, Mr Duvieusart was Minister of Economic Affairs in the government led by Mr Van Houtte between 1952 and 1954, and was a valiant

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supporter of the draft agreement on the establishment of the European Coal and Steel Community.

He was a member of the Belgian delegation to the United Nations Assembly in September-October 1950, and a member and subsequently President of the Council of Ministers of the European Coal and Steel Community in Luxembourg from 1952 to 1953. Jean Duvieusart was also a delegate to the Inter-Parliamentary Consultative Council of the Benelux from 1957 to 1958.

Appointed a Belgian delegate to the European Parliament, Mr Duvieusart was Vice-President of this Assembly and was appointed President of Parliament in succession to Mr Gaetano Martino in 1964, occupying this position until 25 September 1965.

On behalf of the European Parliament I have sent our most sincere condolences to the family of our former colleague and to the Christian-Democratic Group, and I would ask you now to observe a minute's silence in memory of this President of our Parliament who did so much for the cause of Europe.

(The Members stood and observed a minute's silence)

9. Question Time (Resumption)

President. — The next item is the continuation of Question Time (Doc. 308/77). We start with questions to the Council.

I call Question No 32 by Mr Corrie :

Does the President-in-Office share the anxiety expressed by this House over the past months at the lack of openness of the Council's legislative deliberations?

Mr Simonet, President-in-Office of the Council. — *(F)* The Council is well aware of the anxiety expressed by the Members of the European Parliament on this subject and has already replied to numerous questions concerning the openness of its proceedings.

However, the Council can only confirm the replies which it has already given. Firstly, by virtue of the provisions governing its proceedings, Council meetings are not public. Secondly, the Council makes no distinction between legislative and non-legislative meetings.

Mr Corrie. — Mr President, in view of the British Prime Minister's belief that there is a need for greater openness in Community procedures, will the President-in-Office propose to the Council that some Council debates could be held in public, that a record of Council discussions on legislative proposals should be published after each meeting where they are discussed, and that the Council should make an oral report to Parliament on their legislative proceedings, to be followed by questions?

Mr Simonet. — *(F)* The honourable Member's national government is quite entitled to make this proposal, but I would suggest — before any British colleague proposes this — that it should first of all be tried at national level, and we shall then see what emerges from public sessions of the British Cabinet.

Sir Geoffrey de Freitas. — Surely the President-in-Office is well aware that the legislative sessions in the House of Commons are held in public. This is the very point. It is all very well for the ministers to say that the Council does not make a distinction between legislative and other meetings, but surely the point is that we want a distinction made between the two, because otherwise the legislative meetings of the Council are the only legislative meetings in our Community which are held in secret.

Mr Simonet. — *(F)* I am perfectly aware that in all our countries, including the United Kingdom, the parliaments hold their sessions in public — with very rare exceptions in some parliaments, including that of my own country. However, I know of no Community country where Cabinet meetings are public, even when they concern matters of legislation.

Lord Bethell. — Will the President-in-Office bear in mind that we are talking about legislative, not about parliamentary procedure? In most of our Member States legislation is carried out by parliaments. It is surely appropriate that the discussion of legislation should be in public.

Mr Simonet. — *(F)* I am grateful to the British Members for so persistently drawing my attention to the nature of the problem under discussion. I can only say that even in legislative work, involving the adoption of either laws or regulations — and, in some countries, decrees having force of law — government deliberations are never public when the government is acting under laws which confer special powers upon it.

Mrs Ewing. — Is it possible that the Council of Ministers have something to hide in persisting with an attitude which is obviously not popular with any section of this House? Does the attitude of the Council not denote a lack of confidence in the good sense of this institution? Is it not appropriate, as we approach the time when we are going to be directly elected and will be demanding more powers of control over the Council, that they give in gracefully to some degree now?

Mr Simonet. — *(F)* In any government — and those of you who have government experience know this — there are deliberations on administrative matters, matters of policy, quasi-legislative matters, regulations or legislation, and these deliberations are never public. All I ask is, while leaving Parliament's rights intact, that the same rules should apply for the Council of Ministers as for the national governments. If a government happened to have to adopt legislation — as it can do in my own country when it is entitled to — does this mean it would have to do so in public session?

On behalf of the Council, I must reject Mrs Ewing's inferences.

Mr Dewulf. — (NL) Mr President, I quote from the Communiqué issued after a summit conference held three years ago. Perhaps this will provide a solution to the matter under discussion :

The competence of the European Parliament will be extended, in particular by granting it certain powers in the Communities' legislative process.

That is what the rulers of Europe promised us three years ago. If they made the first move towards achieving this, we really would have a public legislative procedure.

Mr Simonet. — (F) Mr Dewulf, I think we are talking about different things. I have replied only to the question put to me about the Council's procedures, including its legislative or quasi-legislative activities. You are talking about transferring part of this legislative work to Parliament, and I can assure you that I am in favour of this. The debates would then be public. However, the workings of a government body which deals with different types of activity do not appear to me to be compatible with the principle of openness which is being demanded for that body — and does not need to be demanded for Parliament, which already has this as of right. If we were discussing the point you have raised, there would be no disagreement between us.

President. — Since the author is absent, Question No 33 by Mr McDonald will be answered in writing.*

✓ I call Question No 34 by Mr Cousté :

In view of the fact that, one year ago, the Council was asked to state what progress had been made in the preparations for introducing a uniform European passport and that since then it has given the same answer to three written questions, i.e. 'the main problem still to be resolved concerns the languages in which the information in the uniform passport will be worded', can the Council state if this really is the only problem at issue or whether there are more serious underlying problems which it would be useful to know?

Mr Simonet, President-in-Office of the Council. — (F) The Council can confirm the replies which it has already given to the three written questions to which the honourable Member refers, to the effect that the main problem still to be resolved is that of the languages in which the information to appear in the passport will be worded.

I should like to recall that when replying to Oral Question No 25/77 put by Mr Berkhouwer at your sitting on 6 July 1977 I told you that I would try to see whether a rapid solution could be found to the few remaining problems, and I did so in particular during my visit to London, where a number of objections were raised which I was promised would be tackled with a view to getting out of the current impasse.

* See Annex.

Mr Cousté. — (F) Mr President I should like to thank the President-in-Office for his reply, but since he was so kind as to add to his previous replies a specific reference to his latest trip to London, I should like to know more about this, since there is general amazement that this uniform passport is still not there.

Could he tell us what happened in London as regards this particular point?

Mr Simonet. — (F) The talks were friendly and constructive.

(Laughter)

But I see you regard this reply as somewhat brief, and Sir Geoffrey de Freitas is giving me a look of mingled irony and severity which I cannot stand for long.

It is obvious that our British colleagues are currently having some difficulty — since they have no such thing as an identity card — in adapting their passport regulations to what we are trying to do and that, under those circumstances, they are quite understandably trying to tackle the problem with caution and — I think I can say this — in a positive spirit.

Mr Dalyell. — Does the President-in-Office interpret the objections in London as reasons or excuses?

(Laughter)

Mr Simonet. — Well, I would say that they are excuses which are trying to appear in the guise of reasons.

(Laughter)

Mr Corrie. — Is the President-in-Office aware that on entry to Brussels airport during the last few weeks, Members of this Parliament have been checked against a black-list in the airport and this has caused frustrating delays of up to 40 minutes on some occasions. Surely, this is an indignity which Members of this Parliament should not have to go through. Could this possibly be taken up with the country concerned?

Mr Simonet. — (F) Might I suggest that the honourable Member put down a separate question specifically on this point? This problem is unrelated to the subject under discussion. I am prepared to reply to it, but in accordance with the proper procedure.

Mrs Dunwoody. — Would the President-in-Office not accept that Europeanism is a concept, not a passport? Perhaps when he succeeds in persuading the people of Europe that they really can afford to carry unnecessary documents which are common to one another, then it will be acceptable to have them printed in a number of different languages. Until that point will he not try to do something rather more practical, perhaps in the field of the Social Fund?

Mr Simonet. — (F) I don't want to appear slow on the uptake, but I am afraid I did not quite grasp what the honourable Member was getting at.

However, I do believe that European unity is a concept, an idea, an ideal, much more than an administrative measure — but it is precisely such administrative measures involving frontier formalities or the abolition of some document or other which make this idea or concept tangible to the public. That is why I feel we must try to achieve uniform rules for issuing this type of document.

Mr Osborn. — Further to Mr Corrie's question, there is a European passport and it is not readily acceptable. Would Mr Simonet bear in mind that, as Members of Parliament, we find this European passport does not so far receive the acceptance which it ought to.

Mr Simonet. — (F) I thank Mr Osborn for raising this point, but unfortunately this is not a passport, but a *laissez-passer*.

President. — I call Question No 35 by Mr Osborn :

In view of the substantial expenditure on research and development by the Community, by Member States and by private organizations, what consideration is the Council giving to a uniform budgetary classification of these expenditures in each Member State so that ministers and officials may have a clearer view of the objectives to which public and private money is being committed ?

Mr Simonet, President-in-Office of the Council. — (F) Mr President, although the Scientific and Technical Research Committee (CREST) has carried out some work on this problem, particularly in the field of statistics, the Council has not to date received any proposal from the Commission on the harmonization of the budgetary nomenclature of research and development expenditure in each Member State of the Community. I am therefore unable to indicate to the honourable Member exactly what action the Council would take on such a proposal.

Mr Osborn. — Bearing in mind the President of the Council's interest as formerly responsible for energy and research, is it not vital that the Council and Parliament should obtain a picture of the money spent on public and private research, development and exploitation of applications within the Community as a whole and the individual Member States? In view of the need for transparency in the budget, for efficient decision-making and control expenditure in all areas of Community and national activity, including research and development, will the Council ask the Commission : firstly, to examine the feasibility of a uniform budgetary classification in all areas of public expenditure ; and secondly, to specify the advantages for the Commission's operations of a higher degree of budgetary transparency, which is a much-used term at the present time.

Mr Simonet. — (F) I think Mr Osborn underestimates the powers of Parliament, which is entitled to make such a proposal to the Commission. Nevertheless, since I share his feelings, I am prepared to approach the Commission on this matter on behalf of the Council.

President. — Since the author is absent, Question No 36 by Mr Jung will be answered in writing.

I call Question No 37 by Mr Brown :

Will the Council identify the amount of European Community funds which have been awarded to the London Borough of Hackney and other Inner London boroughs in the United Kingdom and what percentage such a sum represents of the total distribution to date ?

Mr Simonet, President-in-Office of the Council. — (F) Mr President, the overall amount of European Regional Development Fund appropriations is fixed for those regions of the Community which are eligible for aid from the Fund.

However, the allocation of such appropriations between the regions — the subject of this question — is carried out by the Commission on the basis of requests by the Member States and in accordance with the procedures laid down in the regulation setting up the Fund. It is not, therefore, for the Council to comment on the amount of appropriations granted in a given case.

Mr Brown. — I shall better appreciate the subtlety of the President-in-Office's reply when I read it, but I wish to ask the simple question: 'how much'? The fact is, I believe, that it is the princely sum of almost nothing. What I was asking the President-in-Office was this: does he not feel it appalling that Inner London boroughs like Hackney, which have been subjected to a regional policy which has taken industry away from them and turned them into an industrial desert, are unable to obtain funds from the Regional Fund which rightly should go to them? Will he take action immediately to stop this nonsense in the United Kingdom, and ensure that Hackney and the other Inner London boroughs get the appropriate money allocated by the Community?

Mr Simonet. — (F) I am quite prepared to share the honourable Member's indignation, but he has got hold of the wrong person — he should be asking the Commission and not the Council. This problem concerns the British Government and the Commission.

President. — I call Question No 38 by Mr Terrenoire, whose place is taken by Mr Krieg :

Does the Council intend, in the context of competition policy and Community industrial policy, to put an end to the illegal practices in the Italian textile industry — controlled by a number of undertakings which supply individual installations, buy the products and export

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them under conditions which amount to dumping — which consist of non-payment of social security and tax charges and are intended to promote small-scale artisanal production of a socially archaic nature?

Mr Simonet, *President-in-Office of the Council.* — (F) The Council has no knowledge of the practices referred to by the honourable Member and it is, moreover, for the Commission to ensure that Community rules on competition are complied with. The Council expects the Commission to continue the efforts which it has already initiated, in contact with the profession and the national authorities, to see to it that artisanal production in the textile industry is carried out under the best possible conditions.

Mr Krieg. — (F) Could not a plan be drawn up for the restructuring of the European textile industry, one element of which would be a Community fund to be used to prevent national measures from directly affecting competition and intra-Community trade?

Mr Simonet. — (F) I would suggest that Mr Terrenoire put this question formally to the Commission, because in recent weeks the Commission has in fact started thinking along the lines you have indicated. However, the matter has not yet reached the stage of the Council.

Mr Cifarelli. — (I) Mr President, may I ask whether the President-in-Office is aware of the enquiries in recent years into the industries of Prato and Castel Goffredo in Italy, which have all shown that the criticisms contained in this question are baseless.

Mr Simonet. — (F) Mr President, I always try to answer to the best of my ability the questions put to me, but I cannot reply to questions which should obviously be put to the Commission. As I just pointed out to the Member deputizing for Mr Terrenoire, I feel this question should be put to the Commission, which alone is competent to answer it.

Mrs Ewing. — Is it not the case, despite the answers of the President-in-Office of the Council, that the Council of Ministers is preparing opinions before the Commission has made pronouncements? Has he or his colleagues no views on what is meant by small-scale production of a socially archaic nature? In Scotland many of the highest quality Scottish textiles known throughout the world — Harris tweeds, Shetland knitwear — are produced by what must be regarded as some of the smallest and perhaps most archaic enterprises known to any part of the world. Should he not take the question a bit seriously and indicate the lines along which the Council has views?

Mr Simonet. — (F) Firstly, the Council is definitely not responsible for competition policy. Secondly, when the Council meets as a Community institution it can only study something which is the subject of a

formal proposal from the Commission. Thirdly, I repeat that the Commission is currently engaged in a study of the matter which — I hope — will result in specific proposals, but I am unable to answer these questions at the moment.

Mr Leonardi. — (I) Does the Council not feel that in all such questions — not just with regard to textiles — a distinction should be made between those practices which can be regarded as 'dumping' and those of firms which simply have different structures and operate in different countries and situations and whose costs are lower precisely because the firms are more efficient through being smaller and more dispersed?

Mr Simonet. — (F) Mr Leonardi, this is something for the Commission's study and deliberations. I, for my part, can only speak for the Council. Just as I defend the Council's rights tooth and nail when they are under attack, I cannot see the Council poaching on the Commission's preserve. If you want to have a debate on the study currently being undertaken by the Commission, it is to the Commission that you should put your question.

President. — I call Question No 39 by Mr Creed:

Will the Council ensure that the proposals from the Commission for the improvement of the Community regional policy, which were submitted to the Council on 3 June 1977, will be the subject of a decision without unnecessary delay?

Mr Simonet, *President-in-Office of the Council.* — (F) As soon as the Council received the Commission's proposals on regional policy it sent them to the European Parliament and to the Economic and Social Committee for opinions. When these opinions have been delivered, the Council will have an initial exchange of views in order to evolve a common position on the main problems raised by these proposals. This exchange of views should take place at the Council meeting in November. The Council will therefore try to ensure that these acts on the Community's regional policy can be adopted before the end of the year.

President. — I call Question No 40 by Mrs Ewing:

✓ Following the expulsion on 24 September by the Soviet Government of two British vessels and one French vessel fishing within their rights in the Barents Sea, what reports has the President-in-Office received of Soviet vessels fishing illegally in EEC waters in the North Sea? Is he satisfied that adequate protection measures are taken by Member States to prevent foreign encroachment and to conserve stocks in EEC waters?

Mr Simonet, *President-in-Office of the Council.* — (F) The autonomous arrangements which the Community granted to the USSR ceased to apply on 30 September and, with the exception of certain fishing

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possibilities which Soviet vessels have been granted off the coast of Greenland, have not been extended. The Council has received no reports of Soviet vessels fishing illegally in Community waters. In any case, measures to ensure observance of the fishery provisions currently in force are the responsibility of the coastal Member States concerned.

Mrs Ewing. — May I say to the President-in-Office that my question has been overtaken by events and I must, perhaps to his surprise, thank the Council for the rather speedy action taken in regard to the incident that was mentioned in the first part of my question. I therefore limit my supplementary to the second part of my question, and assure the Council that regular sightings of Soviet vessels fishing illegally are made by fishermen within the waters claimed by the EEC. Fishermen, however, are not always the best people at writing letters, but further details on this can be provided. In his responsibility to negotiate with third countries, and as he has been kind enough today to meet a delegation of the Scottish inshore fleet, speaking to a great extent on behalf of the UK inshore fleet, will the President-in-Office bear in mind that, when negotiating with third countries, he is basically negotiating for one thing only — the fish in the rich pond of the North Sea? Will he assure us that the inshore fleet of the United Kingdom will not be some kind of pawn in the international game? Does he agree that the coastal state should have a preference, at least in deciding the best way to conserve the fish within a 50-mile area?

Mr Simonet. — (F) Mr President, I can assure Mrs Ewing that I shall pass on this information when I come to inform the Commission about the talks I have had on this problem, since it is the Commission which conducts the negotiations. Furthermore, when the Council draws up any mandate for negotiations with third countries — and with the Soviet Union in particular — I am sure that it will bear in mind what she has said.

Mr Hughes. — Could I ask the President-in-Office whether in future negotiations the presence, continuing to this day, of Russian factory ships, for whose benefit British and other boats are simply picking up fish, could not be taken into account? It does seem a little foolish to ban Russian fishing-boats and leave Russian factory ships in, collecting fish from the North Sea and other Community waters.

Mr Simonet. — (F) There is nothing illegal about this practice, but it could be made the subject of negotiations. Since the Council has instructed the Commission to try to initiate negotiations with the Soviet Union on this matter, I can inform the Commission that this problem might usefully be brought up.

Mr Dalyell. — Can the President-in-Office accept that, contrary to Mrs Ewing's experience, some of us get extremely eloquently written and powerful letters

from the fishermen, urging that the Community — Britain and Denmark in particular — do something about the conservation of the south-east part of the North Sea, which is the breeding and spawning ground. Could the Council pay particular attention to this issue of conserving the south-east of the North Sea, which is the point made by the Scottish Fishermen's Delegation whom he and I met?

Mr Simonet. — (F) I can confirm to Mr Dalyell what I said to the Scottish fishermen and to Mrs Ewing. The Council is well aware that certain species are in danger of becoming extinct, and conservation thus plays a major part in the Council's deliberations.

Mr Prescott. — Can the President-in-Office assure us that in these negotiations recognition of the Community by Russia is not a matter of a political situation as a result of which the fishermen may be suffering? Secondly, as the President-in-Office assured us in his opening speech that he hoped to see greater advance towards Community agreements on fishing, does he still envisage, in view of these events, that we will have to have a fishing policy that allows free access to all Community vessels in Community waters?

Mr Simonet. — (F) Up till now we have avoided any legal or institutional quarrel. The Commission has already met a Soviet representative. This was done with the understanding or the tacit agreement of both sides that the delicate political problem to which Mr Prescott referred should not be raised. I therefore think I can assure him that this problem of principle, or the lack of a solution to such a problem of principle, will not affect the negotiations aimed at safeguarding the fishermen's interests.

Mr Giraud. — (F) We hear a lot about détente in Europe. Does the President-in-Office feel that the Soviet Union's unilateral measures in the Barents Sea and the Community's counter-measures are likely to help the cause of détente?

Mr Simonet. — (F) I do not know whether recent events involving two countries belonging to the same alliance could be considered as being helpful to the alliance. I feel that such difficulties are inevitable, and that what is important is that they do not develop into violent confrontations. This will be one element in the negotiations and, if the negotiations are successful, one element in détente.

Mr Corrie. — Can the President-in-Office say whether we are moving towards a Community policy for legal protection of Community waters by Community boats, so that foreign boats simply do not move from one national area to another to avoid arrest?

Mr Simonet. — (F) If you are referring to the actual physical protection of the waters, this is the responsibility of the Member States and not of the Community.

President. — I call Question No 41 by Lord Bethell :

Will the Council state precisely what preconditions to membership of the Community they laid down in June 1975, under the Presidency of Mr Garret Fitzgerald, in the context of Greece's application for membership, and whether the Council still regard these preconditions as binding in respect of the current three applications for membership?

Mr Simonet, President-in-Office of the Council. — (F) The Council did not lay down any preconditions for Greek membership of the Communities following its discussions on 25 June 1975. It agreed to acknowledge receipt of the letters in which Mr Karamanlis presented Greece's application for membership of the European Communities and decided to initiate the procedure prescribed by the Treaties for such matters and therefore to request the opinion of the Commission, as it has also done in the case of Portugal and Spain.

Lord Bethell. — Does the President-in-Office therefore not consider it very strange that Mr Garret Fitzgerald, who was President-in-Office at that time in June 1975, said in the Irish Parliament that he had laid down in his capacity as President-in-Office certain preconditions to membership. This is printed in the protocol of the Irish Dail. He said, in particular, that enlargement of the Community could not take place until the structures and institutions of the Community had been strengthened to such an extent as to be able to hold the extra country or countries which were to be accommodated in the Community. Can the President-in-Office please investigate this matter and check again what Mr Fitzgerald said in his capacity as President at that time, and let us know what this confusion is about?

Mr Simonet. — (F) Lord Bethell may be qualified to describe Mr Fitzgerald's statement as very strange; I am not. I can only repeat what I have just said — and confirm what was said this morning. There are no preconditions in the acknowledgements sent by the then or current President-in-Office to the applicant countries. Whatever Mr Fitzgerald may have said in his capacity as Irish Foreign Minister in his parliament is not binding upon the Community.

I can only say that, if he did say this, he said so as Irish Foreign Minister and not as President of the Council, since it is not in accordance with the facts.

(Signs of disagreement from Lord Bethell)

I must make it perfectly clear that there were no preconditions, and that anything any President of the Council may have said or indeed may say is binding only upon him personally and not upon the Community.

President. — I call Question No 42 by Lord Bessborough :

What steps is the Council taking to give the go-ahead to the Commission's proposals for a Regulation for the Promotion of Coal in Electricity Generation (Com (76) 648 final 2) and for a Regulation concerning Community aid for financing cyclical stocks of hard coal, coke and patent fuel (COM (77) final)?

Mr Simonet, President-in-Office of the Council. — (F) The two proposals for Regulations to which the honourable Member refers, on which the European Parliament delivered its opinions on 10 May and 13 September 1978 — I beg your pardon, 1977 — and which are designed to stimulate the production and use of coal, are at present being examined by the bodies responsible for preparing the ground for Council decisions. The Council is due to discuss these two proposals at its next meeting on energy problems, which is scheduled for 25 October 1977.

Lord Bessborough. — As the President-in-Office knows, these proposals were approved by Parliament by a large majority. Is it not now important that Community institutions should demonstrate to the European electorate speed and efficiency in decision-making, especially in a matter vital to the achievement of the Community's energy aims, in which the President-in-Office himself has shown great interest? Secondly, would the President-in-Office make every effort to secure agreement on these proposals at the next Energy Council, and would he also be able to furnish to the Committee on Energy and Research a situation report on its deliberations in each outstanding energy proposal?

Mr Simonet. — (F) I think the involuntary tribute I paid to Parliament's speed of work — when I said 1978 instead of 1977 — is matched by the speed with which Lord Bessborough would like me to answer him.

I cannot say what decisions the Council will take on 25 October. If he would like a report on what happens at that meeting, on the results or on the failure — either is possible, unfortunately — he should put his question down for the next part-session. I can at any rate assure him that the Presidency is doing everything possible to ensure that the Council meeting on energy produces results.

Mr Osborn. — Would the President-in-Office bear in mind that at the present time there is a problem caused by not closing pits, because there are huge stocks of coal. Above all would he ask the President of the Energy Council to make a statement to the Committee on Energy and Research — who will be visiting the Saarbrücken and, I hope, the British mines in the near future — at the committee meeting following the Council meeting, so that the Council should not require the outcome of its meetings to be interpreted to the committee by the Council and the Commission, and Parliament does want to be kept

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informed at a very critical time much more quickly than is the case now.

Mr Simonet. — (*F*) Mr Osborn's concern is perfectly justified. To proceed according to the inter-institutional rules and procedures, Parliament's Committee on Energy and Research should invite the President of the Council, and I think I can say that he would be pleased to reply to any approaches made to him.

Mr Brown. — Could I ask the President-in-Office to bear in mind that his answers today have underlined the absolute lack of wisdom of the Council in cutting out of the budget all the moneys for energy-saving proposals for 1978? Would he now underline to his colleagues his own view that we ought to have more money put in rather than taken out? May I also draw his attention to the fact that the whole of the world moved away from coal for power stations on two grounds: firstly, coal is dirty and emits dust and dirt through the chimneys, and secondly it is inefficient for power-station purposes? Is he now going to rewrite history to prove that it is not in fact dirty and is efficient?

Mr Simonet. — (*F*) Far be it from me to wish to rewrite history, although I sometimes find it imperfect as regards my innermost wishes, but I think the important point which has just been raised should not be discussed here and now, but during the budgetary debate in Parliament. This is more a budgetary matter than an energy matter.

As regards energy policy, I think you are perfectly right and that we must continue along the road shown by the Commission's budgetary proposals. At the moment, however, this is purely a budgetary matter, and I hope you will manage to convince the Council of Budget Ministers.

President. — I call Question No 43 by Mr Kofoed:

Can the Council state what conclusions it draws from the discussions at the recent Annual Meeting of the IMF and the World Bank regarding the development of economic cooperation in the world and closer economic cooperation within the Community? What, in particular, are its views on the request by the Director of the IMF to the USA, the Federal Republic of Germany and Japan for more active cooperation in promoting the recovery of the international economy?

Mr Simonet, President-in-Office of the Council. — (*F*) On 17 October next the Council will have a general exchange of views on the economic policy to be followed by the Member States. This exchange of views will certainly take into account the discussions at the Annual Meeting of the IMF and the World Bank, and its purpose will be to evolve Community guidelines for the economic policies to be followed by the Member States in the near future.

Sir Brandon Rhys Williams. — Does the Council of Ministers welcome the new initiative by the

Commission to promote an active policy of economic and monetary union for the Community? Is it content to see the dollar emerge as the only currency of reserve and of world trade, all the Community currencies being simply subsidiaries to it?

Mr Simonet. — (*F*) As regards the first part of the question, I have no information that the Commission is planning a new initiative on economic and monetary union.

Although I do not know whether this point has already been formally discussed by the Commission, I do know that the President of the Commission believes — and I agree with him on this — that the Community has reached a point at which there should be new moves to achieve a certain form of monetary union involving the approximation of monetary policies and the harmonization of credit policies. I cannot say any more than that, since I have received no formal proposals.

As regards the second part of the honourable Member's question, it is clear that the current situation is paradoxical in that the more the dollar is affected by speculation, the lower its official status is as regards convertibility or its relationship to other currencies and the stronger it becomes because no-one would think of damaging it more. This paradoxical situation might have been rectified if the economic and monetary union had developed as it might have been hoped to develop from 1971 onwards, but you know that, at particular moments, there were objections from certain governments, at least one of which is relatively well known.

Mr Dalyell. — Will the President-in-Office accept that a number of colleagues are very concerned about both the World Bank's attitude, and indeed that of our own Community, to the present government in Uganda? While I recognize that it is a delicate issue, would the President-in-Office care to comment at all on what was said on this awkward subject?

Mr Simonet. — (*F*) Some people seem to think that every question leads to another, but I think the line must be drawn somewhere. It would seem to me beyond the scope of this question to embark on a debate on Uganda in connection with the economic and monetary talks of the IMF and the World Bank.

I appreciate that Mr Dalyell would like to put this question, but he should do so in its proper place and not in this context.

President. — I call Question No 44 by Mr Dalyell:

What consideration is the Council giving to the form of representation in the Community of the Generalitat, the Catalan autonomous Government in Barcelona, if and when Spain enters the Community, and will the Council make a statement on its talks with the Spanish Govern-

President

ment about the best form of relationship between the Institutions of the Community and the Catalan Region?

Mr Simonet, President-in-Office of the Council. — (F) I thought I had answered this question this morning, Mr Dalyell, but I am prepared to read the excellent text drawn up for me by the Council departments:

In accordance with Article 237 (EEC) and the corresponding provisions of the other Treaties, the Spanish request for accession has been referred to the Commission for its opinion.

The Council has not therefore given any consideration to the matter to which the honourable Member refers. However, I would point out to the honourable Member that the Treaties make no provision for the representation in the Institutions of the Communities of the authorities of the autonomous regions of Member States.

I am pleased to note that the personal view I expressed this morning is in line with the official view of the Council.

(Laughter)

Mr Dalyell. — Mr President I accept the justice of the reply by the President-in-Office to the previous question that I put, though in my own defence I have to say that the situation for some of us in relation to Uganda has become much more acute since questions could be put down.

But, Mr President, the President-in-Office will recognize that the question on the Catalans is part of a subject on which I have pestered him, ever since, in a previous incarnation as Commissioner, he came to the Socialist Group meeting in Perpignan in the summer of 1975. May I say to him that I do not think that we can just say: 'sufficient unto the day is the evil thereof', that we cannot pass by on the other side of the road to this, like the biblical Levite, because the *Scotsman* newspaper, for example, tells us that the Generalitat is setting up as an autonomous Catalan government. Now, when there are autonomous governments, surely the Council and the Commission have got to have relations with them. Brussels will have to have, whether you like it or not, a relationship with an autonomous government. We really want to know whether consideration is being given to what these relations should be, because the political fact is that in Spain, as in Scotland, we are being told it is perfectly all right to hive off. There is a safety net, we are told in the European Community, and therefore it is safe enough to hive off either from England or from Spain. This is a question that has to be answered now.

President. — Mr Dalyell, you must keep to the subject of the question, instead of making a speech.

Mr Simonet. — (F) I assume Mr Dalyell knows that federalism or regionalism — even at institutional

level, which is not yet the case in the United Kingdom — was not invented in the Community the day the United Kingdom joined it. There is at least one federal State — West Germany — in which the Länder have considerable financial, social, economic, educational and cultural powers. Italy is a country with an essentially regional structure. Some time in the future, Belgium will in principle also have a regionalized structure.

There has never been any question of the Community's having institutional links with parts of countries which are Länder or autonomous regions.

From the minute a country submits its application, to the minute it is fully integrated into the Community's deliberations, it is only the State which is recognized. I fail to see why we should somehow start envisaging a totally different system — which I feel would in any case be impracticable under Community law — to deal with the problem raised by Mr Dalyell, whether with regard to Scotland, Catalonia or any other region.

(Applause)

President. — We turn now to questions to the Foreign Ministers of the nine Member States of the European Community meeting in Political Cooperation.

I call Question No 45 by Mr Hamilton:

Are the Ministers aware that despite the removal of the dictatorship in Spain and the welcome progress towards democracy, the attitude of the new Spanish regime towards Gibraltar appears to remain unchanged; that this continued isolation of Gibraltar and its people is an intolerable violation of human and democratic rights; and that it should cease before there are any formal negotiations on Spain's application to join the EEC?

Mr Simonet, President-in-Office of the Foreign Ministers. — (F) Mr President, I shall be very brief. Gibraltar is a bilateral problem involving the United Kingdom and Spain and was undoubtedly brought up in Dr Owen's bilateral talks with his Spanish counterpart. At no time, however, was this topic raised in the context of political cooperation, and I fail to see why it should be. It is thus a matter for the British Government alone, and not for the other eight countries of the Community.

Mr Hamilton. — Mr President, that is a very unsatisfactory answer. It is of crucial importance to the EEC to see to it that every one of its citizens will have the right to move freely and to work where he likes. At the moment, the citizens of Gibraltar are denied that right, and the citizens of Spain have been deprived of the opportunity to work in Gibraltar since 1964. I asked these specific questions this morning, and did not get an answer to them. As long as those citizens are behind barbed-wire fences and locked doors, this State cannot possibly be considered for membership of the EEC,

Mr Simonet. — (*F*) At this juncture, and within the framework of political cooperation — i.e. outside the scope of the Treaty — I can only repeat what I have just said, that the matter was not discussed. Spain is not yet a member of the Community, and this is a purely Spanish-British problem.

The question you have raised will, or may, be discussed the day Spain becomes a member of the Community. As long as it is not a member, your question — if I may say so — is out of order.

President. — I call Question No 46 by Mrs Ewing :

What particular measures have the Foreign Ministers decided to take in the course of the Belgrade Conference in order to press the Soviet Government to release Jewish political prisoners in the USSR, such as Mr Wulf Zalmanson, in accordance with the Helsinki Declaration 1975?

Mr Simonet, President-in-Office of the Foreign Ministers. — (*F*) The honourable Member will remember that, on two occasions — 6 July and 14 September last — I told her that, since the signing of the Final Act of the Helsinki Conference, the Nine have continuously watched the implementation and respecting of all its provisions, including those concerned with human rights.

I would also repeat what I said in September — that the Nine will do everything they can at the Belgrade Conference to achieve the cooperation of the other participating States to ensure that human rights are respected.

I can assure her that the Nine will not lose sight of this objective at the opening of the plenary meeting in Belgrade.

Mrs Ewing. — May I thank the President-in-Office of the Council for that very reassuring answer that the Nine will go to Belgrade in a determined and unified spirit. May I ask if they will ignore the rather ambivalent attitude recently pronounced by the United States Government on the policy of the Eastern Bloc on human rights, and dissociate themselves from that? I take it from his answer that the Nine will be insisting on detailed discussions on the Helsinki human rights issue, including the right of individuals to leave a country at will, and ask him to confirm that there will be no question of the Nine associating themselves with any policy of stopping the State of Israel from taking in emigrants. May I remind him that many of us in the countries of the Nine have adopted political prisoners — I have mentioned one by name who is my concern — who are deprived of visitors, books and letters from the outside world.

Mr Simonet. — (*F*) I can assure Mrs Ewing that the Nine intend, firstly, to maintain the cooperation and consultation which they have established with one another, and then to continue the contacts with the other delegations, and that those countries with parlia-

mentary democracies naturally do not distinguish between one element of the Final Act and others, and that the problem of human rights, including the various factors she has mentioned, should in our view be the subject of a detailed study.

Lord Bethell. — Is the President-in-Office aware that there is presently a motion for a resolution before the political Affairs Committee, signed by the European Conservative Group and the Christian-Democratic Group, drawing attention to the decision in Hawaii on the abuse of psychiatric methods by Soviet psychiatrists and inviting the Nine to raise this matter in Belgrade. Bearing in mind the delays that sometimes occur in bringing resolutions through committee to Parliament, and the limited time which is set aside in Belgrade for the discussion of such matters, will the President-in-Office consider this resolution, look at it and decide whether or not it can be raised in Belgrade by the Nine.

Mr Simonet. — (*F*) In the first place, I have not consulted my colleagues on this matter and, secondly, I understand that no vote has yet been taken on your motion. I nevertheless find it rather strange that the Council is being asked about its intentions with regard to a text which has not yet even been approved by Parliament.

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

I call Mr Fellermaier.

Mr Fellermaier. — (*D*) Mr President, yesterday when only seven questions could be answered during Question Time, you appealed to both sides — the executive in its replies and those putting the questions — to adhere strictly to the Rules of Procedure for Question Time. I think that we have today again seen people turning questions into speeches. Perhaps we should adopt the strict rules of the House of Commons, where it is a pleasure to listen to Question Time — perhaps we should all consider this. What is possible in London or Bonn must surely also be possible here. Perhaps also, Mr President, you and the Vice-Presidents should be encouraged to use the necessary authority to ensure that Question Time remains Question Time and not 'Speech Time'.

10. *Regulation on a Community tariff quota for wines known as 'Cyprus Sherry' (Vote)*

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

A vote will now be taken on the motion for a resolution contained in the report by Mr Hansen (Doc. 290/77).

I put the preamble to the vote.

The preamble is adopted.

President

On the sole paragraph of this motion for a resolution, I have Amendment No 1 tabled by Mr Pisoni :

This paragraph to read as follows :

'Having regard to the fact that the preferential system for the product in question has been in force since 1973 for exports to the United Kingdom and Ireland — so that its abolition would be very disadvantageous to Cyprus — and that, moreover, Community producers of similar liqueur wines are sufficiently protected by it, approves the Commission's proposal.'

I call Mr Hughes.

Mr Hughes. — Speaking in my capacity as vice-chairman of the Committee on Agriculture, I would like to say that the Committee on Agriculture rejects this amendment.

President. — I put to the vote Amendment No 1, which Mr Hughes, deputizing for the rapporteur, has opposed.

Mr Pisoni. — (I) I would point out that I have not been able to move my amendment.

President. — Mr Pisoni, amendments may be moved during the debate and not at the time of voting. This is the rule which has been laid down by the Bureau and approved by Parliament, and it is my duty to see that it is complied with.

At this stage only the rapporteur or his deputy — in this case vice-chairman Hughes — is entitled to express agreement or disagreement with the amendment.

Mr Pisoni. — (I) It does not matter whether Mr Hughes agrees or not. He has no more authority than any other member of the Committee on Agriculture.

President. — In what capacity were you speaking, Mr Hughes ?

Mr Hughes. — I made it absolutely clear that I chose to speak in my capacity as vice-chairman of the Committee on Agriculture in the absence of the rapporteur.

President. — What do you wish to speak about, Mr Ligios ?

Mr Ligios. — (I) Mr President, I do not think that Mr Hughes, as vice-chairman of the Committee on Agriculture — of which I too am a vice-chairman — is not entitled as such to deputize for the absent rapporteur.

President. — Mr Hughes, I assumed that you had been given a mandate by the chairman of the Committee of Agriculture. If you have no such mandate, those colleagues who do not accept the view you put forward are certainly right.

Mr Hughes. — Throughout the discussion in the Committee on Agriculture, the committee as a whole rejected this position. That is all I wish to report.

President. — Now that the matter has been clarified, a vote can be held on this amendment.

Amendment No 1 is adopted.

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

The resolution is adopted.¹

I call Mrs Kellett-Bowman.

Mrs Kellett-Bowman. — I am asking for the floor, Mr President, because I would like you to explain to me why we are voting at the present time, when the agenda says categorically that we are due to vote at 4.30 p.m. It may well be, therefore, that certain persons who would have wished to be here at 4.30 p.m. to vote are not here. Moreover, at previous sessions, when all questions in one section of the questions have been answered, you have reverted, Sir, to other questions, and it so happens, by coincidence, that you did this just before my question yesterday, and you have done so today.

President. — Mrs Kellett-Bowman, we have dealt with all the questions to the Council. There were and are some questions to the Commission. However, the Commission was not present when we moved on to the next item on the agenda. The only alternative we had was to suspend the proceedings, but it seems to me that a sufficient number of Members are present in the Chamber, and therefore it is certain that the required number of Members are present to permit a vote.

I call Mr Price.

Mr Price. — I would put it to you, Mr President, that we must stick to our Rules of Procedure, and if the agenda says that an item is to be voted at 4.30 p.m., I would have thought that means exactly what it says. We have just taken a vote in this Parliament which is going to wreck the economy of an island in the Mediterranean, Cyprus, which desperately needs to survive under extraordinarily difficult circumstances. Since we have done it in a manner which is wholly out of order, I would like you to reconsider your decision, Mr President, and rule the recent vote completely out of order.

(Mixed reactions)

President. — I call Mr Hamilton.

Mr Hamilton. — This situation is becoming farcical. It states quite clearly on the agenda of the sitting for today that voting shall take place at 4.30 p.m., not a minute before and not a minute after, and Mrs Kellett-Bowman is quite right. There must be Members who are assuming that the vote will take place at 4.30 p.m. — ten minutes from now — and therefore I submit,

¹ OJ C 266 of 7. 11. 1977.

Hamilton

Mr President, that we ought to take this opportunity of invalidating the vote cast — Tory votes from the UK destroying the autonomy of Cyprus — and keep within our own Rules of Procedure.

(Protests)

President. — I call Mr Fellermaier.

Mr Fellermaier. — *(D)* Mr President, with reference to the agenda item 'Vote on the motions for resolutions on which the debate has closed', I propose that the sitting should now be suspended, that the proceedings should be resumed at 4.30 p.m. with the vote and that you, Mr President, should at the same time state that the vote previously taken by mistake, contrary to the printed agenda, is null and void.

(Mixed reactions)

President. — On this procedural motion I shall call one speaker in favour and one against.

I call Mr Scelba.

Mr Scelba. — *(I)* Mr President, I think that that remark might have been justified at the outset and not when the result of the vote is already known.

(Applause from various quarters)

This problem should have been raised at the start of the vote, but since no-one challenged the right to hold the vote, it cannot now be raised.

President. — I call Mr Shaw.

Mr Shaw. — Mr President, in answer to Mr Scelba, I would point out that the time is still 4.20. Those who might wish to speak in favour of starting again at 4.30 are still not here — they have another ten minutes to come — so it was not possible for us to have objected at the appropriate time. So I believe that, in view of the clear indication given on our agenda, we should stick to it, otherwise it will mean that in the future we cannot rely on anything that appears on this document.

(Applause from certain quarters)

President. — Ladies and gentlemen, the matter with which we are dealing concerns not the Rules of Procedure but the organization of our proceedings. We have laid down as a general rule that voting should begin at 4.30 p.m., but since we were ready sooner, we went on to deal normally with the next item on the agenda. At that stage no one raised the problem of time; it was not raised until the result of the vote was known.

I call Sir Geoffrey de Freitas.

Sir Geoffrey de Freitas. — Mr President, I hesitate to disagree with the Chair, because I do not want to set a precedent should I ever be again in your place, but the fact is that I did distinctly see Mrs Kellett-Bowmann seeking to raise what I thought was a point

of order when the vote was called. I distinctly saw her. I am not necessarily always sympathetic to everything Mrs Kellett-Bowman says, but I did distinctly see Mrs Kellett-Bowman seeking to raise this point of order, and so I do ask you Sir to think again about this. She did try before the vote was cast.

President. — I call Lord Bruce.

Lord Bruce of Donington. — Mr President, I wish to challenge the Chair on a new point of order, arising from your own stated procedure of hearing one speaker for the proposal and one speaker against. If those present in this House at the present time agreed with your ruling, they would themselves have the power to order the Rules of Procedure of this House. Once it is established that an *ad hoc* vote, on the basis of those Members present at any particular time, can either sustain or attack the President's ruling, we are getting to the rule of anarchy. The position is perfectly clear from the agenda. You, sir, have no power to challenge it; no power has any right to challenge it. The voting is on the agenda for 4.30, and 4.30 it should remain.

President. — I call Mrs Kellett-Bowman.

Mrs Kellett-Bowman. — Mr President, I merely wished to raise the point that has been raised for me by Sir Geoffrey de Freitas. I was seeking to raise this point, but I could not catch your eye.

President. — I would remind you that you should have asked to speak before and not during the voting.

I call Mr Aigner.

Mr Aigner. — *(D)* Mr President, this puts us in a difficult situation because we are no longer concerned with formalities but unfortunately with a political decision which has already been taken. That does not make the matter any easier, and therefore we should bring the discussion back to the formal aspects. It is perfectly correct, Mr President, that we had decided to hold the vote at 4.30 p.m., and you know as well as any of the Members present that during the part-session we have so many fixed engagements that the only thing we can do is keep to the stipulated times, and that many Members with other engagements have arranged things so that they could be present for the vote. So that is the one side. I think, Mr President, that you should not now continue the voting but that you should suspend it at least until 4.30 p.m. That is the formal position on that side of the question.

On the other hand, however, it is also correct that during the vote no objections were raised to the formal procedure followed. Therefore the political decision — and we must now return to the formal aspects — can no longer be contested.

Aigner

Therefore I would say, Mr Fellermaier that the Group chairmen should meet and try to find a political solution. We cannot now repeat a political vote simply because the result was not the one someone wanted. He did not challenge the procedure as such. I genuinely feel this; I am not all concerned whether the decision went one way or the other, but if we want to extricate ourselves from this situation we must now adhere firmly to the rules. In my view it was wrong to hold the vote. However, no objections were raised to the first item, although objections have now been raised. Therefore voting must be suspended. I would propose a break of at least 10 minutes. Perhaps the Group chairmen can meet and find a political solution.

President. — I call Mr Deschamps.

Mr Deschamps. — (*F*) Mr President, we are a political assembly; we have provided ourselves with rules of procedure and we provide ourselves with agendas to help us in our political work, but if our political responsibility conflicts with the rules of procedure or the agenda with which we have provided ourselves to help us fulfil this responsibility, it is the political side which carries the greater weight. I am among those who think that it would in fact have been preferable for the vote not to have begun until the appointed time, i.e. 4.30 p.m.

On the other hand, I note that, on the basis of this vote, a political decision has been taken and that those who are now objecting were present and many of them voted. I cannot accept that this vote, which is a political act and thus an expression of our essential function, should be questioned because in this case it was not held in accordance with a prearranged agenda. At normal times — the chairmen and vice-chairmen and the Members of the Bureau will be able to decide on this with you — I want to see the House keep to the appointed times, even if we are in advance of the set agenda, but I am totally opposed to questioning in whatever form, the validity, of a vote which has already been taken.

(*Applause from certain quarters*)

President. — I call Mr Durand.

Mr Durand. — (*F*) Mr President, I fully agree with the previous speaker. I have been a member of parliament for more than 20 years and have never seen the assembly to which I belong — the French Senate — go back on a vote, especially when those who request such a move themselves voted one way or the other. Where will we be if we start going back on votes taken by a fairly large number of Members?

(*Applause from certain quarters*)

President. — I suspend the sitting and call a meeting of the Bureau.

The House will rise.

(*The sitting was suspended at 4.30 p.m. and resumed at 6.10 p.m.*)

President. — The sitting is resumed. President Simonet, do you wish to speak on a question of procedure?

Mr Simonet, President-in-office of the Council. — (*F*) I believe that when I took office as President of the Council, I promised Parliament that I would do my utmost to participate constructively in the debates in this House. I felt that I might thereby make a modest and appreciated, and in any case appreciable, contribution to raising and maintaining Parliament's standing.

As Belgium's Foreign Minister, I was unable to accompany the King of the Belgians on his official visit to Canada because I had to preside over the Council. Yesterday I had to leave the King in Poland and arrange for one of my colleagues to stand in for me so that I could attend Parliament: this shows how seriously I take the activities of this House.

(*Loud applause*)

I was assured that Parliament's proceedings would be over at 7 o'clock, which enabled me to accept certain engagements in Belgium. I shall therefore have to leave the House at 8 o'clock, not from lack of respect towards it but for reasons beyond my control.

President. — I note the statement by the President-in-office of the Council. I also regret that this procedural incident has delayed our proceedings and I hope that the next item which concerns the Council, namely that concerning the Court of Auditors, can be dealt with before the President of the Council leaves. Moreover, I would hope that the applause with which the House greeted his statement reflects a desire to deal expeditiously with the remaining items on the agenda.

The Bureau has examined the procedural motion tabled during the vote on the Hansen report and has noted that the vote did not take place at the appointed time of 4.30 p.m. — a fact of which everyone was, however, aware. Although no objections were raised when the vote took place, the Bureau wishes in view of the delicate nature of the matter, to consult Parliament on whether it wishes to repeat the vote or not and request it to take this decision by a vote without any discussion.

I consult Parliament on this request.

I note that Parliament is not in favour of repeating the vote.

The result of the previous vote thus remains valid.

I call Mr Rippon.

Mr Rippon. — With respect, Mr President, that was not what we voted on. I think the vote was always valid. What we sought in the Bureau, and which was accepted, was that Parliament should have the right to consider — if there was a doubt about the time — the possibility of having the second vote, so that we would always have the right in future to decide, if there was an irregularity, whether we wanted to vote again. I think the vote was always valid until overridden.

11. *Agenda*

President. — I call Mr Fellermaier.

Mr Fellermaier. — (*D*) The President-in-Office of the Council has informed us — and what he says in his difficult situation deserves respect — that he is unable to remain in the House after 8 p.m.

The President of Parliament rightly stressed that the discussion of procedure for appointing the members of the Court of Auditors can only take place when the President of the Council is present. I agree with the President of Parliament. But it follows logically from this that we cannot start a debate on a question to the President of the Conference of Foreign Ministers if the President of the Conference of Foreign Ministers is prevented by official duties from attending, and this means that the planned debate on improved cooperation in combatting terrorism as well as the debate on the Liberal's question to the Council on the date of direct elections cannot take place. I therefore move, Mr President, that agenda items Nos 202 and 203 be removed from today's agenda and that an agreement be reached with the President of the Council and President of the Conference of Foreign Ministers that, owing to their importance and urgency, these two agenda items should be dealt with at the next part-session.

President. — An amendment to the agenda has been proposed. One Member may speak in favour and one against.

I call Mr Lücker.

Mr Lücker. — (*D*) Mr President, I should like to speak after following Mr Fellermaier's remarks to me about this point. I should like to tell you that I completely agree with him. I think that we all owe the President-in-Office of the Council, Mr Simonet, the utmost recognition for making himself available, as he has just described, to attend Parliament in circumstances where Parliament itself would probably not have been able to ask as much. I should like to thank the President of the Council particularly for this. Now that we know that he must leave the House at 8 p.m., I think that we have no choice but to amend the agenda now so that we can discuss and vote on the question while he is still here.

President. — I call Mr Bertrand.

Mr Bertrand. — (*NL*) Mr President, I should just like to ask Mr Fellermaier whether, since two resolutions have been tabled on terrorism which are rather different from each other, our proceedings would not be better served by referring these two resolutions to the Political Affairs Committee and to ask that Committee to table a new resolution to avoid a difficult debate in plenary session on the two resolutions in question.

President. — I call Mr Rippon.

Mr Rippon. — Mr President, I am opposed to what Mr Fellermaier has suggested. We have just spent a considerable time dealing with the difficulties which can arise if the order of business is changed. Over and over again we keep on saying we ought to keep to the order of business. I think we should proceed tonight to discuss this matter, even though it may be that at a very early stage agreement could be reached, as Mr Bertrand has said, for the matter to be referred to the Political Affairs Committee. We certainly should not just dismiss the matter altogether.

President. — I call Mr Cifarelli.

Mr Cifarelli. — (*I*) Mr President, I should like to state that our Group is in favour of the proposal for postponement.

President. — Are there any objections?

It is therefore agreed to postpone the motions for resolutions until a future part-session.

12. *Decision adopting common research programmes on animal leucoses (Vote)*

President. — The next item is the vote on motions for resolutions on which the debate has closed. We shall begin with the vote on a motion for a resolution contained in the report by Mr Ney (Doc. 310/77).

I put the motion for a resolution to the vote.

The resolution is adopted.¹

13. *Regulation laying down special measures for castor seeds and soya beans (Vote)*

President. — We shall now vote on the motion for a resolution contained in the report by Mr de Koning (Doc. 311/77).

I put the preamble and paragraphs 1 and 2 to the vote.

The preamble and paragraphs 1 and 2 are adopted.

¹ OJ C 266 of 7. 11. 1977.

President

On paragraph 3 I have Amendment No 1 tabled by Mr Pisoni and Mr Ligios :

This paragraph to read as follows :

- '3. Appreciates the efforts made to find alternative agricultural products for the Community's Mediterranean regions and in particular the fact that the proposal for a regulation on castor seeds provides for a marketing system based on production contracts, thus promoting the programmed and controlled development of castor seeds ;

What is Mr de Koning's position ?

Mr de Koning, rapporteur. — (NL) Mr President, I can agree to this amendment and urge Parliament to accept it.

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

On paragraph 4 I have Amendment No 2 tabled by Mr Pisoni and Mr Ligios :

This paragraph to read as follows :

- '4. Considers, however, that the proposal for a regulation should be amended in order to provide, in line with the provisions of the basic regulation on hops, for recognition of producers' associations and the direct payment of price subsidies to agricultural producers through their associations on the basis of the cultivated area agreed on in the contracts between the associations and the processing undertakings ;'

What is Mr de Koning's position ?

Mr de Koning, rapporteur. — (NL) Mr President, I can agree to this amendment. I should just like to ask Mr Pisoni to consider this amendment as paragraph 3a and to retain paragraph 4 of the original text of the resolution.

I have discussed the matter with Mr Pisoni and he assured me that he has no objections.

President. — Mr Pisoni, are you in favour of considering the paragraph as an addition to paragraph 3 ?

Mr Pisoni. — (I) Yes.

President. — I therefore put to the vote Mr Pisoni's amendment as an additional paragraph.

The amendment is adopted.

I put paragraphs 4 and 5 to the vote.

Paragraphs 4 and 5 are adopted.

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

The resolution is adopted. ¹

4. *Enlargement of the Community (Vote)*

President. — We shall now consider the motion for a resolution tabled by all the political groups on the enlargement of the Community (Doc. 323/77). I put

the motion for a resolution to the vote.

The resolution is adopted.¹

15. *Appointment of the Members of the Court of Auditors of the European Communities*

President. — The next item is the debate on two motions for resolutions on the appointment of the members of the Court of Auditors of the European Communities (Docs 329/77 and 301/77).

I call Mr Lange.

Mr Lange, Chairman of the Committee on Budgets. — (D) Mr President, ladies and gentlemen, this motion for a resolution has been tabled by the Committee on Budgets. You will recall the discussion in this House on Monday, and the Committee on Budgets is therefore, in agreement with the President of Parliament, now submitting to you a motion for a resolution, on the eve of an event which is clearly of importance for the Community and its further development. This event is the establishment of the Court of Auditors, a new Community institution which is to take over the control function within our Community hitherto performed by the Control Subcommittee. We thus have a new independent institution, and without wishing to make this a particularly solemn occasion — although a certain amount of solemnity would in fact be appropriate on the occasion of the establishment of a new Community institution — I might add that, apart from the Court of Justice, the existing institutions are in constant contact and consultation with one another.

This motion for a resolution, ladies and gentlemen, merely reflects the fact that, as hitherto with the existing institutions, immediately this body is set up discussions will also be started between the institutions on the necessary delimitation of responsibilities, so that Parliament's control functions on the one hand and those of the Court of Auditors on the other hand can be clearly defined in accordance with the views of both institutions, without their encroaching on each other's rights without in any way compromising the independence of either. It must, however, be possible to express somehow in words the fact that this Parliament wants such discussions and contacts. In addition, ladies and gentlemen, there is the point that in a very informal meeting with the candidates-whom I hope we shall indeed afterwards recommend, thus making it possible for the Council to appoint them as members of the Court of Auditors and establish the Court — we requested that these discussions should start immediately the Court is constituted. And this should not be just an informal affair, but Parliament and the public should be able to see it is a reality, so that it is clear all the institutions,

¹ OJ No C 266 of 7. 11. 1977.

Lange

including the new body, have to consider their functions jointly, albeit with specific areas of responsibility, and that the dialogue thus leads to a reasonable definition of the positions of Parliament — which also means the Control Subcommittee of the Committee on Budgets — and the Court of Auditors.

Ladies and gentlemen, I should like to urge you most strongly to support the principle that this quite normal procedure, which which we are familiar among the other institutions, should also be applied between us and the Court of Auditors or between the Court of Auditors and us. For want of time I shall confine myself to these remarks, particularly because the President-in-Office of the Council has made it very clear just how little time we have left. I hope, however, ladies and gentlemen, that you will be able to approve the motion tabled by the Committee on Budgets in agreement with the President.

One last point: if this motion for a resolution is adopted, then the motion for a resolution tabled by the President on behalf of the enlarged Bureau concerning the members of the Court of Auditors ought to contain a reference to the resolution adopted, and that is why, for the sake of form, Amendment No 1 has been tabled to the President of Parliament's motion for a resolution. I hope — and this amendment has also been tabled in consultation with the President — that the procedure can then be followed in accordance with these proposals.

(Applause)

President. — I call Mr Aigner.

Mr Aigner. — *(D)* Mr President, ladies and gentlemen, I think this is a fine hour for this House, not only because we are being given the Court of Auditors for which we have fought for so many years, but because for the first time — and I think this is reason enough to devote a few words to the situation — Parliament itself is delivering an opinion on the appointment of the members of a Community institution.

Allow me, therefore, to recall a few stages in this struggle. It is true to say that without this unrelenting determination on the part of the European Parliament — that is of all Groups and particularly of the committees concerned, the Committee on Budgets and the Control Subcommittee — we should probably not yet have this European Court of Auditors today. Under the terms of the Agreement of 22 April 1970 — and this is the starting point — as a first stage budgetary powers were transferred from the Council of the European Communities to the European Parliament. Even then, however, the European Parliament recognized that this was only of significance if, together with the budgetary powers, it also had powers to supervise the implementation of the budget. This functional aspect then led to the demand for the establishment of the European Court of Auditors.

In addition to this functional aspect, there was also a political dimension, mainly the question of Parliament's real influence on the income and expenditure of the Community, for these were bound to remain a prime concern of Parliament as long as the institutional balance of the Community lacked an acceptable degree of parliamentary democracy.

Ladies and gentlemen, allow me to add this: the Community can hardly hold up the parliamentary model to the countries seeking membership and at the same time refuse to accept it itself with regard to the Community institutions. One thing or the other! The activities of the European Community are meant to serve the peoples and individual citizens of the Member States, and they have a right to expect this; that had been behind our persistent demand that the money flowing into the European coffers should be put to good use and spent in accordance with the principle of budgetary economy. It is thus right that the Members the European Parliament should have the task of acting as guarantors of transparency and accountability in the European Community's financial dealings. I believe that in establishing the European Court of Auditors, the Community is today taking a step towards this goal. After a long struggle, the Treaty of 22 July 1975 has been ratified, and today we are on the verge of constituting the Court and appointing its members. I should like here, at least on behalf of my Group, but also on behalf of the committees concerned, to express my sincere congratulations to the members on their nomination, and I am convinced that we shall have first-rate, effective cooperation between the new European Court of Auditors and Parliament.

(Applause)

Mr President, I recall that the European Parliament originally demanded a decisive share in the appointment procedure. Finally, however, the Council only included the right of consultation in the text of the Treaty, but assured the European Parliament of a power of veto by gentleman's agreement. We should not forget, however, that with the present consultation procedure, which ultimately leaves us with no choice, we are naturally far from having achieved the right of appointment for which we fought for so long.

Mr President, allow me to end with a few words on the relationship between the European Court of Auditors and the European Parliament. This is indeed the basic reason for our tabling this unanimous motion for a resolution. The European Court of Auditors is conceived as an autonomous body independent of the Council and Parliament. I should like to say once again that in all the discussions there was no doubt whatever that this should also be a control body completely independent of any majority decisions in Parliament. Only with this independence will it be

Aigner

able to take decisions in a responsible fashion. On the other hand, however, — and I should like to make this quite clear — the Council and Parliament are also the budgetary authority for the European Court of Auditors. The European Parliament expects the Court of Auditors, one constituted to submit its preliminary draft budget for 1978 so that this can be incorporated in the budgetary procedure.

Under the 1975 Treaty, the European Parliament — and this, ladies and gentlemen, is the crucial point — has the sole, exclusive right to discharge the Community. The Treaty thus intends Parliament, as an external control body, to draw the political conclusions from the Court of Auditors' specialist work. This means that the Court of Auditors must assist the European Parliament. This is expressly laid down in paragraph 4 of Article 206 a of the Treaty.

Mr President, that is the political motive behind the additional motion for a resolution tabled today by the Committee on Budgets the Court of Auditors to establish the functional connection between the two bodies involved in external control. These two bodies are interdependent and the work of the Court of Auditors would disappear into thin air if no suitable body were there to give political effect to its reports. On the other hand, the European Parliament cannot carry out external control work without the constant benefit of the Court of Auditors' expertise.

Mr President, I should like to end by congratulating the candidates, in the hope that we shall achieve fruitful functional cooperation as called for by this Parliament in many documents. We have a great many reports on this, and everyone knows how the European Parliament sees its function as a political control body and how it wishes to integrate itself into the system of internal and external parliamentary control.

(Applause)

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

Mr Shaw. — Mr President, I will speak very briefly, because I think that we are all of one mind. We are all, as far as I have gathered tonight and from the committees involved, delighted that the appointment of these gentlemen is now at hand. I have always taken the view that the quicker the appointments were made, the better it would be for Parliament and for the Community.

I think we ought to remind ourselves of all the hard work that has been done by many people over the years — Mr Aigner was too modest to mention himself. He and Mr Lange, as chairman of the committee, have done a great deal over the years. But I also think it right that I should remind the House how dear the appointment of the Control Subcommittee and the Court of Auditors was to the heart of the late Sir Peter Kirk.

(Applause)

How happy he would have been, to see the culmination of so much that he worked for.

Mr President, I have always taken the view, and I have expressed it many times in this Chamber, that we cannot hope to be taken seriously as a Community by people outside unless we can show, by the auditing control of our budgetary affairs, that we are worthy of being taken seriously. I believe that setting up this new power, completely independent, so that it can have proper control over our budgetary affairs, is the most significant step that we have ever taken, in collaboration with our own subcommittee.

May I say one word, Mr President, about the motion proposed by Mr Lange. We had a long debate, as so often happens I am afraid, on this resolution, and really we all wanted to say the same thing. It was just a question of words meaning slightly different things in different languages. Clearly, as Mr Aigner has put it tonight, we fully understand and appreciate the complete independence of the Court of Auditors. Indeed, therein lies so much of its value. I personally take this motion to mean that we invite the Court of Auditors to come and meet us and discuss these matters. That may not come over well in other languages, but that is how I see it. I fully understand that others not too worried about words, as I recognize the spirit; we want to get together and cooperate. We would welcome every possible cooperation with the new Court of Auditors, because — and I have had experience in my own country of this — we as the subcommittee of control cannot possibly do our work to the full unless we are working with, and with the help of, the Court of Auditors.

In conclusion, therefore, on behalf of my group, I welcome the names proposed and hope that they will be approved by acclamation.

President. — I call Mr Dalyell.

Mr Dalyell. — Mr President, I am glad to take part in this debate as a vice-chairman, along with Mr Shaw, of the Control Subcommittee. Indeed, such is my concern with the Court of Auditors, that I sold the ticket that I had for the England-Luxembourg football match in order to take part in it. I see my colleague Mr Hansen laughing, but I would say to him, 'that greater love hath no man' for the Court of Auditors than that he should sell his ticket for the England-Luxembourg match to take part in the debate.

But, Mr President, I am here to put a question to the President of the Council, if I could have Mr Simonet's attention for the second time today. Some of us believe that there is a great necessity to have a bloodhound function available to Parliament. We should have some system, call it an expedited procedure, of

Dalyell

getting to the root of alleged scandal. I emphasize that it is alleged, because many of the press reports that appear to the disadvantage of the Community have very little foundation. But in all our countries they are extremely damaging, and somehow or another we have to establish the truth or untruth of the alleged financial scandals that are repeatedly appearing in the press. I take for example the malt scandal, one that is wellknown to Mr Aigner. Clearly there was an advantage in Parliament looking into the malt situation. The difficulty under the present procedures is that it takes a very long time to get to the root of these matters but, the press being what it is, and politics being what it is, it is necessary that these matters should be topical.

So, my question to Mr Simonet, is this. While I understand that auditors by nature are careful people, have to do their job often on an uninterrupted basis, is it the intention of Council and Commission to ask the Court of Auditors whether they are prepared to cooperate with Parliament in some form of expedited procedure on matters that are brought to their attention either by the chairman of the Control Subcommittee, the chairman of the Committee on Budgets, or any Member of this House? If a Member of this House goes along to the auditors and asks them to check on a particular *prima facie* case of scandal that is bothering their public opinion, their constituents, people in their Member State, are they prepared to set aside the traditional function of auditors and cooperate?

I am not naïve enough to believe that this is not asking quite a lot of them, because you cannot ask auditors seriously to drop work for every whim that comes along and suddenly involve themselves on any kind of alleged scandal. But I would hope that Members of Parliament would not bring frivolous cases to their attention. On the other hand, if the Court of Auditors is not prepared to accept this function, who is? Because what is beyond doubt is that there is a need for this function and, for the sake of the good name of the Community, someone somewhere has to carry it out. I ask whether in fact in the opinion of Council and indeed, the Commission, the Court of Auditors is the proper vehicle for this very necessary function.

President. — I call Lord Bruce of Donington.

Lord Bruce. — Mr President, it would seem quite clear that there are separate motions down, the one comprised in Document 329 and the one comprised in Document 301, associated with Document 277, but although there are two separate votes to be held, the debate in general terms has covered both. I rise in accordance with Rule No 31 to give a personal explanation as to why, although supporting the resolution of the Committee on Budgets contained in Document 329, I shall be unable to support the resolution incorporated in Document 301 which gives formal

approval to the names of those that are proposed to comprise the Court of Auditors which are annexed to Document 277.

The reason is very clear, Mr President. I have, of course, no personal objection to the names of the people that have been proposed and I have no doubt in my own mind, that Council, in putting their names forward, has acted with the utmost rectitude. What I complain of is this. At no time have Members of this House been given sufficient particulars of the gentlemen nominated for them to be able to form an objective judgment, which they are required to do under the provisions of Article 206 as amended by the Treaty of 22 July. It will be recalled that at subparagraph 3 of Article 206 it is stated that the members of the Court of Auditors shall be chosen from among persons who belong, or have belonged, in their respective countries to external audit bodies or who are especially qualified for this office; their independence must be beyond doubt. All, therefore, that had to be done, was for a list of the proposed nominees to be published, together with a short biography of the gentlemen concerned. This was not done. I accordance with Rule 22 of Parliament's rules this should have then been remitted to the Committee on Budgets, which would have given it prompt consideration and I have no doubt the whole thing would have been satisfactorily completed. Instead of this, we have been provided with a list of names only. The reason that I am going to abstain on the motion is not because I have no confidence in the named nominees, although I admit I do not know their biographical particulars, but because the Rules of Procedure have not been complied with, in particular Rule 8 and secondly Rule 22. I abstain, because I believe the individual liberties of the Members of this Parliament and the orderliness of its procedures can only be accomplished if the Rules of Procedure are followed and the requirements of the Treaty adhered to.

President. — I call Mr Simonet.

Mr Simonet, President-in-Office of the Council. — (F) Mr President, I have asked to speak because I believe Mr Dalyell asked me a question. I would say to him in reply that Article 4 of the Treaty establishing the Court of Auditors provides for the procedure requested by Mr Dalyell. The second paragraph states: 'The Court of Auditors may also, at any time, submit observations on specific questions and deliver Opinions at the request of one of the institutions of the Community'. Furthermore, the last paragraph states: 'It shall assist the Assembly and the Council in exercising their powers of control over the implementation of the budget.'

Thus there is no doubt that Parliament is perfectly entitled to ask the Court of Auditors to investigate any particular state of affairs, for example one which might cause public indignation because certain aspects of it seemed, rightly or wrongly, highly dubious.

Simonet

I should just like to add, stressing what has been said by several speakers, that the opinion which you are about to give on the appointment of the members of the Court of Auditors is a major event in the political life of the Community as well as for Parliament. In fact, it is undeniable that one of the essential prerogatives of any parliament is financial control. For a parliament which tomorrow will be directly elected and whose right to extend its powers is being disputed, the conscientious and dynamic exercise of this function is probably one of the surest means of obtaining the wide influence which it needs to establish its position and help the Community to move forward.

(Applause)

President. — Before passing to the vote, I should like to reply to Lord Bruce, who gave as his reason for abstaining that the Rules of Procedure had not been complied with, in particular Rules 8 and 22. Rule 8 deals with the President's powers: I do not think that this Rule can be invoked in this case since the President has coordinated and directed the whole of this conciliation.

With regard to the way in which conciliation is conducted, Lord Bruce complains that the procedure laid down in Rule 22 has not been complied with. We have already said that this conciliation does not come under any of the three types of conciliation provided for in this Rule: it is a conciliation on appointments and that is why it was decided to charge the Bureau, which brought together both the President and authorized members of the Committee on Budgets. As much information and news as possible concerning the names put forward by the Council have been provided. I think therefore that Parliament need not worry.

I therefore put to the vote the motion for a resolution tabled by the Committee on Budgets on the Court of Auditors of the European Community (Doc. 329/77).

The resolution is adopted.¹

I call Mr Berkhouwer on a point of order.

Mr Berkhouwer. — *(NL)* Mr President, I should like to make the following submission. I have gathered — it all happened rather quickly just now, since Mr Simonet has to leave — that the debate on the date of the elections is unfortunately no longer to take place today. While regretting this, I nevertheless accept the ruling, but I should like to see Parliament decide now that at any rate this debate will be held during the next part-session, that is to say at the end of October.

President. — I call Mr Yeats.

Mr Yeats. — Mr President, I would like to urge that this matter should be left to the Bureau, which has the responsibility under our rules of laying out the agenda. It is not for Parliament to lay down in one part-session the agenda for the next, so I really think it should be left to the Bureau.

Mr Berkhouwer. — *(NL)* On the contrary, I should like to request that Parliament discuss this very urgent and important matter now.

President. — Mr Berkhouwer, we also share your desire and shall certainly take it into account.

On 12 September the Council of Ministers of the European Community requested Parliament's opinion on the appointment of the members of the Court of Auditors of the European Community, in accordance with the Treaty of 22 July. At its meeting on 28 September in which Members of the Bureau of the chairman of the Committee on Budgets took part, the enlarged Bureau asked me to submit to Parliament for approval the motion for a resolution embodying the opinion of the European Parliament on the appointment of the members of the Court of Auditors. This motion for a resolution has been distributed as a working document under No 301/77.

I therefore think that we can proceed without delay to the vote on this motion for a resolution.

I put the first three indents of the preamble to the vote.

The first three indents of the preamble are adopted.

After the third indent, I have Amendment No 1 tabled by Mr Lange on behalf of the Committee on Budgets:

Insert the following in the preamble after the third indent: '— having regard to the resolution of the European Parliament of 12 October 1977 (Doc. 329/77)'.

I put Amendment No 1 to the vote.

Amendment No 1 is adopted.

I put to the vote the last indent of the preamble and paragraphs 1 and 2. The last indent of the preamble and paragraphs 1 and 2 are adopted.

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

The resolution is adopted.¹

Since the conciliation procedure is now concluded, I think that we can all be pleased that such an important body has been set up in our Community.

(Applause)

✓ 16. Fisheries policy

President. — The next item is the joint debate on the oral question with debate, put by Mr Muller-Hermann, Mr Vandewiele, Mr de Koning, Mr Früh and Mr Verhaegen to the Commission of the European Communities, on fisheries policy (Doc. 296/77):

¹ OJ No C 266 of 7. 11. 1977.

President

What stage has been reached in the negotiations on fisheries agreements with third countries, in particular Norway, Iceland and Canada?

Does the Commission see any hope of a successful outcome to these negotiations as long as there is no agreement on the Community's internal fisheries policy?

and the oral question with debate, put by Mr Prescott, Mr Hughes, Mr Hansen, Mr Lemp and Mr Hoffmann to the Commission of the European Communities, on the fisheries negotiations with the Soviet Union (Doc. 325/77):

Will the Commission make a statement about the current state of negotiations with the Soviet Union for a fisheries agreement covering fishing in the Barents Sea?

I call Mr Müller-Hermann.

Mr Müller-Hermann. — (D) Mr President, my presentation of the Oral Question will be very brief. The fishing industry of the Community is in a state of uncertainty. It can undertake no long-term planning, given that the question of fishing rights inside and outside the Community pond is still completely unresolved. We know that new agreements have to be negotiated, and we are particularly interested in the arrangements with Canada, Norway and Iceland. Clearly, such agreements can only be satisfactorily concluded if they are based on reasonable give-and-take. On the taking side we perhaps know what we want, but as regards the giving we can certainly not know our own mind until we know the position with respect to the regulation of fishing rights within the Community pond. We talked about this, late in the evening, some weeks ago, and on that occasion the Commission spoke encouragingly of the October meeting and expressed confidence that in the meantime agreement would be reached in the Council and in talks between the national governments. It is no secret that, in particular, the British and Irish Governments have claimed special fishing rights in their coastal regions — although there is argument as to what exactly is meant by a coastal region. The problem of the catch quotas is — at least as far as this Parliament is aware — still unresolved. I believe, Mr President, that these matters must be dealt with urgently so that all the enterprises active in the fishing sector can see clearly where they are going and what they have to do, but also because a series of important fishing agreements are due to expire or have already done so, and it is vital that we should know what is going to be the situation in future. The agreements with the Soviet Union are a very special problem, and I am grateful to the Socialist Group members for requesting that this question should be raised at the same time. We are all indignant at the seizing of Community vessels, and at the fact that the *status quo* is being challenged principally by the Soviet Union. Here, too, the question arises: what happens next?

I cannot avoid a word of criticism of both the Council and the Commission, who both have had enough time to settle this problem in a general agreement. When we hear that the Commission is planning splendid new initiatives aimed apparently at breathing new life into the idea of economic and monetary union we think, that's fine, and are prepared to do our bit to help, but we feel that in view of the numerous announcements by the Commission and the Council in this relatively modest fishing sector we have a right to be sceptical, for we have been repeatedly disappointed at the failure to make the progress that was promised.

That is the reason for this Oral Question. I hope that the Commission will be able today to tell us more about what the meeting of the end of October will bring, and whether we shall be able to reach an agreement satisfactory to all parties particularly on the matter of the fishing rights in the Community pond. This seems to me a precondition of the successful continuation and conclusion of the international negotiations.

IN THE CHAIR : MR ADAMS

Vice-President

President. — I call Mr Hughes.

Mr Hughes. — I would like to endorse, in furthering our own question, many of the remarks of Mr Müller-Hermann. Fishermen throughout the Community are clearly in need of immediate answers to a series of very complex but pressing questions. It would appear that many of the framework agreements that are outlined with third countries are at risk of needing to be negotiated and finalized by as soon as 1 January 1978, and that is a very few weeks away for people whose livelihood depends upon securing access to fishing grounds for the long term.

I would mention, in particular, the problem raised by the Russian affair. The damage done to the interests of Hull, Grimsby and other British deep-water fishing ports by having the Barents Sea denied to them on any permanent or long term basis would hardly be sustainable. Yet at the same time, what we have always argued and continue to argue, is that unless you get a formulation of an adequate internal policy, you cannot get the bargaining position with which you can go as Commission and Community to deal with third countries. I should like — accepting the unfortunate but quite understandable absence of Mr Gundelach, and not wishing in any way to indicate a lack of full understanding of the Commissioner present and his competence to answer — to ask a number of rather technical questions. I of course understand that, in a debate like this, it may be necessary to give the replies in writing to the Committee on Agriculture in due course.

Hughes

Can I be advised that the Norwegian discussions for 1978 and so forth are scheduled to begin not earlier than the middle of November, and that in those discussions the problems of access by Community fishermen to the Viking Bank, which is straddled by the median line, is going to be properly dealt with? Is the difficulty of the Norwegian Government's desire to phase out all fishing north of the 62nd parallel and so forth part of the negotiations? It is these sort of detailed technical bits of information that the fishermen of all Community waters and States need to have answers to urgently. There are boats on the stocks about to be commissioned, purpose-built to go and fish in third-country waters. These are at grave risk of becoming white elephants, unless the fishermen for whom they are being built, frequently with grants of Community aid, are given a decent provision in third-country waters. These are new boats, some of them financed by the EAGGF, whose future depends on what happens in the northern areas where deep-sea water trawlers have to be provided with a long term security in the negotiations with third countries. And that is why we are glad to add Russia, but the problem of Canada, the Faeroes, Iceland and Norway must be considered equally crucial.

President. — I call Mr Natali.

Mr Natali, Vice-President of the Commission. — (I) Mr President, ladies and gentlemen, first of all I should like to say to Mr Hughes that Mr Gundelach's absence is not due to any lack of awareness of the importance of the problem now under discussion. At this very moment Mr Gundelach is engaged in sounding out various Member States with a view to finding solutions to the problems which are standing in the way of agreement on internal fishing.

I think I can say, on Mr Gundelach's behalf, that if there are any questions of a technical nature he will be only too pleased to send the committee responsible, i.e. the Committee on Agriculture, the appropriate written replies.

I should now like to turn to the state of negotiations relating to fishing agreements with third countries, in particular Norway, Iceland and Canada.

As you know, the Community has completed negotiations in 1977 on fishing with the United States, Sweden and the Faeroes, and is continuing similar talks with a certain number of other States the most important of which, concerning Norway and Spain, are now approaching the final phase.

The draft agreement with Norway, which as you know is the Community's most important partner in the fishing sector, has been completed. It will be approved and signed before the end of this month. During 1977 many informal talks were held on fishing matters of common interest with the Norwegian authorities, and

a further meeting to review the situation for 1978 will take place at the beginning of November, on 7 and 8 to be exact.

In the case of Iceland the Commission has maintained contact with the Icelandic authorities after the joint visit by Council and Commission representatives in June.

A meeting of geological experts to discuss the conditions and the fish stocks in the relevant zones is in the course of preparation.

As regards Canada, the Community maintains necessarily close relations with this country in both a bilateral and a multilateral context, since, as you are aware, Canada's territorial waters are contiguous with the Community waters of the North-West Atlantic.

Two series of fact-finding talks have taken place with the Canadian authorities since December 1976. In addition, the Canadian Minister of Fisheries met Mr Gundelach on 29 September. Both parties made no bones about their interest in obtaining an outline agreement on fishing, and it should be possible for the formal negotiations to begin in November.

Finally, on the specific question put to me, namely whether there is any hope of a successful outcome to these negotiations as long as there is no agreement on the Community's internal fisheries policy, I should like briefly to recall that the Commission submitted a proposal on the internal fisheries policy in October 1976. In May 1977 it presented another slightly modified proposal. In the next few days we shall be submitting further supplementary proposals, and the exploratory contacts which Mr Gundelach is developing at this very moment have the very objective of preparing a complete *dossier* in view of the meeting of the Council scheduled for 24 October.

We consider that the Commission has done its duty in clearing the way for the adoption of this regulation, and we hope that the debate on the internal fishing rights can take place very shortly, so as to allow us to arrive at quantitative agreements for 1978.

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

Mr Vandewiele. — (NL) Mr President, may I express my thanks to Commissioner Natali, who has already given a partial answer to our joint question.

We have heard that there are still many problems in connection with the external fishing policy. On 4 October the ministers adopted by written procedure a number of urgent measures relating to third countries. These dispositions were only valid to the end of this year. Our Group is gratified to see that the number of licences granted to Spain is being increased. Some weeks ago we had an opportunity, under the chairmanship of Mr Hughes, to receive a delegation of Spanish fishermen.

Vandewiele

We listened to them with great interest and we are pleased that an effort is being made to meet their wishes, at least to some extent. We are disappointed that the discussions with the Soviet Union have not yet led to a satisfactory result, apparently owing to a failure to agree on the level of quotas and on the general regulations in the Barents Sea. If our information is correct the ministers of agriculture are currently studying a Russian memorandum. The Commission should give us more detailed information on this. I fully agree in this respect with the question put by Mr Hughes. However, our negotiations on the external fishing policy cannot be seen separately from the extremely difficult problem of the internal Community fishing policy which we have been discussing now for over a year.

These discussions were led initially by Mr Lardinois, and subsequently by Mr Gundelach, and we congratulate them both on the quality of their contributions to the major debate held here on the draft regulation, when the Commission clearly defended a number of important theses. Unfortunately, the situation some months later is that there is still very little of this regulation to be seen.

For this reason we should like to recall briefly the resolution which was adopted here in February. In that resolution Parliament expressly insisted, among other things, that the internal fishing policy should be made permanent. We must have no more of these regulations lasting only three or four months, since these create enormous uncertainty in the fishing industry. We want fishing quotas for each country, but these must be valid for a longer period. Fishing must be restricted by means of a system of licences. We agree with the idea of reserved fishing zones and with coastal fish reserves, which the appropriate coastal States can supervise on behalf of the Commission. We have also emphasized the need to extend the structural policy, and to pursue a policy of conservation.

At the present time the question of the scrapping premium regulation for a number of fishermen who have to stop their activities is causing concern in the Netherlands owing to the large sums of money involved. I feel that Mr Natali should give us some information, if possible in brief outline, about the discussion to be held at the end of October and that the Council must prepare to take definitive decisions. We wish the Commission good luck in this discussion but we also hope that the Council will be prepared to take decisions so that at the beginning of next year we will have a more specific and a more affirmative general Community fishing policy.

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

Mr Kofoed. — (DK) Mr President I should also like to thank the Commission for the speech we have just heard.

It is clear from the Commissioner's words that the problems are very much still with us. I agree with the previous speakers who complained that the negotiations are going sluggishly, with the consequence that the fishermen and the fishing industry are not able to take decisions for 1977 or for 1978. I should like therefore to urge the Commission to do all in its power to ensure that the internal fishing negotiations progress sufficiently for it to be possible to see some clear line in them. Until the negotiations on the internal fishing rights gets properly under way it will not be possible to find solutions to the problems *vis-à-vis* third countries; in other words the one problem cannot be solved without finding answers to the other, and it is thus absolutely vital that these negotiations should be concluded as soon as possible. I hope that the Commission will produce its proposals in time for them to be laid before the Committee on Agriculture so that we can discuss them in due form and therefore support the Commission in its proposals to the Council, and indeed also encourage support for the Commission's views among the public. I hope therefore that the Commission will come forward with these proposals rapidly so that we can discuss them in Parliament at the earliest opportunity.

(Scattered applause)

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

Mr Corrie. — Mr President, as a Scotsman in this chamber I have really no interest in the football match that is being played in Luxembourg tonight, so it is a much greater pleasure to be here talking about fishing.

(Laughter)

All the negotiations that go on with third countries affect not only the deep-water boats but the inshore fishermen as well. We must remember that if we do not find new fishing grounds for the deep-water boats, these fleets will probably disappear. There is simply no room in home waters for these boats to come back into. There is not sufficient fish to go around in the inshore industry, even without these larger boats coming back. I wonder if the Commission has looked at where else in the world these boats could go and fish. Are there perhaps islands which have connections with the Community and where we have fishing rights for these boats to go into? If deep-sea boats are made redundant, the families of fishermen must be compensated — not just in cash, but in job-creation in the areas where they live. I hope, again, that the Commission is looking at this aspect. The big companies can look after themselves. It is the men and their families that matter. There are no jobs on the inshore boats for these men, because they are already cutting back.

Corrie

One should remember the problem in the fishing industry, both internally and externally. The social and economic problems they are facing would have happened anyway, and they are simply coinciding with the introduction of a Community fisheries policy. The Community fishing policy is being blamed for problems it did not create, but has inherited. Having said that, it is imperative that the Commission is now seen to be taking action, sufficiently urgently and with sufficient impact, to counter the rundown in the fishing industry.

The Commission must stand by its herring ban in the North Sea, even if it has to last for four or five years until stocks are built up. I would go so far as to say that not for years to come should any edible species ever be caught for industrial use, and by-catches should be kept at an absolute minimum. I wonder if the Commission can give us the latest estimates of edible and industrial fish, in the North Sea in particular and in the Community pond as a whole. I realize some of these questions cannot be answered tonight; perhaps we may get written answers.

The Commission did say recently that, because of the introduction of the herring ban, they were urgently looking at ways to compensate for the social effects of this ban. I wonder what has been done so far in this line. Boats you can scrap, Mr President; factories you can close down. But people cannot just be thrown on the scrap heap. And that is what we are talking about in the fishing industry. Not just men out of work; we are talking about families and communities that have lived by the sea and from the sea for generations, and generations of boats have been handed down from father to son. These are the communities which must continue to live.

Frightening reports were seen in the Scottish press just recently that the Commission were going to buy off the Scottish fishermen with huge sums of money to shift them to new homes and jobs in other areas. Mr President, this concerns about 4 000 families. It is an inhuman suggestion; one that I hope was ill founded on speculative rumour and has no foundation in the Commission. This sort of scare-mongering causes nothing but heartbreak in the fishing communities.

I will not reiterate all that has been said on exclusive limits in Community waters. But I would say this: with fleets leaving the North Sea and going round into west coast waters, we must make sure of protecting the herring spawning grounds in that area. Those grounds are outside Scottish jurisdiction, and I hope the Commission will declare a conservation area from the North Irish Coast to the Shetland Islands from July to October to protect those fishing grounds and the young herring stocks. I make this as a special plea for fishermen who have come here today to listen to this debate and who know where these young stocks are.

One last point, Mr President. There is a proliferation of oil platforms, well-heads, pipelines, drilling rigs, spurting up all over sections of the North Sea. Large fishing areas are disappearing because of safety zones. Pollution has become a major danger. One rig is only 14 miles from the coast of Scotland, and one accident there could wipe out the livelihood of 60 boats, besides the damage it would do to the environment. Furthermore, debris on the sea-bed is causing much damage to boats and nets. Something like £ 30 000 has already been paid to British boat-owners in compensation this year. I wonder if this could be looked at by the Commission, as it will be a growing hazard to the fishing industry in the Community. It is only fair that Community boats should get some compensation as well as British boats.

Mr President, I believe the Commission is now realizing the importance of this problem and the plight of the fishermen. There is no industry that deserves more help, and there are few men more dedicated to their task than these fishermen. It is an urgent problem which needs urgent action. We look forward to getting it from the Commission to the satisfaction of all. As a fisherman said yesterday, 'We want a Community pond rich in fish, not a desert'.

(Applause)

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

Mr Pistillo. — *(I)* Mr President, ladies and gentlemen, I have only a brief statement to make in connection with the second part of the oral question put by Mr Müller-Hermann and others.

The purpose of this statement is to draw Parliament's attention to a problem of a general nature, namely that of the present internal fishing arrangements in the Community.

Our first remark is that there is no coherent internal policy; Mr Gundelach himself confirmed this on 14 September, and we are in full agreement with him. He added, and I quote from the text of his remarks, that without a coherent internal policy, a policy of conserving fish stocks by means of quotas, fishing zones and so on, we will not really be able to conclude regional agreements of any value with any third country.

But it is clear that this remark refers more to relations between the countries of the Community themselves than to the Community as a whole and other countries. We are living on the same old day-to-day basis as in the past and, as Mr Gundelach himself pointed out, subject to serious disequilibria and relying on *ad hoc* solutions, in other words without an overall programme. The consequence is that arguments arise between one country and another, as has happened

Pistillo

for example on the question of herring, a dispute which involves the United Kingdom and Denmark.

Likewise no progress can be made in solving the problems of fishing rights in the North Sea if the Community lacks a coherent policy. Moreover, the full dimensions of the problem of the Mediterranean basin have not yet emerged, and it is certain that this problem will become of increasing importance with the enlargement of the Community by Spain, Greece and Portugal.

Thus, what is vitally necessary, and the principal responsibility for this lies with the Council, is that the problem should be solved as a whole, on the basis of the proposals put forward last June by the Commission, and recalled here by Mr Natali. These proposals certainly provide a basis for developing the coherent fishing policy which everyone wishes to see.

I should like very quickly to touch on three aspects of this policy.

The first is that the industrialized countries must be enabled to rely increasingly on their own resources, the rational management of which will be therefore increasingly vital. Secondly, we welcome and underline the priority given to a financial contribution to the presentation of multiannual regional programmes which take account of the catch potential, the demand for the products in question and the exigencies of the common fishing policy. In addition, and this is the third aspect, it is essential that we move from a policy which hitherto has in many ways been primarily an aid policy, to a policy which concentrates on the structural problems of the fishing industry in the Community as a whole, and particularly in certain countries, including my own, where these problems are now very pressing.

We therefore hope that we can have a wide-ranging debate on the problem which will allow us to arrive at the coherent and organic policy which we all wish to see and in respect of which, and I say this in all frankness, the Council has so far seriously failed us.

President. — I call Mrs Ewing.

Mrs Ewing. — Mr President, may I say that I would first like to express the thanks of the gentlemen who are in the gallery, who represent all the strands of Scottish industry, for the courtesy that they have had from everyone who has been kind enough to talk to them, including all the groups, I believe, and Mr Simonet himself, who generously gave them his time. I hope I am not using up my five minutes in making that thank you, because I am sure everyone would want to hear it.

I would also like to say, without using up my time once again, that it might interest you all to know that, in this dangerous life, my town of Lossiemouth has had its first disaster for eighty years since I last stood before you, in which one of our boats went down

without explanation and with all lives lost. This kind of experience highlights the whole situation in which a way of life in certain towns is totally dependent, with no alternative occupation. It highlights the pride and dignity of men, to whom the suggestion that they might be given alternative occupations or sums of money is, I would say, almost insulting.

The recent incident in the Barents Sea involving Russia has pinpointed the fact that we have no real EEC fisheries policy. What we have was the thing that was botched up and was the cause of the anxiety of the three new States when the Six became Nine. I think it would behove all Member States and all representative to bear in mind that pro-marketeters from all countries addressed people in the United Kingdom and gave assurances that, if they would come in and talk, they would be dealt out justice. Assurances were given that in no way would this Community deal out injustice which, far from being regional assistance, would in our case in Scotland — which is not unique because there are places in Ireland and England which are also totally dependent on fish — mean regional death.

The incident in the Barents Sea has highlighted the fact that we cannot even seem to get understanding and agreement from the Member States and the Commission and the Council on a simple matter like the herring ban. It must be accepted that all parts of Scottish industry and its experts, who are not unwise men, share the view that not only is this ban necessary in 1977, but is also necessary in 1978. Perhaps I can short-circuit that point because I would like to indentify my whole speech with the points so well and ably made by Mr Corrie. The example of extensions for a month — and I feel quite indignant on this — is really an example of piecemeal action. It could not even be called piecemeal policy because it is not even a policy. There are other species in great danger and I believe my various fishing federations upstairs have explained this to all the people who listened to them.

I would like to put the ball back in the court of the Commission, although I am sorry Mr Gundelach is not there. We are told repeatedly that we cannot have this 50-mile limit. What can we have? Putting the ball back in the court of all the other Member States, what do you expect us to do? Stand by and watch you cut our throats? What do you say we can have? Are we going to have 65% of the fish you want, are we going to get 65% of the shareout of licenses or quotas? What is it you have in mind? Let us begin to talk in practical terms, because when we talk about 50 miles exclusive, we do not mean — and this is very important, and perhaps the phrase is misleading — that only the Scots, for instance, would fish in the Scottish bit, because we respect traditional rights and we know that these exist. Fishermen are very sympa-

Ewing

thetic to other fishermen, and they all talk a kind of international language with one another. But what they are asking this House is this: they have 65 % to offer you, but when you talk about give and take, what are you giving? In Hull a German spokesman said that we will all get on well, and we will fish up to your beaches and you can come and fish up to ours. What is the point of us going to fish to beaches where there are not any fish? But we are familiar with the situation in which the other Member States come to fish to our beaches. Bear in mind that our fleet is almost wholly fishing for human consumption. One speaker mentioned global responsibilities: there is a world food shortage, and there is no way in which a Community like this could wilfully prevent the North Sea from being a supplier of protein for human beings in a world short of food. Mr Müller-Hermann talked about the give and take principle. I think it is time that the Commission and the other Member States started telling people like myself, and those representing Ireland and the United Kingdom, just what it is you are going to give us, because we do not even believe that you are going to be able to help us to police the waters. We have some experience of the problem of policing waters. Our fishermen regularly see all manner of boats committing infringements day in and day out.

One thing I would ask you to accept which is not controversial is this: everyone must accept as a fact that the one conclusion reached by conferences on the law of the sea when they attempt to consider global issues is the following: the best protectors of the conservation of stock are the coastal States, because the coastal States are there, have built up dependent communities and have a direct interest in that protection.

I would like to say that, so far as the Russian negotiations are concerned, and in connection with negotiations with third countries, we do not want our rich stocks to be used as some kind of pawn in those international negotiations undertaken by our foreign ministers, or our fishermen to be the expendable industry.

Are we going to find that, in order to get some other concession and other kind of trade, the fishermen are made the pawns in some sort of international game which is being played with third countries?

I see that Mr President's gavel is out, although I feel that five minutes was not nearly enough in this case, particularly in the light of the effect one disaster has had on the whole of the fishing industry of my country. I am not entirely pessimistic, Mr President, because I still have some belief that here is a forum where you do not just say no to a proposition that is fair, and that if people are prepared to come back time and time again, as I do here, you will eventually begin to understand. As I have said before, please come to the North of Scotland and the West of

Scotland, please come for yourselves. I can assure you that if you came, you would agree with me, because this is a way of life we are talking about, not merely a commercial enterprise.

President. — I call Mr Yeats.

Mr Yeats. — Mr President, we must be grateful to the author of these Oral Questions for the opportunity that they have given us for discussion of current developments in fisheries policy. As we know, fisheries policy in the Community, both its internal and also its external aspects, has given rise to very serious problems for us all over the past two years. It is clear that more progress has been made indeed on the external aspects than on the internal. Fishing policy is, in fact, being hailed as the policy which led to Russian recognition of the Community, and although this recognition is only perhaps the *de facto* recognition it is nonetheless, a positive step forward for the Community in international affairs.

But agreement on the internal regime of the Community has not yet met with anything like the same level of success. The need for conservation has been balanced by a number of different temporary measures. No doubt, we will have a much better idea of what the future of the Community's internal arrangements will be, when the Commission announces its definitive proposals in the very near future. Under such circumstances, this is perhaps not the time to open up yet another debate on internal fisheries policy.

However, Mr Müller-Hermann's question does raise a problem of fundamental importance. This problem is whether the Community can conclude negotiations on its external fisheries policy, if it has not yet reached agreement on its internal policy. And the answer to this I think, must quite simply be: no. The reason for this conclusion is I think, simple. How can the Community conclude substantive arrangements with third countries on fishing rights within Community waters, when the Community has not yet decided on its own internal arrangements? We have not yet decided where our own fishermen can fish, nor have we even decided what species of fish they can catch, or the qualities of them. And indeed the validity of this has been recognized by the Community in its dealings with third countries during the past year. Negotiations have been concerned merely with framework agreements. Temporary arrangements for fishing lasting three months at a time had been worked out. It is only, at the moment, on such a basis that fishing fleets from third countries can be allowed into Community waters. This is the way it must continue, until the Member States have sorted out their own internal regime. But it is impossible to have any final conclusion to agreements with third countries on fishing rights. Any attempt to do otherwise would be

Yeats

irrational and obviously would not have the agreement of all the Member States. And this is clear I think, from the decisions taken at the Hague meeting of the Council of Ministers on 30 October of last year.

Now of course, Mr President, the delays which result from this do not help the fishermen, either those from the Community nor those from third countries. They need to know exactly what they are entitled to do. And thus the sooner that the fishing problem can be settled finally, the better I think all fishermen would like it. At the same time, I suppose one must concede that a rapid solution is not likely, as fishing is a very complex and indeed highly emotive issue at the moment. In the meantime we can only await the proposals of the Commission on the internal régime within the Community and hope that it will provide a basis for an agreement acceptable to everyone.

President. — I call Mr Jensen.

Mr Jensen. — (DK) Mr President, I should like to thank the Commissioner for his statement. The provisional decision taken by the Council yesterday shows clearly that we lack a common fishing policy and a clear approach to fishing for human consumption and for industrial purposes in the Community waters. For instance, many of the protective measures are not based on adequate scientific evidence. One consequence of these many grey areas is that Iceland and Norway are pursuing fishing policies which do not take sufficient account of the Community's interests in this field, and I should like to mention a couple of examples. There is now a new threat from the Norwegians, who want to introduce a system of licences for Community industrial fishing off the Norwegian coast. A notification system has been in use this year, and is working splendidly, and a licensing system based on a Norwegian estimate, and it can only be an estimate since the notification procedure was only introduced this year, is thus unlikely to promote cooperation. As a countermeasure I think that the Community should look closely at the Norwegian industrial fishing for summer capelin in the coastal waters off Greenland, within the 200-mile limit. Some 50 % of the summer capelin taken by the Norwegians are caught here. As regards Iceland, it is well known that the Icelanders chase off fishing vessels from the Community countries and the Faeroes from their own coastal waters, but what is new is that the Icelanders don't even fish there themselves. The Icelanders are protecting and preserving cod, for example, within their own limits, and at the present time they have a fleet of up to 50 large trawlers fishing for cod in the waters off Greenland. We must get a Community fishing inspection system going as soon as possible. My own suggestion would be that it must be possible to use the Greenland waters as a negotiating lever *vis-à-vis* third countries, partly to protect the Danish industrial fishing industry in parti-

cular, and partly in order to have a legal justification for chasing those nations from the Greenland waters who are not prepared to give a single Community member country a temporary advantage. I am thinking here, *inter alia*, of the Soviet Union.

President. — I call Mr McDonald.

Mr McDonald. — I can be very brief because, in this interesting debate, most of my colleagues have mentioned one or two of the points that I had decided required mentioning here in the presence of the Commission, and I do not think there is indeed any need to repeat them.

Salient points have been made by Mr Corrie and Mrs Ewing, who are perhaps more familiar with the problems of Ireland, where we have, I think, a very special problem. I would make a special appeal to the Commission to pull out all the stops, and to make as rapid progress as possible on the entire fisheries policy. I think we want, as has been said many times, an overall policy, taking into account the new situation regarding the law of the sea, limits, quotas, internal policy and policy *vis-à-vis* third countries. This entire problem is one of the greatest importance, and I think it is the most pressing and urgent problem facing the Community at the present time. It is urgent, because so many species of fish have been grossly over-fished and there is consequently an urgent need for conservation measures. At the same time, we must, in the first instance, bear in mind the fact that the actual livelihoods of so many of our traditional fishermen are at stake, not just because of prohibitions or restrictions, but because systematic industrial or factory fishing has deprived people from countries like Ireland of their livelihood, by the methods it employs in vacuuming the sea and ignoring the entire question of conservation. I think that the Commission has not been fair to fishermen in Ireland, Scotland, or indeed the United Kingdom, because you have not, I think, come far enough to meet what the ordinary fishermen said, what our country said was required for our people to continue in the profession or way of life that they have known for generations and for hundreds of years.

We say we need a 50-mile coastal band around our shores. We have in Ireland for a considerable number of years now a Chair of Marine Life in Galway University and I would like to know if the Commission has seriously talked to these people who have done so much tremendous work in providing a scientific back-up for the fishing industry in my country which has over the past ten years, I think, gone from strength to strength. You have not said to these people you cannot have 50 miles, you have made no offer. If the Commission were to come and say, you need 36 miles, or you need 40 miles, which in their opinion should be sufficient for conservation and to

McDonald

ensure that stocks will be maintained, there would be some progress. But because of the pressure from the bigger States, you have refrained from doing that. I think it is getting around to a situation in the political maelstrom of this entire problem which is not the easiest to solve. I accept the problem has not been created by the Commission, but it is obviously up to them to propose ways of solving it. I think that it is necessary within the next few months for the Commission to put forward proposals based on scientific facts and not on the political pros and cons of the bigger nations versus the smaller nations.

I think it is time that the interests of the people whose incomes and livelihood, whose families depend on the traditional fishing should be brought to the forefront of this entire vexed question. I want to support wholeheartedly the case made by our colleague the honourable Mrs Ewing and indeed, by my colleague, John Corrie. The problems of the people that they represent coincide with those of the fishermen that I represent myself and I know these are not going to be settled here tonight, but let us say to the Commission: please accept that this is a pressing case, a pressing problem. Please give to the directorate in charge of fisheries in the Commission, sufficient resources and sufficient manpower to ensure that this problem is brought to a head, that we get at least some remedy, so that these people who are fishing at the present time can have some future to look forward to and not sentence them to a situation where they can see the huge flotillas of Russia and other Eastern bloc countries getting away with their systematic overfishing, which they have got away with for so long because of the fact, I suppose, amongst other things, that the smaller coastal States have not been in a position to take these on. But I am glad to report that that situation has been greatly improved over the past year or year and a half.

In conclusion I want to compliment the colleagues who tabled these questions which have given us a vehicle for registering these few points.

President. — I call Mr Müller-Hermann.

Mr Müller-Hermann. — (D) Mr President, this debate by its very nature could only be an interim debate, but it has been very useful, and at its close I should like to make two remarks, one of them addressed to the Commission.

I consider it absolutely essential that the Commission should submit a paper, as soon as possible, to the Parliamentary committee responsible, to wit the Committee on Agriculture and its subcommittee on fishing problems, on the Commission's views on the fishing policy and on the results of the negotiations currently in progress with countries which are particularly important to us in respect of the enjoyment of fishing rights. We shall subsequently have to have

another debate in this House, but then on the basis of a document from the committee responsible, so that we all know what we are talking about.

Secondly, I would urge the Council finally to take note of our irritation, which has been displayed clearly on all sides here, that after months, and indeed years, it has still not been possible to reach a fair compromise on the internal Community fishing policy. We are entitled, I think, to press the Council to come to an agreement in this matter, an agreement which will have to be a compromise in which some, or perhaps all of the parties concerned, will have to yield something. We must put an end in the immediate future to the present situation of uncertainty and suspense. Will the Council please take note.

President. — I call Mr Natali.

Mr Natali, Vice-President of the Commission. — (I) I should like to thank all the honourable Members who have spoken in this debate and to assure them that the Commission will take note of all the remarks, suggestions and, indeed, criticisms which have been made.

In my reply I told you that the Commission is on the point of submitting proposals on the internal fishing policy, and hopes to be able to do so in time for the discussion in the Council on 24 October, even though it may very well be difficult for the Council to discuss them on that date.

The Commission is well aware that the problem of fishing is important, not only from the economic standpoint, but also from the human point of view and against the background of the real world in which the Community has to exist.

These are our guidelines and I hope that the proposals which we shall be submitting will satisfy, if not everyone, at least those working in the fishing industry.

President. — The joint debate is closed.

17. Urgent debate

President. — I have received from Mr Müller-Hermann on behalf of the Christian-Democratic Group, with request for debate by urgent procedure pursuant to Rule 14 of the Rules of Procedure, a motion for a resolution on the Multifibre Arrangement (Doc. 332/77). I shall consult Parliament on the adoption of urgent procedure for this motion for a resolution at the beginning of tomorrow's sitting.

18. Agenda for next sitting

President. — The next sitting will be held tomorrow, Thursday, 13 October 1977, with the following agenda:

10.00 a.m. and afternoon :

- Decision on the urgency of a motion for a resolution on the Multifibre Arrangement
- Noè report on regional policy
- Nyborg report on articles of precious metals
- Oral question with debate to the Commission on F-16 aircraft
- Spicer report on a financial protocol EEC-Turkey
- Motion for a resolution by Mr Noè and others on the floods in North-West Italy

— Notenboom report on the Communities' own resources

3.00 p.m. : Question Time

3.45 p.m. : Votes on motions for resolutions on which the debate has closed.

The sitting is closed.

(The sitting was closed at 8.15 p.m.)

ANNEX

Questions to the Council which could not be answered during Question Time, with written answers

Question by Mr Jung

✓ Subject: EEC-EFTA cooperation

What practical steps will the Council be taking in the short, medium and long term in order to bring about closer cooperation between the European Community and EFTA countries involving, in particular, wider exchanges of information and frequent consultation on economic issues?

Answer

In a reply given on 21 June last to Mr Kreisky, President of the Conference of Heads of Government of the Member States of EFTA, the President of the Council pointed out that the Community shared the Conference's satisfaction at the fact that, from 1 July 1977 and with the exception of some sensitive products, free trade in industrial products would be introduced between the countries of the European Free Trade Association and the European Communities. He also said that the Communities were pleased with the operation of the agreements concluded between each of the EFTA countries and the Communities and were convinced that cooperation between the EFTA countries and the Communities would continue and grow in the future.

In the light of these remarks, it should be recalled, more particularly as regards the exchange of information and the regular consultations on economic issues:

- that the Agreements between the Community and the EFTA countries set up Joint Committees responsible for the management and correct implementation of these Agreements;
- and that the Contracting Parties may exchange information and, at the request of one of the parties, consult one another within the Joint Committees.

In the absence of proposals from the Commission and of precise requests from the EFTA partner countries, the Council is unable to say anything about the measures which might be contemplated in this field in the future.

Question by Mr McDonald

✓ Subject: Decisions in Council

On 6 July, 1977,¹ Mr Simonet told this Parliament: 'We must try wherever possible to adopt the majority vote; and let me say that during our Presidency we shall tackle this question pragmatically'. Can the Council state how many decisions in Council have been taken by majority decision since that statement was made, and will steps be taken to ensure that majority decisions become the rule rather than the exception, as provided for in the Treaties?

Answer

Although I am not authorized to give detailed information on the decisions taken by the Council, since the Rules of Procedure of the Council provide that its meetings shall not be public, I can however assure the Honourable Member that all the Council's decisions have been taken in accordance with the provisions of the Treaties.

As regard the practice of the Council in the future, it is not possible to lay down precise measures in advance, rather, as the statement of 6 July indicated, it is necessary to proceed pragmatically on a case by case basis.

¹ Debates of the European Parliament No 219, July 1977

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10. <i>Multifibre Arrangement — Motion for a resolution tabled by Mr Müller-Hermann on behalf of the Christian-Democratic Group (Doc. 332/77):</i>			
<i>Mr Müller-Hermann, author of the motion for a resolution; Mr Vandewiele, on behalf of the Christian-Democratic</i>			

IN THE CHAIR : MR BERKHOUWER

Vice-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 from the parliamentary committees the following reports :

- report drawn up by Mr Spicer, on behalf of the Committee on External Economic Relations, on the recommendation from the Commission to the Council for a decision concerning the conclusion of a financial protocol between the European Economic Community and Turkey (Doc. 330/77) ;
- report drawn up by Mr Houdet, on behalf of the Committee on Agriculture, on the proposal from the Commission to the Council for a regulation temporarily and totally suspending the autonomous Common Customs Tariff duties on dessert apples (Doc. 331/77).

3. *Decision on urgent procedure*

President. — I consult Parliament on the request for the adoption of urgent procedure for the motion for a resolution, tabled by Mr Müller-Hermann on behalf of the Christian-Democratic Group, on the Multifibre Agreement (Doc. 332/77).

Are there any objections ?

The adoption of urgent procedure is agreed.

I propose that we deal with this motion for a resolution as the last item on today's agenda.

I call Mr Müller-Hermann.

Mr Müller-Hermann. — *(D)* Mr President, thank you for placing this item on the agenda. This is in line with the wishes both of the Parliamentary committees responsible and of the Commission, which needs support from Parliament. I should be grateful, however, if you would find another place on today's agenda for this subject, if possible before Question Time.

President. — I therefore propose that this item be dealt with after the Noè report on regional policy.

Are there any objections ?

That is agreed.

4. *Communication concerning guidelines for Community regional policy*

President. — The next item is the report, drawn up by Mr Noè on behalf of the Committee on Regional Policy, Regional Planning and Transport, on the communication from the Commission of the European Communities to the Council concerning guidelines for Community regional policy (Doc. 307/77).

I call Mr Noè.

Mr Noè, rapporteur. — *(I)* Mr President, Members of the Commission, ladies and gentlemen, I think that those of us here who saw the regional policy get under way and have followed its progress are all satisfied with the Commission's proposals to the Council to give the regional policy more muscle. Our satisfaction is all the greater at seeing that the guidelines on regional policy drawn up by Mr Delmotte and advocated by Parliament have been accepted by the Commission.

I would advise all those who are not members of the Committee on Regional Policy, Regional Planning and Transport, and who are interested in this problem, to examine that part of the Commission's communication which deals with the objectives and the practical instruments. I am pleased to say that this document has been drawn up conscientiously, that the objectives are set out clearly and that no attempt has been made to conceal the difficulties involved in their fulfilment. The transition, which this House has frequently advocated, from the mere management of a Regional Fund to a genuine Community regional policy, entails two prime objectives, both of which are mentioned in the communication : on the one hand, the long-standing objective of improving the general situation in the less-favoured regions where the standard of living is lower than the Community average, and on the other, the highly important objective of introducing preventive measures in those regions of the Community in which crisis situations could arise in the future. The aim is therefore to establish an early warning system in order to forestall situations of hardship in the future.

In order to achieve this, the Commission, adopting many of the suggestions Mr Delmotte made in his report, first of all proposes the definition of an overall analytical and conceptional framework which presupposes the availability of statistical data in the individual Member States and at the level of the Community which must utilize them, and a steady flow of the data upon which those analyses depend.

The examination then moves on to an extremely important point : an appraisal of the regional impact of Community policies. We have always deplored the fact that some of the most needy regions received aid from the Regional Fund only to suffer the counter effects of other Community policies. For example, the

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agreements concluded with third countries in the Mediterranean area have often cancelled out the benefits of the Regional Fund in the southern regions of my country, because of the preferential terms granted to imports from these third countries. Consequently, the appraisal of the regional impact of Community policies is a practical method of reaching the objectives set.

In addition, the Commission intends to press for the coordination of national regional policies so that these do not constitute an amalgam of uncoordinated initiatives, the benefits of which cannot be put to good use. The Commission has also set itself an ambitious schedule: the organization, in 1979, of the first two-yearly conference to monitor the progress of the innovations which I have briefly mentioned. The Committee on Regional Policy, Regional Planning and Transport wholeheartedly approves of this.

At this point, I hope you will allow me to make a slight digression: in our motion for a resolution we put forward what we consider to be a practical way of reaching these objectives. I would not like to be accused of wasting time over methodological questions, but I feel that, if these are necessary for fulfilling the political objectives set, then they should receive our undivided attention. Our view is that special instruments are needed to analyse both the impact of the Community's regional policies on regional development and the links between the various regional policies of the Member States. I have therefore contacted the department responsible for regional planning in France and have been offered the opportunity of spending half a day with an interdisciplinary team whose task it is to put forward 'scenarios' for the future, this being one of the few valid ways of fulfilling complex objectives of this kind. We have accordingly suggested to the Commission that it set up — outside the framework of the regular staff, which should also be increased — teams of highly-qualified young people to work together for two or three years towards this objective, while remaining free from all other duties. They should assist Commission officials in drawing up these scenarios and in studying the interaction between the various factors I have briefly outlined.

The Commission has submitted to our attention certain other innovations of lesser importance, but which ought nevertheless to be mentioned. These include a proposal to modify the regulation and bring it into line with the more ambitious requirements we referred to earlier. One significant innovation is the Commission's proposal to set up a non-quota reserve to enable the Fund to intervene rapidly in urgent cases. All the members of the Committee were, on the whole, in favour of this proposal, which involves a non-quota reserve — for emergency action — of just under 10 % of the total appropriations. This innovation is therefore one which we welcome and which most of the Members of this House have approved.

There are also proposals to speed up the allocation of the aid, especially when this aid is below a certain ceiling, thereby dispensing with the need for the consultative reports of the *ad hoc* committees. These proposals concern procedures which we welcome.

I should now like to say a few words on the permanent committees which will continue to perform their tasks. These are the Regional Policy Committee and the Committee of the European Regional Development Fund.

The first of these two committees is a body midway between the Commission and the Council, comprising officials of the Member States and officials of the Commission, and will be consulted on the two-yearly report I mentioned earlier. In other words, it will be consulted on this two-yearly report at the same time as the Economic Policy Committee, and both will be asked for their opinions.

The Committee of the European Regional Development Fund will continue to pursue its present activities, which will, however, be expanded. This committee, too, is composed of officials from the Member States and is chaired by an official from the Commission.

As for the financing aspects, the Commission has followed the praiseworthy course of using part of the non-quota reserve to pay some of the interest owed by small and medium-sized undertakings and incurred especially in the context of regional development. We have consulted the European Investment Bank and consider that subsidizing the interest on the loans which small and medium-sized undertakings contract in the same way as large enterprises is feasible; this, we feel, is another point to be supported.

In addition, in order to give a fillip to this regional intervention — and considering that the funds made available are not always sufficient — the Commission feels that, by availing itself of the facilities of the money market, it can facilitate loans which, together with the appropriations earmarked, can boost regional action. Parliament agrees and would simply like to urge Commissioner Giolitti to see that there is no overlapping with the European Investment Bank; as both institutions have to pursue parallel actions these should be coordinated.

These, Mr President, are the main points put before the House, and I should therefore like to close with two considerations. The first is this: in two weeks' time we have to vote on the budget which, *inter alia*, covers the regional policy. The Committee on Regional Policy, Regional Planning and Transport suggests that the Commission's proposals, i.e. 650 + 100 (the 100 being for the non-quota reserve) million units of account yearly be approved. All we are saying here today would become meaningless if these figures were not retained, because without a minimum of resources — as well as the indispensable good will — the Community institutions would lose their credi-

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bility. It is therefore essential that this overall appropriation of 750 million units of account be maintained.

The second consideration concerns a particularly hard-hit region of the Community — one for which the Community has already done a great deal both within and outside the context of the regional policy. I am referring, as you will have guessed, to the Friuli region. A few days ago, in fact, I received a report on how the Community's aid has been spent in that region, and I shall have it translated as soon as possible and sent to Mr Dalyell, whom I would like to thank for all he has done.

I was in Friuli a few weeks ago for a round table conference on the earthquakes and how to construct buildings which would remain intact in the event of fresh tremors. The fact is, I learned at this round table conference, that reconstruction is carried out without any particular idea of how and where the new buildings ought to be put up.

Since another of our colleagues, Lord Bessborough, has in the past greatly helped the Friuli region, and has even sent in qualified engineers who drew on the tragic lessons learned in Agadir and elsewhere, I think that the Community — in addition to its generous aid to this distressed region — could act as a link-up between Friuli and the various Canadian and American universities which are studying the problem of reconstruction in areas devastated by earthquakes. I would be grateful if Lord Bessborough agreed to continue his contribution to the reconstruction of our region.

(Applause)

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

Mr Evans. — We all know that whenever Mr Noè takes on any task, he always puts a great deal into it and produces a first class report for this Parliament. If Mr Noè's report closely follows previous reports drawn up by Mr Delmotte, I think this is proof of the outstanding work which Mr Delmotte has done in this field, and is no criticism of Mr Noè's originality. I think it also demonstrates the extent to which the Committee on Regional Policy, Regional Planning and Transport has evolved a consensus approach towards the problems of regional policy.

This consensus enabled my committee to work with considerable speed to produce the Noè report on Community regional policy, and I trust that Parliament will appreciate the work and effort that my committee has put in.

(Applause)

Members must understand that Parliament must give an opinion on the Commission proposals before they can be considered by the Council of Ministers. I was determined to ensure that the Council would not be able to sit back and say that they were held up because Parliament had not deliberated the matter.

I think, Mr President, in any discussion on regional policies, we must start by asking ourselves three questions. Are regional policies necessary, are they desirable and are they obtainable? These questions must be asked and answered nationally as well as supra-nationally, because we must never lose sight of the fact that we are asking one set of taxpayers to put their hands in their pockets to assist another set of taxpayers. If that is difficult enough in the national sense, it is even more difficult in the supra-national sense, where you are asking one country's citizens to assist a different country's citizens. It is therefore essential that those taxpayers recognize that they are not simply giving charity handouts to regions with economic problems. They must see clearly that their hard-earned monies are contributing to a comprehensive long-term plan which will enable depressed regions to regain their vitality and economic strength, and then enable those regions to start contributing to the common good.

It is also to be recognized that regional policies are much more difficult to implement at times like the present, when economic activity is at its lowest and unemployment is widespread throughout the Community. Regions which were once regarded as favoured regions have unemployment problems of their own and, hardly surprisingly, local and national politicians who represent those areas resent other areas receiving aid when they themselves are not. However, we must have courage, and point out to those areas that their problems are cyclical and will largely disappear when the economy picks up, whereas depressed regions have deep-seated structural problems, structural problems which have worsened with every downturn of the economic cycle. Some will argue that we cannot, indeed must not, interfere with the free play of market forces, and that regional policies are undesirable because they do interfere, and unnecessary because market forces, or, to give them their true title, capitalism, can undo whatever they have done.

This view was demolished in paragraph 8 of the Commission's first annual report on the Regional Development Fund for 1975, which showed that the gap between the richest and poorest regions of the Community — which was of the order of 5:1 in 1970 — had by 1975 widened to 6:1. All the evidence shows that the gap is widening further. In other words, Mr President, the rich get richer whilst the poor get poorer. The society which is based upon great disparities of wealth cannot last for very long without serious political unrest. Therefore, it is necessary and desirable that meaningful regional policies are adopted by each of the member countries and by the Community — policies that will improve the economy, cleanse the environment, remove the dereliction and generally improve the quality of life of those regions which for too long have been neglected.

Evans

I would stress that it is not a question of taking wealth away from the advantaged to give to the disadvantaged. It is a question of a more equitable distribution of wealth, based upon policies which will enable the disadvantaged to return to economic prosperity.

Whether they are obtainable depends upon the politicians. Nationally, it is difficult enough, but at a supra-national level the difficulties are fearsome. It is going to take a great deal of courage by the Council of Ministers to adopt the proposals which the Commission has put forward.

I would draw this House's attention to how closely, on the whole, the Commission's proposals for amending the Regional Development Fund regulation follow the recommendations made by my committee, notably in Mr Delmotte's report on the guidelines for future Community regional policy which Parliament adopted in May last year.

I would point out at this stage that, as we all know only too well, the Council possesses the unique gift of being able to suspend the laws of nature and to stop the clock. This it did in 1973. Although I very much hope that it will not do so this time, we must face the fact that this is a possibility and that the Commission's proposals may not be adopted by the end of the year. I would remind the Council, however, that they are under an obligation to re-examine this regulation before 1 January 1978 pursuant to Article 18 of the present regulation.

In this event, however, the situation will be different from that in 1973 and 1974, when there was no Regional Development Fund in existence because, and this is a point on which both the Commission and my committee are in no doubt, the present fund regulation does not expire at the end of this year and it will continue to be in force. All that expires this year is paragraph 1 of Article 2 of the regulation which set out the endowment of the fund for the years 1975, 1976 and 1977.

Article 6 of the present regulation, which deals with the submission of regional development programmes by the end of 1977, will equally of course become meaningless. The main provisions of the regulation will, however, remain in effect and, without wishing to anticipate the budget, I should say that it is for this reason, among others, that my committee has recommended that the full sum asked for by the Commission, which was mutilated and displaced by the Council, should be restored intact in its proper place in the budget. Whether or not the Council can agree on the Commission's proposal by the end of 1977, there is no doubt there will still be a Regional Development Fund in 1978.

Having said this, what I think it is necessary for us to do is to consider whether the Commission's proposal, including the proposal for a regulation establishing an

interest-rebate scheme for the fund, represents a significant step forward toward the evolution of a genuine Community regional policy. Here I think one can say that, on balance, it does. An obviously crucial development is the setting up of a part of the fund outside the national quota system. Potentially, this represents a very important step in the direction which the Parliament has constantly urged of concentrating assistance on areas of priority need. I would hope that over the years it would be possible for the proportion allocated under this heading to be increased at the expense of the quota portion.

What is unsatisfactory, however — and this point is made in the motion for a resolution — is that where assistance is to be given from the non-quota section it would be necessary under Article 12 (2) of the proposal for the Council to approve each project proposed by the Commission on a case-by-case basis. Though some may decry this, I do not think at this stage it would be politically expedient or realistic to try to alter this provision. I would say to the Council, however, that this is going to be a testing point of the Council's capacity to act in a non-selfish way. It will be interesting to see whether national interests are going to act as a stumbling-block to approving non-quota projects.

There are other points one could criticize in the present proposals, including failure of the Commission to take more account of the role of local and regional authorities, and also the rather inadequate measures proposed concerning publicity and detailed information about projects which have received assistance from the fund.

On the whole, though, I think it can be said that the amended proposal does provide a suitable framework within which a more positive regional policy can be constructed, but a great deal will depend on the work which is done by bodies such as the Regional Policy Committee, and on the extent to which the Commission is capable of putting forward concrete proposals in such important areas as the coordination of existing resources or the coordination of incentive or disincentive measures. In this respect, Mr President, I do hope that the Christian Democrats will reconsider their amendment asking for the deletion of paragraph 5 and will not press that amendment. I ask them to appreciate that what my committee is saying is that it welcomes the study the Commission is embarking upon in this field. I suggest to them that until this study is produced, we will not be in a position to know whether or not incentive or disincentive measures have in fact been successful. So I do ask them to consider that, because the study will go on, and it is essential that we receive the findings of that study. Because it is in areas like these that a genuine regional policy will emerge.

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As the experience of the last three years has shown, as long as regional policy consists of nothing more than a fund giving limited back-up support to national policies, little or no progress is likely to be made. This House will recall that in February this year the President of the Commission, Mr Jenkins, stated that regional policy must be seen as a cornerstone of the Community's economic policy. He said :

We must see regional policy not just as a matter of renewing and spending a tiny regional fund, but as one of the main dimensions of Community economic policy as a whole! ... All enlightened modern states, certainly all the Member States of the Community redistribute income from their richer regions to their poorer ones; none accepts the argument that because regional imbalances are hard to overcome, no attempt should be made to do so. What the Member States do within their national frontiers, we should seek to do in the Community as a whole.

I believe, Mr President, that his duty is to persuade the heads of government to accept that philosophy, and then persuade them to adopt regional policies, adequately financed, which will revive the Community's depressed regions. Because until he does that, I would submit that he, and the other people who dream about economic and monetary union and the federal Europe will, in fact, be dreaming empty dreams. It is essential that the depressed regions of the Community are brought up to a decent standard, and are given a decent environment and a reasonable quality of life. Until we do that, I would submit, we will make little progress. On behalf of the Socialist Group, I welcome Senator Noè's report and recommend it to the House as it stands without amendment.

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

Mr Fuchs. — (D) Mr President, ladies and gentlemen, the aim of any regional policy is to remove economic imbalances. This aim is enshrined in the Treaty of Rome, but it took the Community a long time to make a timid move in this direction. Looking back on a three-year trial run, if I may call it that, one thing is clear: the continued existence of sizeable regional imbalances jeopardizes the viability of the Common Market as a whole. This is the Commission's conclusion, and one can only agree with it. It therefore follows that an effective regional policy would also be in the interests of the economically more robust regions. Despite this incontrovertible fact the Community's regional policy is making only very slow progress. It is taking a painfully long time to gain any status and even longer to gain any muscle. The Council's decision to substantially reduce the budgetary appropriation has contributed in no small measure to this regrettable state of affairs.

However, the Noè Report, which we have before us today, and the Commission's communication to the

Council concerning guidelines for a Community regional policy, represent a notable step forward towards the formulation of a regional policy which is more comprehensive, compact and purposeful.

The sincere thanks of my Group and myself are due to Mr Noè, not as a polite platitude, but in recognition of the fact that his painstaking and single-minded work has brought us one step closer to an improved regional policy. His report is balanced, but also incisive; it will stimulate every member of this House to think again about this vital question. The same was true — by the way — of Mr Delmotte's report.

Before commenting on the content of the report, ladies and gentlemen, perhaps I may be allowed to address one remark to the Commission. To me it was rather disagreeable to learn that this communication to the Council was not simultaneously submitted to Parliament, and in particular that the committee members first heard about it through the press. I think there is room here for a little better coordination to avoid any unpleasantness.

The Christian Democratic Group supports the motion for a resolution and approves the communication except for one point which Mr Schyns will be going into later. We regard the motion and the communication as a decisive step towards a kind of regional policy which will lay down more practical objectives than has so far been the case.

Now a few observations on the actual report. First finance. The proposal is now for the budgetary procedure, which will enable Parliament and the Council to fix the funds to be made available every year. This will give us a chance to make corrections from year to year and to adhere strictly to the two-year rhythm by taking stock of what has been done and what is still to be done. Furthermore, we approve the decision to split up the fund — as we have already heard — into a principal section to be subdivided into national quotas, and a subsidiary section, which will be a kind of reserve fund. We merely feel that the Commission should be given as free a hand as possible and that — in this sector in particular — the money should be put to use with all despatch. This is, of course, the whole point of the reserve fund, and the provision stating that the Council's approval must be obtained in every single case is bound to slow down the process.

It would really be a wise move on the part of the Council to take every possible opportunity of seeing that help is made available quickly, for as the Latin proverb has it 'bis dat quis cito dat' or 'he gives twice who gives promptly'. It is precisely with this in view that the fund is now split into two parts. We agree that the rates of intervention should be more flexible, because when all is said and done no two cases are

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alike and because the greater the problem the more help is needed if the fund is to fulfil its aim at all. The granting of interest subsidies will enable help to be given on a wider basis and will undoubtedly make for an improved regional policy. The same is true of the loans which still have to be discussed with the Council. We should remember in this context that loans will give us more scope to provide help where it is needed and that they will help to increase productivity, which will in turn be reflected in the repayment of the loan.

Finally, I would draw attention to the procedural simplifications. It is undoubtedly right, for instance, that the Fund Committee should have to be consulted only for projects involving more than 10 million UEA and that a more rapid procedure may be adopted for projects involving less. The structural changes are also worthy of note and we are convinced of the importance of what is stated in the communication and especially in Mr Noé's report. I might cite as an example the statement that more flexible assistance can now be granted for infrastructure investment. I would stress, however, that we should never lose sight of the ultimate aim, which is to create a permanent stock of new jobs. The decisive factor is whether a particular region has a backlog of demand to be satisfied.

The same applies to the improved coordination of Community policies. Ladies and gentlemen, there is no doubt that, for instance, social, educational and regional policies should be better coordinated. Our strategy must be one of coordination from the word go rather than separate development towards a common end. Accurate analysis is therefore of the essence and Mr Noé's proposal for the creation of inter-disciplinary teams has precisely this aim in mind. I don't want to go into the question in any more detail, but we must try to coordinate these things, and coordination must always be preceded by an accurate assessment of the underlying causes. What is also needed, however, is an analysis of how to tackle each individual problem successfully.

A brief word on the question of consulting local and regional authorities, which Mr Evans has already referred to. What the Communication now has to say on this point does not seem very satisfactory, the reason being that it only refers to enabling provisions. We feel that consultation with the local authorities should be a matter of course. After all, they ought to know best since they are the people whose need is not pressing. Above all, there should be direct involvement of the people concerned so that they do not feel that a solution is being imposed upon them from above. We want to help people to help themselves: that is what matters. But the first step must always be to get round the table with the people concerned.

I should also like to comment on one point which was fortunately included in the report — the need to

bear in mind the problems of border areas, and in particular those border areas where there is little or no chance of cooperation with the neighbouring states, for example the areas bordering on the Iron Curtain. Ladies and gentlemen, a political entity is frequently judged by what one sees at its frontiers.

This is where first and last impressions are formed. I would ask you to bear this point particularly in mind, without of course wanting to detract from the claims of those regions on internal frontiers, where there are likewise continually problems which could be tackled under the regional policy.

One final word on the question of control. The Community's regional policy is intended to complement national regional policies. This naturally enough requires the submission of the Member States' regional programmes. This is a procedural requirement. But the Commission itself can only ensure that there is at least a certain amount of control, so that limitations are clearly placed on the use of Regional Fund resources and these limitations recognized. For this reason, I think that the proposals put forward in Mr Noé's report are on the right lines: there must really be some way of ensuring that the Regional Fund resources are used to achieve an additional effect, i.e. a cumulation of the relevant measures.

One last remark. Politics, particularly democratic politics, should not be afraid of publicity but actively seek it. In the same way, our regional policy should not hide its light under a bushel, but should go out and practise what is called for in the report: genuine, telling publicity so that people in the regions concerned know that something has been done. This is something to which we should give our utmost support in view of the forthcoming first direct elections; this way, we get some response — however modest — from the people outside by demonstrating that Brussels is not — as people say — bureaucracy, but an institution for helping the individual. This aspect therefore meets with our particular approval, because, ladies and gentlemen, you can depend on one thing: the Community itself is very much better than its reputation outside. Let us do our bit to see that this reputation is improved. The regional policy in particular could do a great deal towards achieving this end.

All the proposals contained in the communication, the report and the motion for a resolution are a genuine contribution towards increasing the effectiveness of the regional policy, and that is something which we need desperately at moment because — as we see from the statistics and as Mr Evans pointed out earlier — the gap between the rich and the poor regions has unfortunately increased rather than decreased. The whole thing is no doubt a statement of ambitious aims — as Mr Noé pointed out earlier —

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but it is also an attempt to lay down more precise techniques and instruments and on these grounds deserves our support.

The eventual aim is a more comprehensive kind of regional policy, the object being to improve the geographical spread of productive capacity and to achieve a more rational use of the given geographic conditions.

In the course of all this we should not neglect the environmental priorities which mean so much to us. These are indeed worthy objectives, but the important thing is to know where we are heading.

Of course we must not have any illusions about the matter. We must go forward step by step, without any leaps; the more false hopes we raise, the greater will be the subsequent disillusionment. We must therefore set our sights on practicable projects within the scope of the modest funds at our disposal.

While on the subject, I must say a word or two on the step the Council took in the course of the budgetary consultations. It was a remarkable step to take, indeed a highly remarkable step in the wrong direction. I can only hope that the Commission's proposal will be resurrected in the course of the discussions on the budget, because otherwise there will be no point at all in our discussing new instruments and fresh opportunities. All these new ideas will be meaningless if they cannot be financed, because the decision taken by the Council unfortunately means not only that we shall be unable to maintain our present level of expenditure, but also that the real level of expenditure — taking into account increased prices and inflation — will be considerably reduced. Such a step can hardly be said to be in the interests of a sensible regional policy.

Ladies and gentlemen, I should like, at any rate, to conclude by reiterating that we in the Christian-Democratic Group believe that Community policies must be properly coordinated, both internally and with the policies pursued by the Member States. We shall therefore have to increase our efforts to achieve these aims. The regional policy can help in stimulating dynamic development.

In conclusion, I would say that if we fail to take decisive steps towards the formulation of a common economic and monetary policy, we shall end up in a backwater. For this reason, it is particularly important that we should make progress in terms of a common economic and monetary policy, and this is also the best way to encourage a sensible regional policy.

(Applause)

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

Mr Cifarelli. — *(I)* Mr President, ladies and gentlemen, first of all our sincere thanks to Mr Noé,

who has devoted to these problems the same attention as Mr Delmotte did some time ago. Both have enabled Parliament to hold its debate in full awareness of the facts and to put forward valid proposals on this very delicate issue. I should also like to express my appreciation to the Commission, whose proposals deserve Parliament's approval especially as the spirit underlying them reflects the guidelines worked out in this House.

The Commission obviously has its own problems to cope with as regards the assessment of sums available and implementation, but it should not forget that it has in this Parliament an observant and critical support based on this fundamental consensus.

I shall not tackle the problem of the Community regional policy from my group's standpoint, that is, by dealing with this policy in all its aspects. In view of the shortage of time, I shall merely stress certain key points. What are the main comments we would like to make? First and foremost, I should like to stress that, when discussing the regional policy, the 'welfare' concept — that would have us doling out aid to all and sundry for multifarious reasons — should be rejected. Otherwise our regional policy would be anything but dynamic, based admittedly on such a fundamental ideal as justice, but nonetheless ineffective. Such huge sums are needed to remedy certain regional situations that only a fool would dream of trying to do so using the appropriations, albeit substantially increased, of the Community budget! By the same token, we must also reject any interpretation of the regional policy as a panacea, a buffer against crises and a permanent source of stopgap solutions enabling us to face criticism with clear consciences.

When considering the 112 administrative regions which make up the Community, we should always maintain a clear distinction in our minds between the extensive underdeveloped areas — the Italian Mezzogiorno, for example — or those which constitute special cases — frontier regions, for example — and all the others. Not in order to create privileged areas, but in order not to lose sight of certain fundamental objectives which are in the interests of the Community as a whole. The fact is that when a vast underdeveloped area — I hope I may take the situation in my own country as an example — is given its own instruments of growth, boosting production capacity and demand, the benefits this produces are obviously felt in all the other regions of the country concerned and throughout the Community. However, it should also be stressed — and this is the first key point — that there are other regions of the Community which are affected by new factors of economic sluggishness, crisis and underdevelopment. Consequently, the delicate mission which is yours, Mr Commissioner, is to succeed in maintaining in this situation a firm stand on certain fundamental — indeed, historical —

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criteria, while at the same time endeavouring to adjust to the new, urgent and sometimes alarming needs. I am thinking in particular of those areas in the Community which depend on the steel and textile sectors.

Another key point is that regional policy is affected both actively and passively by events outside the Community. Active because, for example, it must also embrace the problems involved in our relations with the countries of the Mediterranean basin in a broad regional framework which takes account of our requirements as regards the safeguarding of Community policies and our fundamental interests; otherwise it could prove to be inconsistent. Passive because it feels or should feel the impact of other regional policies, such as those of the Third World and those of the new industrial countries of the Third World. The impact of this major new historical development could prove to be catastrophic, but it could also be so beneficial — I refer to the new pattern of relations with countries rich in raw materials or energy and those which possess vast resources in terms of manpower and where low salaries could lead to dumping in the future.

I therefore feel that Parliament should adopt an overall approach based on the Community's experience, and stress to the Commission that a coordinated and dynamic Community regional policy must be built on flexibility and the need to adapt to a world which is changing inside and outside the Community. This first observation leads me to a second.

History provides examples of regional policies which have been implemented through protectionism.

As one who has for a great many years, possibly from the very beginning, followed Italy's regional policy in the Mezzogiorno, I should like to say that, unlike other countries which grew up behind customs barriers — take, for example, the enormous development of the North American continent and the development of the regions of Northern Italy, both based on protectionism — the problem of the development of the Mezzogiorno has been tackled by bringing Italy into the Community and opening up international trade. Obviously, this is no cause for regret, partly because it is consistent with the course of history; however, we should remember that the regional policy is infinitely more difficult under such conditions — it is a policy which is austere, by no means popular, and which calls for decisions to be made.

Mr Noè, you and I are both Italian and I think you are more familiar than I am with the example I refer to. Even the strongest political forces, and those which were best placed to take decisions, have often hesitated when it came to deciding that a particular sector of production could no longer be supported, that certain work patterns had to change, that a drop in

the standard of living would have to be accepted and that the consumer society could no longer withstand the pressure of the Third World and the energy-producing countries. When Mr Noè says — and I agree — that we must mobilize brainpower and experience, and when the Commission puts forward a two-yearly report as a sort of region-based appraisal of the state of the Community, we cannot but welcome this. Brainpower means people — engineers, technicians and politicians — who are not only well up on the specific problem to be tackled — engineering, agricultural, industrial or economic — but are also suitably qualified in town and regional planning and environmental studies.

I feel that we have to call a spade a spade and face the truth — the regional policy is becoming the yardstick by which all the other policies are measured.

The regional policy should not be used as a patent remedy when, for example, the agricultural policy or the industrial policy has come unstuck. A regional policy implies a completely new approach to the problem. How many people know about the battle between experts on southern Italian problems and FIAT over the development of factories in Piemonte or in Rivalta Scrivia, how many people know about the Italian problems of industrial location in Italy — over-concentration, under-concentration isolation, poor location, and so on — and know how many tears have been shed over this subject?

We approve, Mr Commissioner, of the introduction of a non-quota section which the rapporteur defined as war booty, but here, too, we have to put things into perspective. When this is presented as a way of dealing with urgent situations, I hope you all realize what the word 'urgent' means when an industrial combine is struck by a crisis and goodness knows how many workers have to be put on short time.

What I am hinting at can be summed up in some of the famous abbreviations of our time, such as EGAM. It is therefore clear that the sum involved is ludicrously small. It can, however, — and this is another key point, Mr President — be used by the Commission to bolster the fundamental argument that the funds earmarked for the regional policy should not merely be used to back up or substitute national funds and that we must not stick blindly to national plans and guidelines: they should be used with at least some degree of autonomy, to modify and guide the regional policy.

With your permission, Mr President, I shall close with three very brief observations. Firstly, this regional policy must take due account of both local proposals and controls as well as private enterprise. We wholeheartedly agree — in fact it is one of the fundamental beliefs of my group — that a special effort should be made to assist and promote private enterprise.

Cifarelli

Secondly, having mentioned private enterprise, I should like to stress its modern meaning from the point of view of coordination and planning. A modern economy must be planned if it is to exist and grow, and this planning must be based on democratic principles, democratic control and economic, social and political pluralism.

Lastly, Mr President, just as the regional policy in countries such as my own has been the historical goal of a great leap forward, the Community's regional policy must also be considered as the historical goal of a great leap forward towards the European Union to which we all aspire.

(Applause)

President. — I call Mr Herbert to speak on behalf of the group of European Progressive Democrats.

Mr Herbert. — Mr President, I too would wish to pay tribute and congratulate Mr Noè for his excellent and very important report. In the brief time at my disposal this morning I intend to refer mainly to the Regional Fund regulation which, in my opinion, is a key factor in Community regional policy. It is perhaps opportune at this stage to refer once again to the many faults of the last regulation. It is true to say that the fears that Parliament expressed in March 1975, and the fears which I personally expressed at the passage of that regulation, have now all been vindicated and justified by our experience over the last two and a half years.

I recall condemning the distribution of the fund on a national quota basis. I condemned the partial repayments clause of the fund regulation, as I pointed out it would give finance ministers of Member States an opportunity of subsuming their allocation into their own exchequers. I condemned the failure to guarantee the principle of additionality. I also condemned the absence of that very, very important requirement, that is, adequate publicity for the fund's activities.

Consequently, because of all those faults in the last regulation, it is true to say that while the fund has not been a total failure, neither has it been a success. The gap between the poorer and richer regions has widened over the past two and a half years; the very high level of unemployment still exists and emigration continues to take place. The Regional Fund was supposed indeed to help solve all these problems in the past two and a half years; it has not even kept them under control. This is very easy to understand if you look at the fund in terms of the transfer of resources. A mere 40 % of the fund represents the net transfer from the richer to the poorer regions; the other 60 % is merely a recycling of resources within the Member States.

Looking at the Regional Fund in this light, it is clear that a lot of improvement is needed. Unfortunately, in putting forward its guidelines for Community regional policy, the Commission has failed to grasp this situation. Here was an opportunity for the Commission to put forward again the excellent original proposals of the first Commissioner, George Thomson, but the Commission has failed. The same basic faults are to remain within the fund regulation. The national quota system, the partial repayments clause, the insufficient publicity remain permanent features of the new proposals.

At this stage, if the Community is to salvage its credibility, Parliament must insist on the concentration of aid to the worst-off areas of the Community. It is vitally necessary for aid to be concentrated in the worst-off regions of the Community, and this cannot be achieved through national quotas or on the basis of national criteria. The role of the Regional Development Fund must be to provide aid for the development of the less-developed regions in the Community. It must not be a vehicle for *juste retour* or the recycling of national aids. Neither, I believe, must the fund be used to arrest the decline of existing industrial regions which indeed have many advantages over the less or under-developed regions. They have the presence of infrastructure and the presence of a trained work force. The problems of these regions are structural and they can be adapted, whereas the problems of the under-developed regions have nothing else but an over-dependence on declining agriculture and a tradition of emigration. A system of aids for regions with declining industries should be kept apart from the Regional Development Fund, otherwise we might see indeed the fund intervening in sectors like the shipbuilding industry, which is indeed a very, very far cry from the original concept of the fund's role.

A vital consideration in the distribution of fund aid is the relative ability of Member States to finance their own regional development. If Member States could afford it, there would be no under-developed regions in the Community, thus no need for a Community regional policy or Regional Fund. On this basis, it can be argued that the richer states do not need assistance from the Regional Fund because their worst-off regions are not the worst-off regions in the Community. And they can solve their problems from within their own national resources. Indeed, this has been reflected in the type of project submitted by the richer states over the past two and a half years. These projects, for example, have included luxury hotels and artificial lakes. The Commission proposes the establishment of a non-quota section of the Regional Development Fund. This I personally welcome. It is a novel approach, and seems to be a method of getting away from the system of national quotas, though it is vague and far-reaching and seems to me to have a

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wider scope than was originally intended for the Regional Development Fund. At this juncture it is difficult to pass judgement on this proposal without further clarifications from the Commission as to how it should be implemented.

Article 19 of the new draft regulation refers to the compatibility of regional aids with Articles 92 — 94 of the Rome Treaty. It would seem to me that the Commission has overlooked the existence of Protocol 30 to the Treaty of Accession, which recognizes the under-developed status of Ireland and Ireland's efforts to overcome its industrial under-development. A reference to Protocol 30 in Article 19 would clarify the situation.

At the outset of my remarks, I did say I was going to confine my remarks mainly to the Regional Fund regulation. Unfortunately, time does not permit me to refer to the other important factors of regional policy, such as the vital necessity of introducing a regional dimension to the other Community policies — for example, the Social Fund, the EAGGF and the activities of the European Investment Bank. To give an example of what I mean, I would like to quote the disastrous effects that MCAs are having on regional policy in Ireland. In the first six months of this year, £ 35 million has been paid by the farming community in Ireland, mainly from our under-privileged areas. This figure, incidentally, is almost equal to our total allocation from the Regional Fund over the past three years. The Guidance Section of the EAGGF in Ireland, according to former Commissioner Thomson, has a regional content of less than 5 %. Mr President, in the formulation of a common fisheries policy, I suggest that Commissioner Gundelach should be influenced by this very, very important factor of a regional dimension. In the course of my address, I have referred to several changes I would like to see in the Regional Fund regulation. A few of these are in the form of amendments to this report which I formally now wish to move. I hope that this House will support these amendments in voting this afternoon.

(Applause)

President. — I call Mr Dalyell, on a point of order.

Mr Dalyell. — It concerns the photographers. Colleagues will know that quite a number of, shall we say, less than flattering photographs taken in this Parliament have appeared over the past few months. Just now I have been looking at Mr Giolitti and Mr Giolitti has been paying close attention to this debate. He has been fully awake the whole time, but just at the moment when doubtless he was listening but it looked — or might have looked — as if he was asleep, I distinctly saw the photographers taking photographs. I do not think this is a very fair way of proceeding, because we are hour after hour in this Parliament. All of us shut our eyes from time to time, and for these unflattering photographs to appear is, I think, very

wrong. Incidentally, some of us find the photographers extremely distracting and cannot think why they have to be in the Chamber the whole time. Surely they can get their business done in the first ten minutes of the day.

President. — I do reluctantly take note of your observation.

I call Mrs Kellett-Bowman.

Mrs Kellett-Bowman. — Mr President, may I congratulate the Commission on bringing out these excellent new guidelines, and Mr Noè on producing such an excellent report in so short a time. My group is delighted with these new guidelines, and particularly pleased that the Commission has included in them many of the suggestions that I and my colleagues put forward in our little booklet 'New hope for the regions', appropriately clad in blue. We always appreciated that the Fund set up in 1975 was experimental and would be adapted in the light of experience. It was, as we all know, thanks to the energetic action of Commissioner Thomson and his very small staff, that the Fund got off the ground quickly enough for sufficient experience to be gained in the first two years of operation to make this revision a meaningful one.

On a point of order, Mr President, would the gentleman who has just recently raised a point of order kindly cease talking in the Chamber so that I can be heard. Having criticized others, I think he should not himself be speaking whilst the debate is proceeding.

To continue, a number of aspects of the old Fund regulation worried us particularly. We disliked the requirement that priority for Fund assistance should be given to development and special development areas, which meant that only 20 % of the Fund went to Intermediate Areas such as the North-West of England, despite its very serious problems. Indeed, one large project in this area would have taken the entire ration. We also found that the requirement that infrastructure projects, in order to be eligible for Fund assistance, must be directly linked to industrial activities was extremely perplexing and frustrating. For such direct links were not easy to define and we found ourselves in the absurd position whereby an industrial estate qualified for aid but not the road leading to it. The requirement that infrastructure schemes should henceforth 'contribute to the economic development of the region in which they are located' is very much more flexible and sensible, and we welcome it very warmly.

I think that it is reasonable that the rate of Fund contributions should be made more flexible, but we much regret, not surprisingly, that the United Kingdom is excluded from the areas to which the new higher rate applies, although of course this makes no

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difference to the various national shares. I am very glad that in future the Fund will contribute only to approved projects for which application has been made beforehand. It caused both bewilderment and annoyance when people were informed that a project which was already completed was to get Fund aid, since clearly they had got the project anyway and no extra help was involved. In the early stages, this really brought the Fund into some disrepute.

I am glad too that a system of advance payments is suggested for both the Social and the Regional Fund, since the countries which need help most were the least able to wait for the money. This is a point raised by Mr Herbert, and this difficulty has now been resolved.

Perhaps the biggest change of all, and one for which we pressed very strongly in our booklet, is the introduction of a non-quota section of the Fund, to be used according to Community criteria. Here I did not think that Mr Herbert was quite fair to the Commission because we are getting back to some sort of Community criteria — namely, the unemployment rates in the region for the preceding five years, the proportion of the active population occupied in agriculture or declining industrial sectors, the migration balance of the region during the preceding five years and the development and level of the gross domestic product. We regard the inclusion of the migration level as absolutely crucial because a high net outward migration can mask high unemployment and leave a hopelessly unbalanced population structure.

One battle we have been fighting for years is the battle of additionality. The whole object of Community regional policy is to see that the regions get the benefit. It was never intended as a Christmas bonus for improvident chancellors of the exchequer, but many suspect that that is exactly what it has become in certain Member States.

In this regard, I particularly welcome point 44 of Mr Noè's explanatory statement, which states that aid should be added to the aid granted by the public authorities for other investments forming part of the same regional programme. This concept of regional complementarity is one to which my part of the country has always attached the greatest importance. The Commission has tried very hard to work out what I call cheatproof provisions, as described on page 35 of the Commission document, and incorporated in new Article 18. I very much hope that they succeed in their efforts, although this is an extremely difficult problem. Certainly, Parliament and Commission alike must join in condemning any Member State which abuses the Regional Fund. It was with this in mind that I tabled an amendment to paragraph 22, which I lost by only one vote in committee, but which I hope Parliament will support today in a slightly revised form.

Similarly, I think it is wrong that any Member State should seek to take the credit for what the Community is doing, by denying it the credit and the publicity it deserves. Again, I lost an amendment to make adequate publicity a condition of aid only very narrowly in committee, and hope that this Assembly will support my amendment to paragraph 13 which is designed simply to make sure that credit is given where it is due.

All in all, however, we regard these new guidelines as first class, and the resolution drafted by Mr Noè as excellent and worthy of the fullest support, which my group will most certainly give it.

(Applause)

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

Mr Mascagni. — *(I)* Mr President, ladies and gentlemen, the wide-ranging subject of regional policy and the Regional Fund has been scrutinized on numerous occasions within the last year. It is not my intention to repeat what has already been said elsewhere. However, I do want to point out that, in connection with the report by the Committee on Budgets, I made several suggestions regarding the underlying problems of regional policy and the Regional Fund.

I prefer, in any case, to tackle the matter from a general point of view, while at the same time praising Mr Noè's considerable achievement.

One question arises: what can we do, how can we act, at this time of steadily worsening regional disparities? It is clear that there is no way of replying to this question with answers which are clear and unambiguous, let alone decisive. In our view, the most urgent requirement at the moment is to take a realistic look at things and to avoid the temptation to drift into a brilliant, scholarly — and all too often abstract — analysis of the situation. We have to get to the crux of our regional and economic problems and get back to the roots of our task. Naturally, it was one thing when, ten or fifteen years ago, the subject of eliminating regional disparities first cropped up, and when the task facing Parliament and the Community institutions was to establish the facts, recognize the signs, and pick out the aberrant features which could be expected to cause difficulties. It is a different matter now, when we look at these basic issues again with a wealth of experience behind us, after years of research, comparison and formulation, after years of practical application and actual operation.

We now know how things stand. We can no longer have illusions, no longer delude ourselves with theoretical pronouncements or by fiddling with the system

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here and there. The facts are there for all to see, a warning that the market economy with the liberalization of trade has increased regional disparities within the Community and is a potential cause of further, more serious trouble.

The Europe created by the Treaty of Rome was conceived as an economic entity essentially based on market forces which were understood to be the prerequisite for a balanced expansion of the economy. The Treaty devoted only two articles to the problem of regional disparities — Articles 92 and 94. However, neither article refers directly to these serious economic distortions. The only reference is indirect, when some concern is expressed that any aid to underdeveloped regions should not — and I quote from the Treaty — ‘distort or threaten to distort competition’. The concern in one respect is balanced by an equally significant lack of foresight in another.

If the phrase did not smack of *Schadenfreude*, I could say that the one good thing about the general recession that has hit the West is that it has unmasked a reality which was always there, but which for far too long was hidden behind an unashamed emphasis on vague, albeit praiseworthy, economic success of a general nature.

We can now no longer accept a middle-of-the-road assessment of the results of an overall policy which is closely linked to the free interplay of market forces. On the contrary, there is now an urgent need to follow — and, of course, to control and to channel — the economic and social factors in order to achieve a genuine distribution among the various States, the various regions and the various social classes.

Traditional thinking on the balanced working of production factors has been revealed as completely wrong. The facts have shown, and still show, that when strong regional disparities characterize a national economy, production factors move in a fashion which is in no way self-balancing. The movement is all one-way — a shift of labour and capital towards the richer regions. The situation is bound to be worse in a larger market, like the one created by the European Customs Union.

There is now no denying these facts and these trends, since a rational economic policy, free of the influence of unconstrained and complex interests — which are at work even within the Community — would naturally tend towards a regional policy designed and applied as a genuine method of regional redistribution. It would provide proper compensation for those areas short of what they are denied by the inexorable laws of the market economy.

I am not advocating handouts from the haves to the have-nots but rightful restitution, or rather restitution in the general interest, for the simple reason that economic redistribution is essential if there is to be a wider demand capable of meeting the requirements of a supply in search of a market.

The truth of the matter is that the hitherto more or less random operation of market forces not only fails to encourage the re-levelling of national and regional economies, but also continues to sustain the classic situation of the steadily growing gulf between expansion and underdevelopment. As a result, disparities just get worse and worse. I have brought up these points in order to stress the vital need to get regional policy back on the only real, true path it will have to follow. There must be a comprehensive programme of regional re-levelling with the necessary policies for influencing the economic structures.

There are two Europes, one supplying migrant workers while the other absorbs them. In the light of this situation, it must be clear to everyone that this awesome picture of rifts and disparities cannot be rectified without massive structural reform. This is where planning — in the strictest sense of the word — is urgently needed, and by this I mean an economic policy which is democratically controlled.

Regional policy, then, cannot and must not be anything other than a planned Community economic policy, if we want to give it some real meaning and some power to influence the situation.

Obviously, it is not enough to make demands and then blithely hope that things will change on their own. We have to work hard, increasing our efforts and speeding things up both at Community and at national level. But what on earth is the sense of having regional plans — which from next year will be compulsory if aid is sought from the Regional Fund — if they have no meaning or significance in the general context of national and Community planning?

The Commission document, like any serious work on a serious subject, is naturally open to criticism, but it has the undoubted merit of stating clearly and precisely the theory and practice of regional policy on the basis of genuine prospects, especially where the considerable implications of structural and planned economic policy are concerned.

I have no intention of tackling this subject from another angle, with any other references, quotations or comments.

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The Commission document has been in our hands for some time. We have read it, pondered over it and discussed it. It offers a systematic presentation of ideas, improvements and innovations, which have been under discussion long enough for all of them to be dealt with thoroughly. Particular praise for this is due to the Commission, especially Mr Giolitti who has worked hard, hiding nothing and keeping Parliament and the general public informed at all times on a whole series of problems ranging from the role of the Fund in the overall context of regional policy to biennial reports and the need for proper analysis. He has covered the use of regional development in organized projects and the coordination of national regional policies, the pinpointing of problems and the closest coordination of the various intervention measures, a more flexible operation of the Fund and a new system of taxes, rebates and loans.

In carrying out this difficult but constructive work of re-examination, the Commission was able to draw on a rich store of research and analysis for which we have to thank, in particular, Mr Delmotte.

It could have been expected that this tremendous effort to give some real meaning to regional policy — and by regional policy I mean regional and economic re-levelling, planned from regional to Community level via the national governments — would be a chance to expand our horizons and to examine things much more thoroughly at meetings of the Committee on Regional Policy. The Commission document gave us that chance, but Mr Noè's report — although we approve of it — does not seem to make use of this chance, or indeed meet these needs. The report is clear and methodical and full of facts and comments which are undeniably relevant on the purely technical level, but its general political approach seems very cautious, so much so that at times it reads like a lawyer's report.

There are references and quotations culled from the Commission document, but they concern minor or isolated points, and we feel that this narrow approach obscures the general view of the immense problem which is being discussed.

We have to get away from excessive vagueness, couched in the same old terms. We cannot ignore a fact which must now be considered part and parcel of political reality — namely, that the national State is no longer capable on its own, and in the context of inter-related and interacting economies, of providing adequate answers to the problems of regional and economic disparity. The twin points of reference can only be the Community — with its power of general redistribution which it must gradually learn to use — and the regions, where situations arise with specific and vastly different features.

European integration will progress if, on the Community side, there is a move towards economic and polit-

ical power which is flexible, democratically based and capable of encouraging the useful participation of the regions. In the case of the regions, where situations differ so much and are often characterized by a lack of any internal potential, the Community must intervene with a planned and coordinated programme.

(Applause from the left)

President. — I call Mr Dalyell.

Mr Dalyell. — Mr President, I have listened to my Italian colleagues, Mr Mascagni and Mr Noè, with great interest, and would simply say, in relation to what Mr Noè said, as a member of the Control Subcommittee — I give this as a personal opinion, but I believe it is also that of other colleagues — that in relation to Friuli, the subject that he raised, we were persuaded that there was no abuse or misuse of Community funds. But I thought it was quite right that the committee of the Parliament should exercise its right to make enquiries along these lines, following the disclosures in the Italian Press and what had happened with the Italian Government. I just say that because I think it ought to be made clear.

Mr President, I would like to ask four rather longish questions of Mr Giolitti. The first arises out of page 39 in the English text of Mr Noè's report, and is on the subject of control. Paragraph 31 says :

The Commission does not propose *any major amendment* to Article 9 of the 1975 regulation concerning the available means of checking that the Fund's resources are properly used ; these include the obligation to forward to the Commission 'all information required' and its participation in 'on-the-spot checks or enquiries'.

I think it would be useful to Parliament if the Commission could explain precisely how they are going to go about these on-the-spot checks. I ask this out of personal experience and not least the experience of the delegation that Lord Bessborough and I went on, at Parliament's request, to Friuli. How in fact are these on-the-spot checks going to be carried out ? Because some of us would like to know about it.

Now paragraph 32 speaks for itself : the need for more effective control.

Paragraph 33 states :

It is therefore important that Community control should have real *credibility*, that is to say should be able to assess not only the proper use of the appropriations but also their 'profitability' : the actual regional impact of the aid, the speed with which administrative procedures are completed, the complementary nature of Community aid in relation to national efforts, etc.

Now I must ask the Commission : do they in fact accept this as a realistic request, and if they do, how are they going to provide greater speed for completing administrative procedures ? If they do not — and I

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would personally understand it if they say this is unrealistic — I think they have an obligation to explain to Parliament why not. They may have very respectable reasons why not, but at least they should be stated.

Now, paragraph 34 tells us :

To establish such credibility, it is important to give the control a *political dimension*, without which mistakes and difficulties will not be picked up as quickly and as reliably as is desirable ; in this connection Parliament, assisted by the Court of Auditors, will have a decisive role and responsibility.

Now yesterday, in the debate on the Court of Auditors, Mr Simonet made it quite clear what his view of the Council was. I am asking for the Commission to state their view and, in particular, precisely how they think Parliament should be assisted by the auditors. Is it like a Comptroller and Auditor-General's department, which has an obligation to bring anything that they think is wrong to the attention of the parliamentarians, or is it simply up to Parliament to exercise their right — as Mr Simonet confirmed yesterday — to raise on expedited procedure, which has a sort of bloodhound element in it, any matter that bothers them in relation to alleged misuse of Community funds ? This is quite a complex issue. If it is complex, it is also important and politically sensitive.

The second question, Mr President, is on the subject of overbidding. Do we have an assurance that there was no overbidding in relation to the Regional Fund ? Bluntly, the experience of some of us on the Committee on Budgets in the past few weeks is that, when they are pressed, the Commission really do admit to substantial overbidding. I refer to page 56 of the Official Journal for the September part-session. This is what the President of the Commission said. He referred to me and said that :

He went a little further towards trying to understand and help the position of the Council of Ministers than did perhaps any other speaker, and in the course of so doing, he posed at least one extremely pertinent question for the Commission. He asked whether the Commission had indulged in overbidding, had put forward figures knowing that they would be cut, and therefore staking out a forward position from which a certain amount of withdrawal could be accepted. I can assure him quite absolutely that that was in no way the case. The Commission debated its budget over two extremely long and difficult days. I, as he and some of my other colleagues in this House will know, have had quite a lot of experience of the great difficulty of public expenditure cuts within a national government. I, as I think some honourable Members may recognize, have taken a rather stringent view about budgetary matters in the past, and what I can say with absolute conviction is that the Commission approached the question of its budget with exactly the same degree of responsibility that in my experience a national government does. We were not bidding, we were trying to reconcile extremely difficult competing bids for greater expenditure ; and we took the view throughout

those two days of discussion that we could not put up one item of expenditure without recognizing that this had repercussive and restrictive effects on other items of expenditure.

I am bound to say this does not quite coincide with the experience we have had on the Committee on Budgets in recent weeks. So, I return to this question : Was there over-bidding in relation to the Regional Fund, or has the unsatisfactory situation arisen out of another matter, namely, that the requests for the Regional Fund came in, as I understand it, very, very late ?

This again raises issues of the structure of the Commission itself, because whereas in any of our national governments the finance minister or the Chancellor of the Exchequer is a person with the very greatest authority, and a minister does not lightly fail to produce his estimates on time, it does seem, frankly, that in the Commission, the budget Commissioner has very little, if any, of the authority in relation to his colleagues that a chancellor has in national governments. Therefore I do ask whether, in fact, the regional Commissioner and others perhaps are too great an extent running their own satrapy, not paying sufficient attention to the requests of the budget Commissioner, with the result that because the requests come in very late, the Council understandably objects and here we find ourselves in precisely the situation that we have reached. So I ask the direct question : This year is water under the bridges, but next year, what does Mr Giolitti propose to do to make sure that the requests from his department come in far sooner than has been the case this year ?

Now, my third question arises again out of Senator Noè's report, and indeed about Mr Giolitti's interesting speech to the Socialist Group at Sorrento. It concerns a question that was much referred to yesterday, namely, the Marshall Plan for southern Europe. Now, to some of us, it is very easy to make stirring speeches about Marshall Plans for southern Europe, but I would like to put a cost tag on this. I speak as possibly the last Member of Parliament to be converted to the whole idea of enlargement, but, be that as it may, everybody wants enlargement, so, all right, those who had doubts go along with it ; there are overwhelming political reasons. But nevertheless, we are entitled to ask those who talk about the necessity of a Marshall Plan for southern Europe, precisely what the cost is. And there is a further question. If we are going to talk about Marshall Plans for southern Europe, at least we ought to know what is left for the rest of us. Now, I am sensitive to questions of a rich man's club, but it is at least a legitimate question to ask : How much will be left for Italy, how much will be left for Denmark, how much will be left for the United Kingdom, if the Commissioner gets his way and there is this kind of a Marshall Plan for southern

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Europe? And there is a further question. Some of us have the suspicion that the time has come for the Commission to make up its mind. If we have a Marshall Plan for southern Europe and the kind of plans that Commissioner Cheysson is putting forward, not only for Africa but for the Caribbean, after his visits, can we finance both? Now, we might be told that we can finance both, but at least we ought to be given the figures, because some of us think that the Commission may have to choose.

President. — I call Mr Brugger.

Mr Brugger. — *(D)* Mr President, I should like to add my thanks and congratulations to those already offered to Mr Noè for his excellent report. We all think highly of his thorough and industrious approach, but his report also shows evidence of great experience.

As we have already heard from a number of speakers, the idea behind the regional policy is to narrow the economic and social gap between the inhabitants of rich and poor areas of the Community, with the aim of — to repeat what Mr Evans said earlier — bringing the depressed regions of the Community up to a decent standard, and giving them a reasonable quality of life. An individual's quality of life undoubtedly depends upon his social and economic security, although quality of life cannot be equated with economic prosperity.

Experience has shown that the Common Market has — as we have already been told — resulted in much greater prosperity within the Community, and this despite the various crises we have passed through. It is nevertheless true that this prosperity is very unevenly distributed over the various regions of the Community. It is now the job of the regional policy to bestow more and more of the economic benefits and achievements of the Communities on the poorer regions.

This will undoubtedly require first and foremost the coordination of the various public sector assistance measures, the aim being not only to stimulate the productive investment of private capital, but also — as part of an organic improvement in general living conditions — to tackle the necessary transport, social, economic and cultural infrastructures within the framework of an overall plan. The Commission's report on guidelines for the Community regional policy seems to me to demonstrate quite clearly that the decisive factor is not so much the availability of finance from the Regional Fund, but rather the effective and coordinated use of resources made available by local authorities, the Member States and the Communities. I am convinced that the successful use of resources from these bodies and the success of the Community's regional policy are bound up with each other, however much I regret and deplore the fact that the Regional Development Fund is too poorly endowed to give a lead in this coordination process.

The Community's success in coordinating regional development programmes would be directly proportionate to its own financial commitment to the projects.

There is a further consideration. In its proposal for a Council regulation amending the regulation establishing a European Regional Development Fund, the Commission goes along with the view expressed by Parliament in its resolution of 21 April 1977, to the effect that the regional development programmes should be based on an overall approach. To my way of thinking, an overall development programme must specify which institution is to bear the ultimate responsibility for financing whatever essential major infrastructures provided for in the programme cannot be financed from the Community's modest resources.

Likewise in the context of the planned, more flexible use of resources from the Regional Fund, the scope of Regional Fund financing should not be excessive, and we should not take too generous a part in infrastructural investment projects, particularly if the Member States and their official institutions are responsible for, and committed to, carrying out the work. The all too modest resources of the Regional Fund should be used for projects which are principally intended to stimulate the economic development of deprived regions and to boost the investment of private capital in ways which will create jobs and improve incomes in industry, trades and service industries.

The creation and protection of jobs without damaging the environment and with the guarantee of a living wage (however modest) is the first vital step along the road towards improving the quality of life. Social conditions in many of the deprived areas of the Community can only be brought up to present-day standards if the people who live in these regions have confidence in the continuing existence of job opportunities in their area. The more uses we find for the Regional Development Fund — and hence the more we fritter away — the less effective the Fund will be in the development regions and the less effective will be the use of these amounts which are little better than shameful pittance.

One final remark, if I may. I welcome the fact that the Commission does not allocate the whole of the Fund to the Member States, but reserves a part — albeit a small part — for specific programmes, which the Commission can then deploy without consulting the Council. It ought to be enough for the Commission to account to Parliament for this part of the Fund. In the resolutions we have adopted and the discussion we have held in this House, we have demonstrated our unanimous conviction that special attention should be paid to deprived border regions. I would call to mind particularly the report prepared by Mr Gerlach on the regions along the Community's internal frontiers.

Brugger

Conditions are even worse in the regions along the Community's external frontiers. Time is too short for me to go into this question in detail. I should merely like to stress that, as far as I am aware, the Regional Fund has never been used in one of these external frontier regions. I therefore very much welcome the fact that the Commission — the provision is contained under b) of the new Article 12 — intends to use its share of the Fund to finance development projects in border areas, including those along the Community's external frontiers. I should therefore be extremely grateful for the Commission's assurance that it will bear the problems of the border areas particularly in mind when it comes to allocate its share of the Regional Fund.

(Applause)

President. — I call Mr Mascagni to present the opinion of the Committee on Budgets.

Mr Mascagni, draftsman of the opinion. — (I) The Committee on Budgets was unfortunately unable to finish its work in time to submit its opinion to the Committee on Regional Policy before the latter had completed its own examination. The Committee on Budgets has therefore asked me, as draftsman of the opinion, to present any amendments during the course of this debate.

I shall outline these amendments very quickly. I feel it is worthwhile highlighting one of them, the amendment concerning the proposal to consider national quotas not as binding but as guides. This is proposed in connection with the Noè report, but is also relevant to the Fund Regulation.

Why did the Committee on Budgets feel that this amendment was needed? The Committee feels that a steadily increasing Community involvement in regional policy and in the use of the Regional Fund is called for. This may be surprising, supposing, for example, that the Italians and the British, for some reason or other, decided to insist on the guarantee of fixed quotas.

The Committee on Budgets — whose opinion I share fully — feels instead that it is much better to increase the Community involvement in regional policy and in the Regional Fund in a gradual manner. In other words, the Committee thinks that it is more important for Parliament and the Commission to get to grips with the matter and come up with a common Community approach, rather than to have inter-governmental negotiations which are no more than a stalling tactic not in keeping with the spirit which ought to inspire the work of the Community. This is what our amendment is getting at.

Another amendment concerns the interest subsidies mentioned in paragraph 20 of the Noè report. Mr Caro's warmly greeted proposal was that the interest subsidies should also be used to encourage and

increase regional saving, particularly in the less developed regions, with the idea of their being used, of course, instead of regional savings.

This amendment, too, is in line with our current thinking on regional policy and can, I feel, be approved by the House.

Another amendment concerning the Regulation brings in again, of course, the problem of non-compulsory national quotas, and thus refers to that part of the Regulation concerned with the problem of national quotas. We recommend that a table of national quotas be annexed to the Regulation, but only to provide guidelines.

In Article 15 of the Regulation the Committee on Budgets felt that it was advisable to reintroduce a phrase deleted by the Committee on Regional Policy. The latter committee proposed the following amended text: 'The representative of the Commission shall submit the drafts of the decisions to be taken. The Committee shall deliver its Opinion on the draft within one month.' We suggest that the following sentence be reinserted: 'An Opinion shall be adopted by a majority of 41 votes.'

Our last amendment concerns Article 9 relating to the interest rebate scheme. The Committee on Budgets feels that the article should be amended as follows: 'The Commission shall retain general responsibility for the administration of all loans subject to interest rebates.'

(Applause)

IN THE CHAIR: MR LÜCKER

Vice-President

President. — I call Mr McDonald.

Mr McDonald. — Mr President, I should like to congratulate Mr Noè.

I think that he has very clearly and concisely expressed the considered views of the Committee on Regional Policy and Transport in this report, and I hope that the Commissioner, and indeed the Commission and the Council, will study that document, because over the past three or four years the Committee on Regional Policy and Transport has, in the course of its work, not only seen the establishment of the Regional Fund but has monitored its progress, and indeed lack of progress. Its members have visited as many of the diverse areas as possible. They are in an ideal position to know exactly where improvements can be made, and they have very clearly and simply spelt this out in the document. I do hope that it will be possible for the Commission to implement all of the report before Parliament this morning.

McDonald

I should also like to compliment the Commission on the efforts that they have made, bearing in mind their lack of manpower and the frustrations that they have had to endure in order to get this far and achieve so much. In that respect I would especially support paragraph 7 of the motion for a resolution which calls for the provision of more staff in the Directorate-General for Regional Policy, especially since it will be necessary from 1 January 1978 to have the national programmes of the Member States examined, and perhaps listed as expeditiously as possible.

I should like to refer very briefly to the role of the local and regional authorities in the entire spectrum of regional development. I think that one of the unfortunate aspects of the expenditure of the Regional Development Fund has been the lack of clear evidence of additionality in many of the Member States. I am not saying that governments are not meeting the criteria, but they are certainly making a good job of getting round them. After the experience of the past three years, I think the time has now come for hearing the views of the people whose regions are going to be aided. It is the people who are supposedly to benefit from the considerable expenditure from this fund who ought themselves to be in the best position to draw up their own order of priorities for development. In the less favoured areas, surely the regional or local authorities would know whether their first priority would be for better communications, either telecommunications or roads or airports, or for fishing ports or harbour developments. If each national government had an *ad hoc* organization for greater cooperation between the executives or chairmen of the various regional authorities, then the spirit of the Regional Fund could get across to the peoples of the Community in a much more dynamic way. I believe, Sir, that never before has so much money been spent to support regional development in this Community, and at the same time warranted so little notice in the press. Of the entire funds spent today I doubt very much if the vast majority of the people who have directly benefited from the expenditure are aware of the existence of the Commission, or indeed of the Fund itself. We should therefore make a special effort to have greater contacts between the people in the Commission and the people living in the less well-off areas of our Community. Of course, it is true to say that the Members of the European Parliament are a link between the people and the various other institutions. But at the same time, with the pressures of the dual mandate, it is not always possible to expect that Members will go out to seek new contacts or perhaps be able to afford the time to meet large numbers of local or regional authorities. Nevertheless, it is time that we began to think along those lines and encouraged those authorities to take part in solving their own problems.

I should like, Sir, in conclusion, to ask Mr Giolitti to take an interest and perhaps initiate a special drive to

spearhead and encourage cross-border projects in Ireland. Quite recently President Carter of the United States promised the possibility of special aid for this area, which has tremendously difficult problems, not just social and political, but also economic. Here is an opportunity for the Commission to take an interest in the development of cooperation between the two parts of Ireland. I should like to ask Mr Giolitti what efforts the Commission has made over the past two and a half years since we spoke of the problems of Northern Ireland. I would like to ask him about, for instance, the situation regarding the port of Derry, which I understand is a cross-border authority. We spoke with his predecessor, Mr Thomson, about special aids for improving the facilities at that port. Nevertheless, over the past couple of years, it seems to have been slipped under the carpet. Northern Ireland, I would submit, is fast becoming the forgotten region of this Community because, as far as I can see, United Kingdom Members have not expressed any concern for any of its many, varied and difficult problems. Therefore, I think the onus is on the Commission, as a multinational organization vested with the powers, to take a special interest, and not leave it to third countries to come in and assist in solving the problems.

I would hope that the new Commissioner would take up the excellent initiatives that his predecessor made in this regard, that he will endeavour, through the offices of the Commission, to bring about cooperation and perhaps good neighbourliness by endowing handsomely development projects of a cross-border nature. Therefore, I want to say that I support this report, that I compliment again Mr Noè for the clarity of his presentation and I hope that the House will adopt it.

(Applause)

President. — I call Mr Bersani.

Mr Bersani. — *(I)* Mr President, ladies and gentlemen, I too would like to stress the importance of today's debate and the Commission's contribution to a quantitative and, above all, qualitative improvement in our approach to regional policy, and I should particularly like to thank Mr Noè for his excellent report.

I agree with the ideas which he has put forward so clearly, especially the points of emphasis, the choices and the guidelines presented in the main parts of his report and the motion for a resolution. I also agree with much of what has already been said by other speakers on an issue which, as time goes by, we find increasingly fundamental to the transformation of the European Community into a truly integrated community of peoples and regions.

Regionalization is gathering momentum in the Community and is a far more conspicuous factor in the internal structural development of the nine

Bersani

Member States than it was a few years ago, thus giving this policy a totally new importance which is further strengthened and enhanced by the outlook for the future.

Unfortunately, as many colleagues have stressed, the gap between the rich and the poor regions has widened over the years and there is no doubt that the strong regions — which exist in all nine Member States — have benefited from the advantages of Community integration, while the situation in the weaker regions has further deteriorated because their very weakness and unpreparedness has left them virtually defenceless against the problems caused by the development of the Community.

If we are not careful, we could see Europe split into two and, as a result of this process of regionalization, find ourselves up against far more serious difficulties which, since they affect the most densely populated regions of the Community, could well jeopardize its credibility from the political and human points of view.

I should particularly like to stress a few points of an essentially practical nature.

The first concerns the specific steps taken by the Community. Welcome as this non-quota reserve may be, we will, in my opinion, make no great headway unless we add to any initiatives taken by the regions themselves — and I hope they will take advantage of this reserve — pilot projects of our own which directly involve the Community. We are all convinced of the need to coordinate the various national policies and to organize them, under the regional policy, into a coherent and cogent reference framework. The fact is, however, that we are making no progress in this direction and the 'development centres' which Marjolin referred to 15 years ago have materialized only in Germany where, as one of our visiting delegations was able to see for itself, they have brought substantial and significant advantages; I therefore feel that we ought today to announce moves which could stand as a shining example of how a genuine regional policy can coordinate and combine our national policies.

Secondly, using international credit facilities is, in my view, an excellent idea, and I would urge Mr Giolitti, who has a wealth of experience in this field, to press on resolutely. The Council of Europe, an organization which pursues very different aims, has set up a 'fonds de rétablissement' which, untrammelled by all the political difficulties which we and our national governments have encountered, allocates every year to regional development projects nearly half the financial resources we are discussing, thanks to the work of officials of high international standing.

The results have, I think, been generally good, and as far as I know there are no difficulties. For certain

countries, my own in particular, the exchange rate could be a problem, but I have noted that as far as the EIB is concerned this problem has been solved in the less-developed regions with the cooperation of the Italian Government and I do not think that the Italian, Irish or any other parliament would raise any major objections.

Thirdly, there is the question of staff. Commissioner Giolitti, Schumacher — whose ideas you are familiar with — said that information and training are our first source of wealth, after which come raw materials, and then money. Without qualified and well-informed people we can never achieve much in this field. It is true that over the past year we have stepped up contacts between the political leaders; at the intermediate level, however — that is, vis-à-vis the administrators and those who have to manage this policy — not enough has been done. What is more, I have heard alarming rumours that the agricultural information and training department, which is highly qualified from the technical point of view and unanimously recognized as one of this Community's most worthwhile achievements in this field, is to be dismantled.

Consequently and in view of what we do for the developing countries under the Lomé Convention — over 2 500 grants to intermediate operators — I think we ought to reappraise this problem and seek a constructive solution.

Lastly, I come to the question of our frontier regions. Both of us, Mr Giolitti — yourself by birth and I by recent adoption — are well acquainted with a certain frontier region of our country. Other colleagues have pointed out that, although the problem of these frontier regions was highlighted from the outset, no effective action has so far been taken in this field.

In the Commission's communication and in the proposals for a regulation, you quite rightly stressed this as an issue which is fundamental in its own right and at Community level. The Christian-Democratic Group is firmly behind you on this and hopes that, as Commission action is stepped up, real progress can be made in a field which symbolizes the transition from purely local measures to a broader and politically more significant vision of Community solidarity.

(Applause)

President. — I call Lord Bessborough.

Lord Bessborough. — Mr President, I too would like to thank Mr Giolitti for his excellent work and Mr Noè for his admirable report. What I have to say will only be in relation to the Friuli region, to which Mr Noè referred in some detail in his opening speech. I felt, from what he said, I ought to make one or two observations of my own.

At the beginning I would like to say how glad I am that my colleague, Mr Dalyell, is satisfied that there has been no misuse of Community funds in this

Lord Bessborough

respect — funds and work which are of course coordinated by the Directorate-General for Regional Policy. I never thought, myself, that the allegations made did refer specifically to Community projects, but I am very glad to get that assurance. I was interested in what Mr Noè said about learning from experience in other countries in the world. When I was recently in China and also in Japan I did raise this question and gave them an account of the three visits which I had made to Friuli. I do think that this work of consultation with other countries must continue.

As regards what I personally saw on that third visit, I would also like to take this opportunity of paying a tribute, a very warm tribute, to what the Friulians themselves have done in helping to reconstruct the area. I was particularly impressed by their work, day and night, in rebuilding the steelworks which I visited, and also an important furniture factory which is now going to turn out even more that it did before the earthquake. In what they have done in rebuilding the housing estates, building new housing estates, schools, I think frankly they have been a shining example to others in Europe by this hard work, devotion and indeed, determination to continue to live in the area.

In one of the factories I was particularly struck by talks which I had with the workers there. Seven people had been killed there and many injured during the first earthquake, but they said they were perfectly happy about the newly slung roof and this particular structure, and they were working there as though nothing had ever happened and there was no danger in the future. I would like to pay my tribute to the Friulians. I would also like to support Mr Noè's remarks and suggestions in regard to long-term projects and I would like to assure him that I am following these up with the technical experts whom he mentioned and I hope that he, with his very special engineering qualifications, will also assist us in this work.

There are just two questions I would like to ask the Commission. I was looking back at the Official Journal of the Communities No C 16 of 21 January this year, in which reference is made to the aid from the Community pursuant to a Council regulation of 21 June. We know, of course, that the total special fund amounted to 60 million units of account. Now in this Official Journal we read of the 114 projects which the Community has been involved in. I would like to know whether those particular projects were assisted entirely through the agricultural fund, even if coordinated by the Regional Fund, and also would it be possible for us to have details of the additional 15m u.a. administered specifically by the Directorate-General for Regional Policy. I would very much like to have a list similar to this very, very detailed one, of January this year, in regard to the other 15m u.a. In

addition to the list of specific projects I would also like to have the costing in each case. In this case the 114 projects include the repairing of roads, bridges, irrigation, hydraulic works, gravity feed sprays, damage to river banks. Community funds have gone into all these kinds of infrastructure projects and the construction of cheese factories in various communes.

Secondly, in regard to the steel works and the furniture factory which I mentioned, I would like to know whether the Community helped in their reconstruction, or was this work undertaken purely with Italian Government funds?

Finally, since my family have lived in Southern Ireland for 200 years, I would like to support what Mr McDonald said in his suggestion about support for cross-border projects in Ireland. I thank Mr Noè again for his report and look forward to hearing the Commissioner's reply.

(Applause)

President. — I call Mr Giolitti.

Mr Giolitti, Member of the Commission. — *(I)* Mr President, ladies and gentlemen, I should first like to express my sincere gratitude to the rapporteur, Mr Noè, and the Committee on Regional Policy, Regional Planning and Transport for their detailed analysis and appraisal of the issues we are examining, their proposals and suggestions, and also — let me add quite sincerely — for the useful and constructive criticisms of the Commission's determined effort to overhaul and strengthen the Community regional policy. I should also like to thank Lord Bessborough for all he has done for the disaster-struck region of Friuli-Venezia Giulia.

Today's debate and yesterday's on the accession to the Community of other Mediterranean countries appear to have a common denominator in the emphasis both lay on the gravity of the present and foreseeable disparities in the Community. We are undoubtedly facing what must be considered a crisis for the Community's very internal cohesion, a crisis which is all the more serious when we consider the possible enlargement of the Community.

Irrespective of the prospect of enlargement, we know from experience that we cannot have growth without inflation and without unemployment unless we can successfully tackle the structural weaknesses in the Community's production sector, and those weaknesses are in the so-called 'less favoured' regions. In order to combat these regional disparities, we must modify our Community policies to give more power to those policies which can be used to solve the structural problems I mentioned.

As everyone knows, these policies have always played a minor role in the Community — so much so that the regional and social policies and others are commonly known in Community jargon as 'back-up

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policies'. On the other hand, we know that the agricultural policy, which swallows up such a large part of our resources, is the Community's major policy. This is where our initial efforts to readjust should be concentrated. The regional policy will be the acid test of our willingness to undertake this effort to readjust Community policies.

Unfortunately, we have to state quite frankly to the European Parliament — the most august forum we have — that the outlook is gloomy. The Council has so far been opposed. One almost wonders whether it is worth discussing proposals — which are, admittedly, somewhat ambitious in the light of the present situation — such as those put forward by the Commission and, I observe, widely supported by Parliament, on the new regulation for the Regional Fund, only to find ourselves confronted with a limit such as the one so far imposed by the Council of Ministers on appropriations for the regional policy.

Obviously, it is not only a question of quantity, and I was the first to point this out. What we are concerned with above all is the quality of this policy, but in this case quantity and quality are closely interrelated. Although the aim of our proposals is to improve the quality of the regional policy and thereby justify an application for bigger appropriations, it must be stressed that our proposals are very realistic and even cautious, the proof of this being that Parliament — I am thinking in particular of my discussions with the Committee on Regional Policy, Regional Planning and Transport — has reproached the Commission for being over-cautious in its request for budgetary appropriations for the Regional Fund. However, while it is true that, as I have already pointed out, that quality can warrant the quantity of funds we seek for the Fund, it is also true that, below a certain threshold, there is no point in proposing qualitative improvements if the aid granted turns out to be substantially smaller than the very limited aid actually allocated to the Fund in its infancy.

I am very grateful to Parliament for welcoming all the qualitative innovations we want to make in Community regional policy, and my particular thanks go to Mr Noè, who highlighted these innovations in his report and offered gratifying and encouraging praise.

I am particularly grateful to Parliament for expressing, during the debate on the preliminary draft budget, its resolve to back the Commission's proposal for the 750 million u.a. to be earmarked for the Regional Fund in 1978.

Much of the merit for the new proposals which the Commission has succeeded in drawing up is Parliament's, since the Commission based itself for this purpose largely on the Resolution which this House

adopted on 21 April 1977 following the Delmotte report on regional policy.

I feel it my duty to observe that, as a Commission, we have kept the promise made by Mr Jenkins in this House in always seeking the prior consensus of Parliament.

I think complete agreement has been reached on this occasion, and as regards the budgetary allocation, I should like to point out immediately — in reply to a specific question put to me — that the Commission was punctual in submitting the proposal concerning the 750 million u.a. I mentioned earlier. The Commission has discussed this proposal — I took part in the discussion, so I can bear witness to this — and decided to submit it to the Council of Ministers in the context of the budget, in a comparative study demonstrating the feasibility and compatibility of the Commission's proposals.

I sincerely believe we have no delays, oversights or ambiguities to apologize for. Furthermore, the Council of Ministers — which my colleague Mr Tugendhat, the Commissioner for budgetary affairs, and myself faced — had no objections to the procedure followed by the Commission. As for the proposed budgetary appropriation, the Council of Ministers has taken a decision fully aware of all the aspects of the issue as regards — I repeat — its place in the overall framework of the budget.

As I have already had occasion to say in Parliament's Committee on Regional Policy, Regional Planning and Transport, I should like to repeat in this House that Mr Noè's report and his motion for a resolution fully grasp the meaning and main points of the Commission's guidelines and proposed amendments to the regulation.

What we are up against can be considered as a historical legacy of traditional disparities with certain new elements. To combat these we need more rapid and more flexible instruments with which we can implement the necessary measures in good time.

Once again, what we have to do is eliminate the causes instead of simply dealing with certain of their effects. This is the strategic — even conceptual — turning point of the economic policy we want to introduce: what were known as back-up policies, which by definition remedied certain adverse effects after the event, become policies which strike at the root causes of these fundamental structural imbalances.

Both the motion for a resolution and the explanatory statement certainly contain very useful suggestions which provide us with guidelines for the programme we hope to start at the beginning of next year if, as we hope, we succeed in having our proposals approved by the Council of Ministers.

Giolitti

Particularly important is what I would call the complete agreement between Parliament and Commission on the approach to regional policy, its scope and its practical mechanism. This approach will enable us to avoid any ambiguity which could lead people to identify the regional policy with the Regional Fund — the latter is merely an instrument of the former. The policy itself must be implemented exclusively through effective coordination of all the instruments of structural policy in the regions involved — regions which we shall undoubtedly have to define more and more specifically, as we intend to do, by introducing the instruments of analysis and study referred to in our proposals.

Now, Mr President, I should like to turn to certain specific points of the motion for a resolution or, to be more precise, the proposed amendments to the regulation. I shall not, however, dwell on some of the finer technical and local points raised here — important though these are — such as the way in which on-the-spot checks are to be carried out or the choice of some region for some project. Similarly, I am not in a position to reply here and now to the specific questions put by Lord Bessborough with regard to the projects in Friuli. I shall answer all these questions in written communications to the European Parliament which will then see that they reach the Members who put the relative questions; alternatively, I could reply in committee if this is felt appropriate and provided that I am invited.

As concisely as possible, I shall now give my opinion of the proposed amendments to the articles of the regulation contained in the Commission's text.

With regard to Article 2, I am prepared to accept the proposed amendment on condition that the word 'notamment' — I have before me the French text, the second paragraph of which has '... par rapport notamment aux moyens communautaires' — be retained. The same applies to the insertion which refers to structural underemployment, in respect of which I believe we agreed in committee to put 'level of structural underemployment' instead. Subject to these two conditions — retaining the 'notamment' and the 'level of structural underemployment', I agree to the amendments proposed.

The proposed amendment to Article 4 refers, as I see it, to the method of checking additionality in the context of regional development programmes. The Commission feels that the condition outlined in this paragraph should not be turned into a statutory rule and that this amendment should not therefore be inserted.

As for Article 5, we limited ourselves to the frontier aspect of regions inside the Community. Why? Because these are the regions affected by Community policies or by changes in the economic situation. The problems involved mainly concern restructuring and

reconversion, and are closely linked with internal trends within the Community. The problems of the external frontier regions, on the other hand, are obviously more closely connected with the Community's external political relations and her political and economic relations with third countries. This is completely outside the scope of the regional policy and I do not therefore think that this amendment can be accepted. This issue undoubtedly warrants close attention but it would, in my opinion, be premature to introduce into the regulation this addition which is not only quantitative, but also qualitative.

Furthermore, nearly all the regions adjoining Eastern-bloc countries are already assisted out of the Fund — I am thinking in particular of Friuli-Venezia Giulia — while those near the Swiss border are not usually included among the Community's less-favoured regions. In our opinion, therefore, even the *de facto* situation advises against seeking over-hasty solutions to this problem by amending the regulation.

As for Article 9, I would point out that much of the information requested in the proposed addition is already contained in the Fund's annual report, and that a new Article 18 included in the Commission's proposals seems to meet these requirements. I therefore consider this amendment superfluous.

Still on the subject of information, an addition to Article 10 is also proposed. Once again, I should like to point out that much of this addition is already included in the lists published in the Official Journal. This also raises a delicate problem since this information is published by agreement with the Member States, as stipulated in the first paragraph of the same article. We therefore consider it inappropriate to call in question a result achieved by other methods within the framework of relations between the Commission and the Member States.

An amendment to Article 14, which refers to the Fund Committee, is proposed in order to stress the consultative role of this committee. As this Fund Committee is by definition a consultative committee, this amendment would seem superfluous. In our opinion, it is unnecessary and inappropriate to insert a reminder of something which was clearly established when the Fund Committee was set up.

Paragraph 2 of Article 15 proposes a time limit of one month for the committee's opinion. I would point out that, as a rule — and this has always been the case — the Fund Committee gives its opinion on the very day it is consulted, and that there is consequently no reason to stipulate a time limit.

Lastly, and still on Article 15, I come to the proposal to confer upon the Commission the power of decision when there is disagreement with the Fund Committee. This is an extremely delicate question involving the Commission's relations with the

Giolitti

Council within the general institutional framework of the Community. We feel we cannot change these relations by means of an article in a regulation which concerns exclusively the Commission's relations with the Council vis-à-vis regional policy. I cannot therefore support this amendment.

Unless I have overlooked something in my haste, the only outstanding point to be considered is the proposed amendment to Article 9 concerning interest rebates. This amendment is both acceptable and useful, and certainly helps to reaffirm the Commission's general responsibility for the use of this instrument.

I feel I have replied in as much detail as possible in the time at my disposal — although, of course, not exhaustively. I thank you, Mr President, for giving me the floor and the honourable Members for their attention.

(Applause)

President. — I thank Mr Giolitti for this statement and these explanations he has given on behalf of the Commission. With your permission, I should like to add a word from the chair.

We appreciate the fact that your personal commitment, and especially the commitment of the Commission, to the future importance of the regional policy came out so clearly in your speech. You spoke of the outlook for the future, particularly in view of the Mediterranean countries' applications to join the Community. I think you were quite right to make this point — there is no doubt that, in the long run, there will have to be changes in the Community's tactical and strategic policies. You remarked, Mr Giolitti, that the Council of Ministers has so far been rather dilatory in reacting to the Commission's views. I think I am speaking for Parliament as a whole when I say that we fully agree with your assessment of the situation as regards regional policy. This was evident yesterday in the accession debate.

I should also like to thank Lord Bessborough for the informative report he gave us on his last visit to the Friuli area. I should like to take this opportunity of thanking him most sincerely for having taken on this mission on behalf of Parliament. We should like to echo his praise for the unbroken will of the people of Friuli to rebuild their homeland in the wake of the earthquake disaster. We are pleased to see that the people of Friuli are clearly grateful for the emergency aid programme instituted by the European Community and this House. This aid was important from both the practical and the humanitarian point of view, demonstrating as it did that the victims of disasters like the one in Friuli can count on the support and solidarity of their fellow Europeans in overcoming the effects of such a disaster.

I call Mr Dalyell.

Mr Dalyell. — On a point of clarification, in reference to paragraph 15 of Mr Noè's resolution, does the Commission accept the idea of a genuine debate between itself and the budgetary authority on the subject of budgetary appropriations for the Fund in two or three years to come? If so, would such a debate take place between January and March 1978, as the issue is important to many of us on the Committee on Budgets, and arises directly out of what the Commissioner has said.

President. — I call Mr Giolitti.

Mr Giolitti, Member of the Commission. — (I) Mr President, I should like to assure the Members of Parliament that maximum attention will be given to what is written in paragraph 15 of the motion for a resolution. The Commission in fact fully supports the honourable Member's demand.

President. — Thank you very much, Mr Giolitti, for this answer. I would also point out that, now that the Commission has made a statement, Parliament is entitled to vote on the motion for a resolution. This will take place today at 3.45 p.m. Parliament itself decided on this time.

I call Mr Evans on a point of order.

Mr Evans. — I only want to clarify the position on a point of order, Mr President. Will Mr Noè be responding at 3.45 p.m. to the amendments which have been tabled, or will you be putting the issues straight to the vote? I would insist, Mr President, with due respect, that that point is clarified now because, otherwise, we would be voting on amendments without any word from the rapporteur.

President. — I was just about to close the debate.

The amendments will be dealt with during the debate, as is our normal practice. This afternoon we shall merely vote, only the rapporteur being asked whether he is for or against any amendments.

I call Mr Noè.

Mr Noè, rapporteur. — (I) Mr President, Mr Evans' request is justified since, because it had to work quickly, the Committee on Regional Policy, Regional Planning and Transport had to take a decision without having the amendments of the Committee on Budgets at its disposal. Consequently, today I shall be able to speak on some amendments in the knowledge of the opinions provided by the committee which I represent, whereas for other amendments I shall not be able to base my remarks on such knowledge. Furthermore, I have only just been informed of the position adopted by Commissioner Giolitti on these

Noè

amendments: I shall therefore have to confer once again for a moment with chairman Evans and chairman Lange. The opinion which I shall express this afternoon on this second part will therefore not be based on the opinion of the committee which I represent.

President. — I call Mr Lange.

Mr Lange. — (*D*) Mr President, I think we must once again draw a few conclusions concerning cooperation between the committees and decisions taken by a committee responsible which has not been informed of the position adopted by a committee asked for its opinion. If need be, this should also be discussed by the committee chairman. This is another example of such a case, since the Committee on Budgets finished its deliberations after the Committee on Regional Policy because it had to deal with the budget. We therefore adopted our opinion a week later, with the result that it was not taken into account! This is certainly no way for Parliament to deal with important questions.

I would simply request that this matter be put down for discussion by the Bureau and among the committee chairmen.

President. — Mr Lange, that is another matter and is not due to be debated this afternoon. I would advise you to send, in your capacity as chairman of the Committee on Budgets, an appropriate letter to the President. We can then discuss this question again in the Bureau and the enlarged Bureau in order to settle these matters.

I call Mr Mascagni.

Mr Mascagni. — (*I*) Mr President, I shall see about contacting Mr Noè to examine as far as possible all the amendments which I have tabled on behalf of the Committee on Budgets and to see whether the rapporteur can give a favourable opinion.

President. — Neither the President nor Parliament set any limits to this mutual willingness to consult. Mr Noè proposed this procedure, and so you have until this afternoon to discuss the matter.

The debate is closed.

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

The House will rise.

(The sitting was suspended at 1.15 p.m. and resumed at 3.05 p.m.)

IN THE CHAIR: MR COLOMBO

President

President. — The sitting is resumed.

5. Membership of committees

President. — I have received

- from the Socialist Group a request for the appointment of Mr Amadei to the Committee on Budgets to replace Mr Faure;
- from the Liberal and Democratic Group a request for the appointment of Mr Damseaux to the Committee on Regional Policy, Regional Planning and Transport to replace Mr De Clercq, and of Mr De Clercq to the Committee on Energy and Research.

Since there are no objections, these appointments are ratified.

6. Time limit for tabling amendments to the draft general budget of the Communities for 1978

President. — At its meeting today, the enlarged Bureau fixed the draft agenda of the second October part-session. This draft agenda will be submitted to Parliament for approval tomorrow morning at the end of the sitting.

I should now like to inform Parliament that the time limit for tabling draft amendments and proposed modifications to the budget and proposals to reject it as a whole has been fixed at 11 a.m. on Tuesday, 25 October 1977.

7. Question Time (Resumption)

President. — The next item on the agenda is the third part of Question Time (Doc. 308/77). We shall continue with the questions addressed to the Commission.

I call Question No 11 by Mrs Kellett-Bowman:

Can the Commission state what stage its consultations on social security provisions have reached with organizations representing the self-employed, and when it will submit a proposal to the Council for a regulation governing reciprocal medical treatment for the self-employed in the Community, given that in April 1977 Commissioner Vredeling stated that the Commission would submit a proposal 'in the second half of the year'?¹

Mr Giolitti, Member of the Commission. — (*I*) Since the assurance given by Mr Vredeling at the April part-session, some progress has been made in this matter. There is no need for me, therefore, to return to this point on behalf of the Commission. The consultations which had been requested with a view to drawing up the proposal have been concluded and we are currently drawing up the definitive text.

Mrs Kellett-Bowman. — I am very pleased with that reply. This is a matter which we have been pursuing since 1974. I had a chance — as my question was not called on 11 October — of having a

¹ Debates of the European Parliament No 216 (April 1977), page 63 (English edition).

Kellett-Bowman

word with Mr Vredeling about this. I understand that the assurance still holds; we shall get these proposals before the end of this year.

Will the Commissioner accept and convey to the other Commissioner that these are matters of very considerable importance to the self-employed? Indeed, the President-in-Office of the Council of Social Affairs Ministers himself assured us, at the last meeting of the Committee on Social Affairs, Employment and Education, that he had asked for proposals from the Commission. He too will no doubt welcome them when they appear.

✓ **President.** — I call Question No 12 by Mrs Dahlerup :

What progress has been made to date by the Women's Bureau in its work, and is the Commission satisfied that its staffing is adequate ?

Mr Giolitti, Member of the Commission. — (I) The Women's Bureau deals chiefly with the preparation and application of Community legislation in the Member States, the promotion of greater uniformity in the application of the financial instruments, and information. The Bureau consists of an official, an assistant and a secretary. The Commission is quite aware that this staff is inadequate considering the complexity of the problems to be dealt with. However, the budgetary means available do not yet permit the appointment of more staff. As soon as it becomes possible to make up for this deficiency, the Commission will be only too pleased to take the necessary measures.

Mrs Dahlerup. — (DK) We all pinned great hopes on the Women's Bureau and we continue to have great confidence in its members.

Is the Commission aware that there are far more than 2 million women out of work in the Community, and does the Commission think that a Bureau with a secretarial staff of 1½ persons and without direct contact with the official agencies in our countries, such as the Danske Ligestilingsråd and the British Commission on Equality, can possibly have an active and constructive influence on this situation which is so tragic for women.

Mr Giolitti. — (I) The Commission certainly does not feel that a Bureau consisting of only three persons could possibly even begin to deal with a problem of this magnitude, let alone solve it. The problem of unemployment among women is one with which the Commission as a whole — in particular the Commissioner for Social Affairs — is greatly concerned, as is clear from the fact that special measures to create jobs for women are provided for under the Social Fund. I feel therefore that we must clearly distinguish between the two aspects. As I said, this office is seriously under-

staffed. I should add, however, that the Commission's concern and activities in this field go far beyond the very narrow limits of this Bureau.

President. — I call Question No 13 by Sir Geoffrey de Freitas :

What is the Commission doing to facilitate travel by citizens of the Community between member countries of the Community ?

Mr Davignon, Member of the Commission. — (F) The Commission is doing what it can in this matter. It does not have any specific powers to develop a tourism policy but it feels that it is essential to facilitate and promote travel and contacts within Europe. Therefore, rather than taking positive measures which are difficult for us to draw up, we are endeavouring to remove obstacles and encourage contacts. This is why, before the holidays, we sent a letter to all the governments urging them to simplify customs formalities, abolish a wide range of checks and permit the duty-free movement of more products from one country to another, which will encourage the people of Europe to go and do their shopping in other countries.

Sir Geoffrey de Freitas. — Is the Commissioner aware that the largest single group of complaints received by the House of Commons all-party committee on tourism is about the bureaucratic delays at frontiers and airports experienced by citizens of our nine countries as well as citizens of all the other countries? Surely the Commission can do more.

Mr Davignon. — (F) I share Sir Geoffrey de Freitas' feelings completely. The Commission could do more by drawing still more attention, i.e. on each occasion, to the bureaucratic obstacles which the Member States put in the way of the application of our directives.

I for my part would be delighted if one day, in a parliamentary committee, we could clearly identify all the superfluous bureaucratic regulations which run counter to the wishes of the Commission or go beyond what is needed to ensure the safety of our citizens. I would be happy if we could, for once, confront the Member States with their responsibilities and invite them to rescind old regulations which are usually no longer applied. This is our problem, Mr President; we are not lacking in imagination and what we need is the ability to make efficient use of the means whereby old regulations may be put where they belong, i.e. in the wastepaper basket.

Mr Dalyell. — Does the Commission think — and I appreciate that the answer may well be 'no' — that it has any role whatsoever to play in disputes affecting air-traffic controllers which are affecting so many Member States ?

Mr Davignon. — (*F*) The connection between tourism and air-traffic controllers is a little unclear to me, though there may be of course various problems which result in some people finding themselves immobilized. However, the problem of air-traffic controllers is a specific dispute between a group of workers and their own government, which nevertheless in most cases has repercussions on all those who travel by air — as more and more people are doing. I do not, however, think I am competent to intervene in an industrial dispute on the grounds that it affects the free movement of persons.

Mr Lagorce. — (*F*) Could not the Commission take up contacts with young people's movements, student movements, trade unions or workers' organizations with a view to the specific promotion of educational travel?

Mr Davignon. — (*F*) I am fully in agreement with the Honourable Member, and we have taken up several contacts to this end.

President. — I call Question No 14 by Mr Brown, for whom Mr Price is deputizing:

Does the Commissioner for Regional Affairs intend to visit the London Borough of Hackney and other inner London boroughs in the United Kingdom to assess the results of a regional policy that effectively removed industry from the area, thereby destroying industrial employment and apprenticeship opportunity for young persons?

Mr Giolitti, Member of the Commission. — (*I*) The Commission is fully aware of the scale and gravity of the 'inner cities' problem, which is becoming more acute all the time. I feel it would be going too far, however, to hold the regional policy — the limits of which we defined this very morning — responsible for this serious problem, a striking example of which can undoubtedly be seen in London, but which also exists elsewhere. Only recently, an article in the Financial Times mentioned that similar problems, perhaps even more acute, exist in New York and Detroit, and the Community regional policy can hardly be held responsible in those cases. We must, however, recognize the scale of the problem with which we are faced and also take account of it in connection with the application of the very limited instruments at our disposal. As regards the invitation to visit the Borough of Hackney and other inner London boroughs, I should be glad to do so insofar as my commitments permit. As the Honourable Member probably knows, the first visits I plan to make will be to those regions — in the United Kingdom as well — which traditionally present the most complex structural problems. However, this is not to say that I will not devote similar attention and pay similar visits to the area you have mentioned.

Mr Price. — Could I thank the Commissioner for accepting this invitation. Measures will be put in hand immediately to try and make it possible for him to visit London as quickly as possible. Is he aware of the fact that it is his job not only to visit the regions but also those other areas of the Community which are affected by regional policy? The problems which are affecting inner London today, namely a derelict inner core within a fairly prosperous hinterland, are exactly the same problems as will begin to affect Paris and other capital cities of the Community in years to come. Is he further aware that there is an even more serious phenomenon now arising in the London Borough of Lewisham? The unemployment among young people there is producing the phenomenon of these young people joining extremist political organizations such as the National Front, a Fascist party in Britain, which has got far too many members as a result of the kind of policies that have been affecting inner London.

Mr Giolitti. — (*I*) I repeat that I am fully aware of this problem and intend to give it all the attention it deserves. What I disagree with is the claim that the Regional Policy is responsible for the phenomena mentioned by the Honourable Member.

Mr Evans. — Is the Commissioner aware that urban dereliction and depopulation are by no means special to London? Is he further aware that the United Kingdom Government has stated that the problem of urban decay in the old cities is of priority importance, and that efforts and resources should be devoted to this problem rather than to the creation of further new towns? Will he accept from me that the problems of inner London have been aggravated by local government policies and planning and have absolutely nothing to do with the regional policies of the United Kingdom Government?

Mr Giolitti. — (*I*) I should like to repeat once more that I am fully aware of the problems mentioned by the Honourable Member. I would remind you, however, that, according to current practice in the application of the Community Regional Policy, it is up to the Member States to apply for aid from the Regional Fund. Therefore, if the United Kingdom submits applications for aid under the Regional Fund to deal with problems of this nature, the Commission and its services will consider such applications on the basis of the regulation in force or the new regulation we are drawing up.

President. — I call Question No 15 by Mr Baas:

Can the Commission indicate the acreage of olive plantations in Italy in the light of the aerial survey conducted by the Commission in conjunction with the Joint Research Centre at Ispra?

Mr Giolitti, Member of the Commission. — (I) The aerial survey referred to by the questioner was carried out by the Commission as part of a project designed to ascertain the most efficient method of compiling a register of olive cultivation, as decided upon by the Council of Ministers. We must wait until this register has been drawn up before we can know exactly the acreage of olive plantations in the European Community. For the time being, the acreage in Italy is still assumed to correspond to the figure given by the Italian Government, i.e. 2 250 000 ha.

Mr Baas. — (NL) May I ask the Commissioner whether there is anything in the statistical data currently available which would strongly suggest that this somewhat surprising figure given by the Italian Government is inaccurate? I should also like to ask the Commissioner whether or not the Commission could speed up the processing of the available data, about which the Statistical Office has so far done nothing, since if we have to wait for the register to be finally drawn up, this could take ten years. It is already four years since we made this request in Parliament, and we should finally like to know how many olive trees there really are in Italy. We no longer need to rely on the data provided by the Italian Government, but can make use of the results of this aerial survey.

Mr Giolitti. — (I) The figure which I currently have at my disposal refers to the surface area in hectares. I do not, however, at the moment, have any figures relating to the number of trees, but I will inform the questioner as soon as I have received a figure from the competent departments.

President. — I call Question No 16 by Mr Noè:

Does not the Commission think that in view of the average age of research workers at the Joint Research Centre the recruitment of a reasonable number of young research workers would have a beneficial effect on the operation of the centre?

Mr Giolitti, Member of the Commission. — (I) Yes. It would certainly be useful to appoint as many young research workers as possible with a view to injecting a little dynamism into the work at the joint Research Centre. Following the long years of crisis for the Joint Research Centre up to 1973, the average age has risen so that now about 55-60 % of the research workers are between 40 and 50 years of age. The recruitment of young research workers would be useful, but we must not forget that the Council of Ministers has instructed the Joint Research Centre to reduce its staff, but has made no provision for recruitment of new, young research workers. Taking advantage of the possibilities open to it, the Joint Research Centre has, since 1973, resumed its recruitment policy on the basis of new conditions of employment and reserved

more than 50 % of the posts for young research workers, most of whom have just graduated.

Mr Noè. — (I) I should like to ask whether the Commission is fully aware of the fact that talented research workers generally speaking come up with their most promising ideas towards the beginning of their career, particularly if they are stimulated by a healthy rivalry arising from the fact that they come from different schools, and this might happen in the Joint Research Centres where young people from universities with different traditions come together.

Mr Giolitti. — (I) I fully agree with Mr Noè.

Mr Dalyell. — Could those of us who were able to visit Ispra in the past year ask about the position in relation to the solar energy programme? Is it the Commission's intention, given financial cuts, to press ahead with solar heating of houses and, if so, for this worthwhile energy-saving project, could they not persuade the Council of Ministers to make some financial exceptions so that they could employ young scientists?

Mr Giolitti. — (I) This request which the Honourable Member has addressed to the Commission is also deserving of a great deal of attention. I must inform you that an important place has been given to solar energy in the Commission's proposed activities in the energy sector, and it is right to consider this matter in connection with the problem of the recruitment of young research workers.

President. — I call Question No 17 by Mrs Squarcialupi:

How were the appropriations of 153 600 u.a. set aside this year for subsidizing organizations of European interest and the 60 000 u.a. for participation in the organization of congresses and occasional events actually spent, and how is it intended to use the amounts (170 000 u.a. and 66 000 u.a.) earmarked for 1978 having regard to the fact that they are intended for direct or indirect participation in publicity for elections by direct universal suffrage?

Mr Natali, Vice-President of the Commission. — (I) The subsidies referred to by the honourable Member come under items 291 and 292 of the Community budget.

These appropriations are allocated by the Commission on an annual basis. We will provide the honourable Member with a list of the organizations which have received subsidies of this kind in 1977.

As regards the 1978 budget, the Commission will make use of these appropriations as it has in the past, namely by putting them at the disposal of organizations and activities of European interest and as a contribution towards the expenses incurred in activities of interest for the Community.

Natali

We are giving particular consideration to activities connected with the direct elections to the European Parliament.

Mrs Squarcialupi. — (I) Does not the Commission think that it would also be useful to know how the external organizations which have received subsidies from the Commission have used them, particularly in the light of the Commission's information programme for the direct elections to the European Parliament, in which it is stated that the Commission would be prepared to give financial aid to European information programmes conducted by movements particularly concerned with the construction of Europe?

Since it appears to me that the control sub-committee has never succeeded in ascertaining how these external organizations have spent this money, I think that it would be a good idea, particularly in the case of large sums of money, if we were given information regarding the programmes of these associations so that we could find out how these Community funds were to be spent.

Mr Natali. — (I) We will indeed do all we can to ensure that these funds are used for the purpose we intend.

President. — I call Question No 18 by Mr Mascagni:

How was the sum of 1 million u.a. made available to the Commission for activities in connection with information on the election of the European Parliament by universal suffrage spent this year and are there any plans regarding the type of information to be provided by means of the equivalent amount earmarked in the 1978 budget?

Mr Natali, Vice-President of the Commission. — (I) The appropriation of 1 million u.a. which the Commission has or has had at its disposal for information activities regarding the election of the European Parliament by universal suffrage was distributed on the basis of the criteria laid down in the information programme of the Commission adopted by the Parliament in its Resolution of 11 May 1977.

I need hardly remind you that this resolution also provided for the creation of a liaison body between Parliament and the Commission with a view to taking positive action. This liaison body has already met several times to examine the programme we have drawn up.

This programme, which dates from 1977, involves 'leaders of making the mass-media aware of the issues and training of public opinion.' As regards the 1978 budget, the Commission asked for a special appropriation of 5 million u.a. for an information programme in preparation for the elections to the European Parliament.

This appropriation was reduced by the Council to 1 million u.a., and the Political Affairs Committee of the European Parliament submitted a proposal to the effect that this sum should be raised to the 5 million u.a. which we had originally requested. A final decision will, I think, be taken next week.

Clearly, the implementation of the programme itself will depend upon the amount available. We asked for 5 million u.a. in the light of two fundamental aspects of our information programme. Firstly, we need to make as many people as possible aware of the need for maximum turnout in the election. Secondly, there is a need to take account of the different situations in the individual Member States with a view to working out a suitable information programme for each of them.

In order to do these two things, there will need to be as much flexibility as possible in the choice of methods.

However, a basic requirement is that we should know how much money we can count on having at our disposal.

President. — Since the author is not present, Question No 19 by Mr Terrenoire will receive a written reply.¹

I call Question No 20 by Mr Nolan, for whom Mr Herbert is deputizing:

Will the Commission explain why it is taking so long to propose measures for a common sheep policy?

and Question No 21 by Mr McDonald:

Will the Commission say when a proposal for a regulation for the common organization of the market in sheepmeat will be sent to the Parliament and Council?

These questions may be answered together since they deal with the same subject.

Mr Natali, Vice-President of the Commission. — (I) On 10 September 1975 the Commission submitted a draft regulation to the Council for a provisional common organization of the market in sheepmeat.

In spite of the efforts made by the Commission between 1975 and 1977, the Council has failed to reach any agreement. The Commission intends as soon as possible to propose a definitive system for the organization of this market, which will also cover trade with third countries, in the hope that the Council will adopt it before the end of this year.

Mr Herbert. — Can the Commission give the precise date for the introduction of this fairly basic and important policy? In view of the complexity involved in introducing this policy, does not the Commission think that it is imperative for it to be introduced before 1 January 1978?

¹ See Annex.

Mr Natali. — (*I*) We expect to be able to submit this proposal at the end of October so that the Council can adopt it before the end of the Year, which, I think, would meet the wishes of the honourable Member.

Mr McDonald. — I have no doubt that the Commission is fully aware of the difficulties that the Irish sheep producers have suffered and endured over the past years, owing to the fact that one Member State in particular disregarded the procedures laid down in the Protocol to the Treaty. I would ask the Commission whether they would not think it more desirable to ensure that the affairs of the Member States of the Community should get first preference before attention is turned to third countries, because the position this year is again becoming completely uneconomic for the Irish sheep producers.

Mr Natali. — (*I*) Relations with third countries will clearly depend on the nature of the regulation proposed by the Commission and adopted by the Council.

However, as regards New Zealand in particular, we informed that country of our intentions before submitting a definitive proposal to the Council.

Nevertheless, I would repeat that the problem of relations with third countries will depend upon the form this regulation takes.

Mrs Ewing. — One of the examples of European genocide was when many Scottish landlords decided that sheep were more profitable than men, and repopulated vast areas of the highlands and islands of Scotland with sheep, where they still remain, leaving us as one of the most important areas in the Community, as far as sheep acres are concerned. Thanking the Commission for some of its assurances, I would nevertheless say that there is a strong feeling in Scotland that we must first look at these hill acres in Scotland, Wales, Ireland and other parts of Europe — of which there are not so many — before we look at the interests of third countries. As regards the time-tabling, on which it has given us very encouraging news, do we then take it that by January 1978 there really will be definite good news for the people who run these acres?

Mr Natali. — (*I*) I repeat that the Commission intends to submit proposals by the end of October. It is our hope that the Council of Ministers will be able to adopt them before the end of the year.

Mr Kavanagh. — In view of the very low price of New Zealand lamb in that country, something like 17p a pound, what steps does the Commission intend to take to safeguard the Community markets against the possibility of dumping from New Zealand?

Mr Natali. — (*I*) Clearly this is an aspect of a more general problem, although it is dealt with in the proposals which the Commission will be submitting before the end of October.

I cannot, therefore, give any advance information on a decision which we shall be taking in the next few days.

Mr Lange. — (*D*) Is the Commission prepared, in its deliberations on a common organization of the market in sheepmeat, to draw the necessary conclusions from previous experience with the Common Agricultural Policy as regards beef and pigmeat, in order to save us the trouble of having to get rid of future meat mountains — this time of sheepmeat — by means of subsidies?

Mr Natali. — (*I*) To reply to this question would require a debate which would go beyond the scope of Question Time. It is hardly possible to answer in a few minutes a question which concerns the entire Common Agricultural Policy.

President. — I call Question No 22 by Mr Edwards :

To ask the Commission whether, in view of the deplorable conditions of employment of workers engaged in tea plantations in Sri Lanka, the Commission representative on the Joint Committee set up under the existing Trade Agreement with Sri Lanka will, before giving his assent to any steps to promote exports of tea from that country, insist that any benefits accruing from increased exports or from exports on more favourable terms, are passed on to the workers engaged in production.

Mr Davignon, Member of the Commission. — (*F*) No negotiations regarding the export of tea to the Community are currently being conducted with Sri Lanka. Thus this question is based on a false assumption. Having said this, I should like to point out that if a question of this nature should arise in connection with Sri Lanka, the Commission would apply two principles. It would endeavour to ascertain, firstly, whether an agreement of this kind would effectively promote relations between the two countries and, secondly, whether all groups of the population of Sri Lanka would benefit from such an agreement. If the question should arise, we would have to take our decision on the basis of these two criteria.

Mr Edwards. — I appreciate the difficulties of the Commission, but as we are helping Sri Lanka, I think we should lay down some conditions. The tea plantation workers of Sri Lanka are among the most depressed in the world. It is difficult for them, even if both parents are working on the tea plantation, to maintain a physical hold on life. A third child is for them a dreadful tragedy, and often the third child dies of malnutrition. If we have relations with this country and are offering it help, I think we should lay down some conditions. The reply from the Commission encourages me to urge it to enter into definite negotiations in this connection.

President. — Since the author is not present, Question No 23 by Mr Creed will receive a written reply.¹

I call Question No 24 by Mr Normanton :

What measures does the Commission intend to take to complement its successful action in the ball-bearing sector concerning Japanese penetration of other sensitive sectors of the Community's economy such as motor vehicles, electronics, television tubes, zip fasteners and pianos ?

Mr Davignon, Member of the Commission. — (F) Mr President, the Commission's action against Japan in the ball-bearing sector was not based on any particular antipathy towards that country, but on the fact there were specific reasons to act in this sector. The Commission is keeping an eye on all the sectors mentioned by the honourable Member, and if similar developments occurred, the same action would be taken.

Mr Normanton. — While noting that the Commission is aware of the seriousness of the problem, may I once again draw to their attention the vital need for an industrial policy covering the whole field of industry to be presented to this Parliament at a very early date, in order to avoid having to approach this and many other individual sectoral problems piecemeal? Would the Commissioner not agree that it is only by this comprehensive approach that we are going to deal with the kind of problem facing sector after sector of European industry as far as Japanese competition and competition from state-trading countries are concerned ?

Mr Davignon. — (F) No-one is more convinced than myself of the need for an industrial policy, and the reasons are plain. In my view, we will only be able to achieve economic cohesion in the Community if we take an overall approach to matters affecting our economy, and — obviously — industry affects our economy.

Secondly, the honourable Member knows how difficult this problem is, as is demonstrated by the fact that in the questions under discussion between the Commission and the competent Parliament committees, certain work is not being done as fast as we would wish, and the honourable Member is aware of the fact that today we are discussing one aspect of the textile industry, whereas I would have liked a debate on the textile sector as a whole. I should therefore like to draw his attention to the problem in the same way as he has drawn mine, and then we can get on with the job.

Mr Dalyell. — Will the debate that I gather we were to have following the President's visit to Japan be on the basis of a written document put before Parliament some days before we have the debate ?

Mr Davignon. — (F) The documents we are drawing up were prepared well in advance, but, if that is not enough, we will do what we can to remedy this deficiency. Nevertheless, I do not quite understand what I am being criticized for on this particular point regarding Japan. Thus, if the honourable Member would like to state his views more specifically, I could perhaps give him the explanation he wishes.

President. — I call Question No 25 by Mrs Ewing :

In view of the widespread anxiety in the pig-producing industry in Scotland in regard to the future financial situation of pig producers, will Commissioner Gundelach visit Scotland to obtain first-hand information about the problems of the industry as a basis for making new proposals for solving them ?

Mr Davignon, Member of the Commission. — Mr Gundelach has informed me that he is not in a position to go to Scotland immediately to discuss these problems. That is the bad news. The good news is that in the pigmeat sector there has been a substantial improvement on the market over the last weeks. At the beginning of March the price was £ 62.00 per hundred kilos, while in the last week in September, the figure had risen to £ 71.45 per hundred kilos. The assessment that the Commission has is that there will be better stability in the pigmeat sector, which has created so much legitimate preoccupation in agricultural communities in the Member States and the Commission over the past week.

Mrs Ewing. — Can I say that I am sorry that Mr Gundelach cannot come back to Scotland, because although he did not get agreement on fish he got a wonderful welcome.

I thank the Commission for the improvement which has certainly been achieved, but is the Commission aware that the improvement has not really got through to the small pig farmers, many of whose sows are already being slaughtered, and who are not capitalised sufficiently, small but efficient thought they are ? Will the Commission look in particular at the massive advertising campaign on television in the UK for Danish bacon, and can it lull the suspicious of small pig farmers, who are going out of business in Scotland and other places, that this campaign is not being partly financed by the Danish Government, contrary to the Treaty of Rome ?

Mr Davignon. — There are two aspects to the question : firstly, we must see to it that the improvement goes right down the line. That has always been a preoccupation of the Commission in all its actions, particularly in the agricultural sector. Secondly, we have no reason to believe that the advertising has anything to do with the Danish Government. If there were any evidence to that effect, we would act in accordance with the Treaty.

¹ See Annex.

President. — Question Time is closed.¹

I thank the representatives of the Council and the Commission for their statements.

8. *Communication concerning guidelines for Community regional policy (vote)*

President. — The next item is the vote on the motion for a resolution contained in the report by Mr Noè (Doc. 307/77).

We shall first consider the amendments to the text of the proposal for a regulation amending Regulation (EEC) No 724/75 setting up a European Regional Development Fund.

On Article 3 (3) (a), I have received two amendments :

— Amendment No 4, tabled by Mr Mascagni on behalf of the Committee on Budgets :

This subparagraph to read as follows :

'a. Community action in support of regional policy measures taken by the Member States, as provided for in Title II of this Regulation.

The resources of the Fund intended for financing these activities shall be distributed *in accordance with the provisional table contained in Annex I to this Regulation.*'

— Amendment No 10, tabled by Mr Herbert on behalf of the Group of European Progressive Democrats :

This article to read as follows :

'Community action in support of regional policy measures taken by the Member States, as provided for in Title II of this Regulation.

The resources of the Fund intended for financing these activities shall, in being distributed, be concentrated in the regions of the Community with the most serious regional imbalances. In distributing the resources of the Fund regard shall be had of the relative ability of the Member States to finance these activities.'

What is Mr Noè's position ?

Mr Noè, rapporteur. — (I) I am against both amendments, Mr President.

President. — I put Amendment No 10 to the vote. Amendment No 10 is rejected.

I put Amendment No 4 to the vote.

Amendment No 4 is adopted.

On Article 15 (2) I have Amendment No 6, tabled by Mr Mascagni on behalf of the Committee on Budgets :

This paragraph to read as follows :

'2. The representative of the Commission shall submit drafts of the decisions to be taken. The Committee shall deliver its Opinion on the drafts within one month at the latest. *An opinion shall be adopted by a majority of 41 votes.*'

What is Mr Noè's position ?

Mr Noè, rapporteur. — (I) I am in favour.

President. — I put Amendment No 6 to the vote. Amendment No 6 is adopted.

On Article 20 I have amendment No 12, tabled by Mr Herbert on behalf of the Group of European Progressive Democrats :

Add the following text to this article :

'Protocol 30 to the Treaty of Accession shall not be prejudiced by this article.'

What is Mr Noè's position ?

Mr Noè, rapporteur. — (I) I am against this amendment.

President. — I put Amendment No 12 to the vote. Amendment No 12 is rejected.

At the end of the proposal for a regulation I have Amendment No 5, tabled by Mr Mascagni on behalf of the Committee on Budgets :

Add the following text :

'ANNEX I

Provisional table showing the distribution of the Fund's resources intended for the measures provided for in Article 2 (3) a :

Belgium	1.5 %
Denmark	1.3 %
France	15.0 %
Ireland	6.0 %
Italy	40.0 %
Luxembourg	0.1 %
Netherlands	1.7 %
Federal Republic of Germany	6.4 %
United Kingdom	28.0 %

There *should* be allocated to Ireland a further sum calculated so as to ensure that it receives an extra 0.5 %, which shall be deducted from the shares allocated to the other Member States, except Italy.'

What is Mr Noè's position ?

Mr Noè, rapporteur. — (I) I would have been against it, but since Amendment No 4, also tabled by Mr Mascagni, has been passed, I must accept it for reasons of consistency and therefore propose that Parliament vote in favour of it.

President. — I put Amendment No 5 to the vote. Amendment No 5 is adopted.

We shall now vote on the text of the proposal for a regulation establishing an interest rebate scheme under the European Regional Development Fund.

On Article 9 I have Amendment No 7, tabled by Mr Mascagni on behalf of the Committee on Budgets.

This Article to read as follows :

The Commission shall retain general responsibility for the administration of all loans subject to interest rebates. It shall report to the Parliament and to the

¹ See Annex: Questions which could not be answered during Question Time, with written answers.

President

Council on the application of this Regulation in the report provided for in Article 20 of Regulation (EEC) No 724/75.¹

What is Mr Noè's position ?

Mr Noè, rapporteur. — (I) Commissioner Giolitti is against the amendment because there is a statute of the European Investment Bank.

But the Committee on Budgets has urged me to express a favourable opinion. Since the subject of this amendment is outside the field of competence of my Committee, I have no mandate from that Committee, for which I am the spokesman ; therefore I am in favour of the amendment, if only to comply with the wishes of the Committee on Budgets.

President. — I put Amendment No 7 to the vote. Amendment No 7 is adopted.

We shall now consider the motion for a resolution as a whole.

I put the preamble and paragraphs 1 to 4 to the vote. The preamble and paragraphs 1 to 4 are adopted.

On paragraph 5 Mr Schyns had tabled Amendment No 1 on behalf of the Christian-Democratic Group, but it has been withdrawn.

I put paragraphs 5 to 12 to the vote.

Paragraphs 5 to 12 are adopted.

On paragraphs 13 I have Amendment No 8, tabled by Mrs Kellett-Bowman on behalf of the European Conservative Group :

Add the following words :

'13. ... the Community's activities (4), and suggests that the Fund Committee should first be satisfied that such publicity will in fact be given before they decide to grand aid;'

What is Mr Noè's position ?

Mr Noè, rapporteur. — (I) Since a similar amendment tabled in committee was rejected, I must state that I am against it.

President. — I call Mrs Kellett-Bowman.

Mrs Kellett-Bowman. — In deference to the rapporteur I am prepared on behalf of my group to withdraw this amendment which I think was fully covered during the course of the debate.

President. — Amendment No 8 is therefore withdrawn.

I put paragraphs 13 to 15 to the vote.

Paragraphs 13 to 15 are adopted.

After paragraph 15 I have the following two amendments seeking to add a new paragraph :

— Amendment No 2, tabled by Mr Mascagni on behalf of the Committee on Budgets :

15 a. Considers that the national quota system should be used merely as a guide since the size of the quotas is given in the annex to the regulation ;

and

— Amendment No 11, tabled by Mr Herbert on behalf of the Group of European Progressive Democrats :

15 a. Regrets that the system of national quotas has been maintained ;

What is Mr Noè's position ?

Mr Noè, rapporteur. — (I) I would have been against this amendment on principle, but for the same reasons as before, in view of the result of a previous vote, I think that for the sake of consistency Parliament should adopt this amendment.

President. — I put Amendment No 11 to the vote. Amendment No 11 is rejected.

I put Amendment No 2 to the vote.

Amendment No 2 is adopted.

I put paragraphs 16 to 19 to the vote.

Paragraphs 16 to 19 are adopted.

On paragraph 20 I have Amendment No 3, tabled by Mr Mascagni on behalf of the Committee on Budgets :

This paragraph to read as follows :

'20. Feels that interest subsidies and exchange rate guarantees should be granted, particularly to small and medium-sized undertakings, so long as this does not alter the Commission's responsibility for management or Parliament's budgetary control¹ — and that interest subsidies should also be used to encourage and improve regional savings, particularly in the least-developed areas.'

What is Mr Noè's position ?

Mr Noè, rapporteur. — (I) I am in favour.

President. — I put amendment No 3 to the vote. Amendment No 3 is adopted.

I put paragraph 21 to the vote.

Paragraph 21 is adopted.

On paragraph 22 I have Amendment No 9, tabled by Mrs Kellett-Bowman on behalf of the European Conservative Group :

This paragraph to read as follows :

'22. Points out that aid from the Fund is intended to complement national aid not only by increasing the total amount of aid available by ensuring that a greater number of projects are undertaken, and believes that the present practices of certain Member States are contrary to the spirit and purpose of the Fund;'

What is Mr Noè's position ?

¹ Paragraph 34 of the Resolution of 21 April 1977.

Mr Noè, rapporteur. — (I) This amendment, Mr President, is slightly different from another one which was rejected by the Committee. Therefore I cannot, as rapporteur, say that I am in favour of it, but I will accept Parliament's decision.

President. — I put Amendment No 9 to the vote. Amendment No 9 is rejected.

I put paragraphs 22 to 27 to the vote.

Paragraphs 22 to 27 are adopted.

I put to the vote the motion for a resolution as a whole incorporating the various amendments which have been adopted.

The resolution is adopted.¹

9. Agenda

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

Mr Andersen. — (DK) Mr President, under Rule 32 (1) (d) of the Rules of Procedure, I should like on behalf of the authors of the question to request that the Oral Question on the suspension of customs duty on imports of components for F-16 aircraft, item 208 on the agenda, be postponed until the November part-session.

President. — I consult Parliament on the request to postpone the Oral Question (Doc 299/77) to the next part-session.

Since there are no objections, that is agreed.

10. Multifibre Arrangement

President. — The next item is the motion for a resolution, tabled by Mr Müller-Hermann on behalf of the Christian-Democratic Group, on the Multifibre Arrangement (Doc. 323/77).

I call Mr Müller-Hermann.

Mr Müller-Hermann. — (D) Mr President, I tabled this motion for a resolution on the extension of the so-called Multifibre Arrangement at relatively short notice at the behest of the Committee on Economic and Monetary Affairs, which is responsible for matters relating to the textile industry. The content of this motion for a resolution accords very largely with the line unanimously adopted by the Committee on External Economic Relations.

The point at issue is as follows. The so-called Multifibre Arrangement expires on 31 December 1977, and the Commission is now faced with the question of whether this international agreement should be extended and if so, on what conditions? With the

subject matter being so difficult and the views of the national governments varying so greatly, the Council of Ministers took a long, long time — in fact, up to a fortnight ago — to give the Commission a mandate to conduct negotiations. In practical terms, this mandate amounts to the Commission being required to perform the remarkable feat of reaching agreement with 30 major supplier countries in the textile sector by the middle of December on the conditions for an extension of the Multifibre Arrangement. I appreciate the Commission's concern to gain the full support of Parliament for this negotiating mandate, and that is why we have asked for this motion for a resolution to be placed before the House today.

The Multifibre Arrangement was intended to bring about an ordered and balanced pattern of trade in the textile sector. To an extent, this objective was successfully achieved. But there can be no doubt that what was for us another important objective — the need to avoid the disruption of the markets — was not achieved. We have all seen how the traditional markets within the European Community are increasingly being submerged under a virtual flood of cheap imports. I think it important for this point to be brought out and hope that the European Parliament will support the Commission in its attempts to extend the Multifibre Arrangement.

Mr President, if the Arrangement were not extended, the alternative would of course be either a legal vacuum or a unilateral arrangement imposed by the Community for the textile sector, and I can only say — without exaggeration — that that would be the opening shot in a trade war which might well lead to an even more chaotic situation than we have today. We must, at any rate, realize that — as the Commission has also said — a legal vacuum or a unilateral arrangement imposed by the Community would inevitably have grave, world-wide economic and political consequences, and I would add that the European Community — despite its strong international position as a major importing bloc — would not always have things its own way in such a situation. If you read the newspapers and follow what is going on worldwide in the textile industry, you will very soon realize that even the hint of the European Community imposing a unilateral arrangement has already created great and growing unrest in the Third World.

There is a second point I should like to raise, Mr President. We Members of the European Parliament of course bear a heavy responsibility for many people's livelihoods and hundreds of thousands of jobs within the Community. I am sure we are all willing to accept this responsibility. As I said earlier, the difficulties with which we are faced at the moment have been caused very largely by the technologically advanced low-price countries pursuing a deliberate policy of exporting five or six kinds of what we might call 'sensitive' goods to the Community, such as T-shirts and men's shirts. These technologically advanced low-price countries clearly include a number of state-trading countries.

¹ OJ C 266 of 7. 11. 1977

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Moreover, a number of technologically advanced countries — including the United States — have, despite the Multifibre Arrangement, found ways and means of protecting their economies from these low-price imports, with the result that the low-price exporting countries have intensified their efforts to find an outlet for their products on the European market. This is evident from the fact that the balance of trade in the textile sector, which in 1972 was in surplus from the Community's point of view, has swung into deficit in a matter of only a few years. Community imports rose by 42 % between 1973 and 1975, whereas the comparable figure for industrialized countries of a similar size and importance was only 8 %.

Furthermore, the fact is that not only certain industrialized countries, but also — and primarily — the countries favouring us with their cheap textile products, are themselves sealing off their domestic markets from imports from other countries. For this reason, the committees responsible have urged the Commission to take the opportunity of the forthcoming negotiations to ensure that every country — and that includes the low-price exporting countries — opens its domestic market to imports; after all, we must ensure that the principle of reciprocity is respected by all parties.

Mr President, we all appreciate — or at least, I assume we do — that as a technologically advanced Community, we bear some responsibility for the well-being of the Third World. What the Commission is concerned about at the moment therefore is not reducing imports, but rather stabilizing them. This means first and foremost that the level of imports must keep pace with market developments. Ultimately, it means — and this is precisely the problem facing the Commission at the moment — reaching agreement with the major supplier countries on a kind of self-imposed restraint, which will give the poorer and weaker developing countries a real chance to export more to the Community than has hitherto been the case.

I feel we must give the Commission our utmost support here, and we shall also have to see that checks are carried out on imports to guard against any malpractices. I would say once again that the Commission's job is not to cut down on imports, but rather to stabilize them and ensure that import growth is commensurate with market developments.

I now come, Mr President, to a matter which will undoubtedly concern us again at some later stage, and one which must be viewed against the background of trade policy as a whole. I refer of course to the question of whether — in view of the high level of unemployment in the Member States of our Community — we should not modify our liberal trade policy in a protectionist direction, something we have already been accused of doing by certain external sources. Should we abandon our open, liberal trade policy in

favour of import restrictions, quotas or even protective tariffs, or should we continue along the lines obligatorily laid down in the GATT Agreement?

Mr President, ladies and gentlemen, I am pleased to be able to say, on behalf of the Christian Democratic Group, that after weighing the arguments in a sober, matter-of-fact way — with just a hint of emotion — we are resolutely opposed to any kind of protectionist trade policy, on the grounds that such a policy would inevitably rebound to our disadvantage, because our Community is dependent upon exports, and it is the aim of every Member State to increase them.

By pursuing protectionist policies, we would present those who are not so concerned about our export performance with the chance of saying 'we'll do the same!'. That would be the signal for the outbreak of a general trade war, which is something that we as a technologically advanced Community must avoid at all costs.

I stressed earlier that we are conscious of the responsibility we bear towards our workers and their livelihoods. Mr President, I should like at this point to address a solemn word of warning to ourselves, the politicians. The difficulties we are now facing in the export field are not due to the fact that we in the Community have a very high standard of living and consequently an extraordinarily high level of costs. We do not want to reduce this standard, but at the same time, we must be prepared to draw the necessary conclusions. A high level of costs is inevitably reflected in a correspondingly high level of prices, and for this reason, I think we would be ill-advised to say to the developing countries: We know that you have a great number of desperate problems, we sympathize with the situation you find yourselves in, but you must appreciate our problems. We enjoy a high standard of living and want to keep it that way, and we have a high level of costs; it therefore follows that we have no choice but to indulge in restrictive measures.

No one would swallow a line like that.

On the other hand, we politicians are duty bound to tell our fellow-citizens that there is a price to be paid for a high standard of living and that by going too far and demanding too much, we shall jeopardize our own jobs and our international competitiveness. We can only enjoy a high standard of living and a highly developed system of social security — which of course we all want to keep and, indeed, improve — if we do our utmost to boost our productivity by making greater use of our technological advances.

Mr President, I am greatly tempted to call to mind a report prepared by our honourable friend Mr Cousté, who told me — he is unable to be here today — that he supports the text of this resolution. The report I am referring to concerned the steel industry — things are probably not much different in the textile sector

Müller-Hermann

— and pointed out that it took the Japanese four man hours to produce a tonne of steel, compared with eight man hours in the Federal Republic of Germany and — allegedly — 30 man hours in Great Britain.

In the course of the debate on the steel industry, I said that the figures were, to my mind, not entirely accurate, but that the point was clear enough — crystal clear, in fact, and if we want to retain our competitive position on international markets, we must make a major effort in the next few years to boost productivity and to see that antiquated structures are eliminated or renovated. We shall have a chance to go into this point in more detail when my honourable friend Mr Normanton has completed his report on the situation in the textile industry.

I should just like to point out, Mr President, that it is precisely because of the situation in the Community that many Community producers have transferred labour-intensive operations to third countries and are investing more and more money outside, as opposed to inside the Community. The reason is, quite plainly, the development I referred to earlier. And in addition to urging the Commission to do its best to see that the Multifibre Arrangement is extended, I would say that we must make use of a transitional phase to carry out a structural reform of the textile sector within the Community.

In conclusion, Mr President, I should like to say that, if any objections are raised to certain parts of my motion for a resolution — of course, we have not had sufficient time to discuss it fully —, it might be possible to shorten it somewhat. Come what may, we must adopt point 1, supporting the Commission's mandate. I should also be grateful, Mr President, if we could reach agreement on the demand that the committees responsible and Parliament as a whole should be consulted before the Commission and the Council reach a final decision in December on extending the Multifibre Arrangement, if by then the results of the negotiations with the thirty countries are known. I would ask the House to bear this in mind when it discusses and votes on my motion for a resolution.

IN THE CHAIR : MR BERKHOUWER*Vice-President*

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

Mr Vandewiele. — (NL) Mr President, the honourable gentleman's initiative in raising the problems of the textile industry at today's sitting brings home to me and many others here today how grave the situation is in this sector. In view of the fact that we have already covered a fair part of the agenda and in order to keep my comments as brief as possible, I shall not

go into this problem in too much detail, especially since the Normanton report will — I hope — soon be up for discussion and we shall then be able to go into the whole question. We endorse the comments made by Mr Müller-Hermann : unemployment in the textile sector in the nine Member States is taking on such appalling proportions that we shall have precious little scope for altruism in the forthcoming negotiations. The statistics for imports into the United States, Japan and other major industrial countries clearly show that we have been over-generous in the past, much as it grieves me to have to say so.

Voices are being raised in the Committee on External Economic Relations — very agitated voices in some cases, as Mr Müller-Hermann said — on the question of quota systems, import restrictions and protectionism, all of which are anathema to us Parliamentarians. We are reminded all too readily of the years between 1930 and 1940, and we know only too well what self-sufficiency eventually led to. I fully support the argument put forward by Mr Müller-Hermann : let us give our backing to the aims and objectives set out by the Commission before the appropriate Parliamentary committee and let us, above all, support the Commission in its attempts to keep import restrictions to a minimum. I would point out that even the European trade union leaders support our attitude in this respect. They accept that we have a responsibility towards third countries, especially the poorest among them. They ask us to adopt a more selective approach when we come to review particular agreements. But they accept the principle of solidarity. I hope that, following negotiations, we shall soon be able to conclude the Multifibre Arrangement, but we cannot sit back and do nothing in the face of the desperate situation of hundreds of thousands of people. There has been a wastage of 600 000, to use the current jargon.

The Social Fund may have to be increased, and we shall have to work out what other steps can be taken ; we cannot expect the workers in the textile industry to foot the bill for our European solidarity and altruism. What we need is overall solidarity, and that means that steps will have to be taken. I hope that the debate on the Normanton report will result in concrete proposals.

I believe we must give our backing to the Commission's attempts to stabilize imports of textiles and clothing as much as possible, and to prevent the Member States from introducing unilateral protectionist measures, as well as to ensure that cooperation with a number of countries — such as the ACP and the Mediterranean countries, Greece and Turkey — is not jeopardized. I sincerely hope that the motion for a resolution receives the backing of the whole House.

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

Mr Normanton. — Mr President, I welcome this further opportunity today to draw the attention of the House and the Commission to the very urgent need for action to be taken — and only on a Community basis, not an individual Member State basis — in this, the major sector of European industry.

Once again, in accordance with protocol, I declare an interest in it, both inside the Community and on an international basis.

However, I very deeply regret that the House has not got, on today's agenda an opportunity to debate the textile industry in depth, a point to which Mr Müller-Hermann and Mr Vandewiele have already made reference. But if they had had the opportunity, they could have followed up the prospective comprehensive report standing in my name, and apparently before the Committee on Economic and Monetary Affairs.

That report will, I hope, be presented to this Parliament during the November part-session. And it will, I would stress, add very powerfully and significantly to the brief, precise and limited points which are inevitably coming out in this short debate today. The Commission is, however, well informed of the content of that report, and I trust and pray it will use that knowledge and those views in the course of its negotiations.

Today I want to make several very quick, brief points. Firstly, that the economic state of the textile industry is serious — far more serious than ever before in its long history. A long history, that is, as a major employing industry in the Community. Three and a half million men and women are employed in the manufacture and the processing of fibres and fabrics and the manufacture of garments. That, I emphasize, is after having shrunk from nearly double that size over a period of ten to fifteen years.

The cause of the textile industry's depression is known, I am sure, to everyone in this House. But I would ascribe it to two basic factors. Firstly, it is, and always has been, a trade subject to cyclical fluctuations with the difference, however, that when the general economic level takes a dip, the textile industry takes a major ducking; secondly, it is one of the most international of trades. Every aspiring industrial country aims at taking its first step along the road to becoming an industrialized entity by setting up textile industries, totally without regard to the economic desirability or logic of their move. And when trade generally is bad, trade in textiles is, to put it mildly, very bad.

The remedy lies in a number of issues. Firstly, we have to recognize the facts, recognize what has happened in the past and base our views on the future upon those facts. Secondly, we have to realize that some form of regulatory mechanism is vital, if our Community industry is even to exist, never mind prosper, in the foreseeable future. Thirdly, such a regu-

latory mechanism must be internationally negotiated, and agreed, between the Community as the main negotiator and consumer, and all the textile-producing countries around the world — I repeat, all the textile-producing countries.

Hence our insistence in this Parliament that the Commission should be tough and resolute, but fair, in renegotiating the Multifibre Arrangement, with a view to extending it, in terms of time, for a period of five years with a roll-over mechanism, and in scope, to include such items as globalization. The new MFA must replace the automatic annual incremental increase in quotas with a formula directly linking any increase, which should be encouraged, with the changing fortunes of the Community economy as a whole. I would like to stress the importance of establishing what I call an index-linking mechanism: that in itself would be an achievement.

Fifthly, having spent some seven weeks in the East and Middle East, particularly in India and Pakistan, I am tempted to suggest to the Commission that negotiations with these two signatories should be treated rather more favourably than many other producing countries I might name. Perhaps we might consider this under the heading of development aid policy, in which the Community has a record of which it should rightfully be proud. Trade is, and will continue to be, the best form of aid so long as it is wisely structured. More favourable treatment for India and Pakistan inevitably and automatically means less favourable treatment to others.

The sixth point is that the issue of certificates of origin requires very serious and urgent investigation: they are becoming an international charade; that is not what they were intended to be.

My last point, Mr President, is this: though I would deeply deplore the need to follow such a course, and in this sense I strongly back the views and sentiments expressed by Mr Müller-Hermann and Mr Vandewiele if suitable and acceptable terms for a new MFA cannot be negotiated, then we, the European Community, should have the courage to use our leverage as a Community and, above all, the leverage of the biggest single importing consuming community in the world. The European Conservative Group unquestionably and unreservedly wishes the Commission all strength to its elbow in the very difficult and, indeed, extremely embarrassing task which lies before it.

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

Mr Baas. — (NL) Mr President, the motion for a resolution tabled by Mr Müller-Hermann on behalf of the Christian Democratic Group has some value at the present time, although I do not approve of every part of the text. I shall not try to follow Mr Normanton in going into what our future policy ought to be. I do,

Baas

however, want to say on behalf of the Liberal Group that for the Commission to receive a negotiating mandate from the Council a mere three months before the Multifibre Arrangement expires is a grievous error. The textile industry is undoubtedly in a highly precarious situation: a great many people have already lost their jobs and more will do so in the future. I do, however, object to honourable Members treating the serious problem we are discussing here today as a kind of word game. When the Commission gave an explanatory statement before the Committee on External Economic Relations, I was, I think one of the few people whose reaction to the statement was extremely critical. I found practically no trace of a policy in that statement. If this is what we are going to be presented with three months before the expiry date of such an important agreement I feel no obligation at all to follow the line adopted in the motion for a resolution. None whatsoever.

Our first job is to determine what has happened to the Community's industrial policy. This motion is all bits and pieces.

There are a number of promising passages, mainly at the beginning of the text, but Mr Müller-Hermann goes on to give directions in paragraphs 5, 6, 7 and 8 for the kind of course we ought to be pursuing. That is the part I should like to see dropped. This not the way we should be dealing with the problem.

To my way of thinking, the only thing we can do in this situation is to say to the Commission: Try to get the best deal you can, but whatever happens, make sure that some kind of agreement remains in force. Personally, though, I still have grave doubts. Mr Müller-Hermann is relying heavily on discussions with the 30 countries.

Only yesterday I put my name to a question to the Commission on the textile sector's views vis-à-vis the Arab countries, because I do not believe that the negotiations with the 30 countries will yield the result we hope for to wit, the stabilization of imports into the European Community. That just won't happen. We are more worried about the fact that other industrialized countries are losing their traditional outlets and that the Community is being used for the dumping of enormous quantities of textile products. To my mind, this is the real essence of the problem facing us.

The Liberal Group is prepared to support this motion, but we are not prepared to specify what should and what should not be done. I think Mr Müller-Hermann is perfectly right to say that we ought to hold a full-scale debate on this very difficult subject in December. But I do not think it justified to say at the present time that we should refuse to countenance any redundancies unless they are absolutely unavoidable. We cannot save jobs simply by reference to technology and so on. Mr Müller-Hermann said that he would be prepared to reconsider seriously at the end

of the debate whether everything he had asked for in the motion for a resolution was reasonable. We are in favour of providing fair export outlets for the developing countries, but on the other hand the employment situation in the textile sector and the textile industry must not be jeopardized any further. We know too little about cost trends in other countries to be able to say without further ado that our problems can be traced back to our high level of costs. We are therefore prepared to go along with the aims of the motion for a resolution, but we have certain reservations and we are extremely critical of the fact that the Commission has been given a negotiating mandate a matter of only three months before the Multifibre Arrangement expires. If there is any question of friction between the Council and the Commission on this question, that does not concern Parliament. Today we are dealing with the Commission, which we feel has let us down. It has failed to inform us in good time of the situation which will result if the Multifibre Arrangement is not extended.

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

Mr Veronesi. — (*I*) Mr President, ladies and gentlemen, we have on several occasions had the opportunity to express our views and explain our position on the question before us.

We have been consistently clear and unambiguous. The most recent occasion was during the debate on the generalized preference. We therefore see no point in commenting on these matters now, since we should only be repeating what we have said already. We only wish to reaffirm our position on them.

We are therefore in agreement with the contents of the document before the House and shall vote in favour of it.

President. — I call Mr Lange.

Mr Lange. — (*D*) Mr President, ladies and gentlemen, we are all aware of the trying conditions under which the Committee on Economic and Monetary Affairs has to discuss structural policy in the textile industry and how difficult it is for the Committee on External Economic Relations to offer advice on such relations, as the effects of external economic relations on our internal economy have always to be borne in mind.

Regardless of whether we believe that the Commission, the Council or anyone else should be criticized, I think that while it is regrettable that Mr Normanton's report on behalf of the Committee on Economic and Monetary Affairs has not yet been presented to the House, we should at least give the Commission our political and moral support in its discussions with certain third countries. I therefore feel that the motion for a resolution tabled by Mr Müller-Hermann, which is, to some extent the result of an arrangement with

Lange

the Committee on Economic and Monetary affairs — we originally intended to develop it further, but difficulties of interpretation arose — is most welcome. I can thus give Mr Müller-Hermann my full support.

Quite clearly, we should try to retain our credibility in our dealings with third countries, that is in our external economic relations. This means in principle that we should refrain from all forms of protectionism. If, however, structural difficulties arise in certain sectors — and this is how I interpret the Commission's present activities — we should of course try to obtain a certain respite in order to implement the necessary structural measures at both the Community and national levels.

We should seek to avoid social hardship for all concerned as a result of structural changes. This is quite a crucial consideration. However, this does not mean that in a given sector of the economy specific jobs can be guaranteed under all circumstances. We should therefore create other conditions in the Community like those which have hitherto always been provided in times of economic prosperity.

However, as our economies are now rather depressed there are of course additional difficulties in the path of structural reorganization. But this is no reason for us to disregard what we have said in the past. This would be unacceptable, for we should keep to our word and retain our credibility. We should support everything which improves the international division of labour and the potential of the developing countries, and for this reason we endorse the comments made today by Mr Müller-Hermann. Those are the only remarks I wished to make on the substance of this matter.

I have a further comment on a technical point, Mr Müller-Hermann. In concluding your remarks you offered to delete certain passages from your motion for a resolution as the subjects concerned were covered by Mr Normanton's report.

I suggest that we should agree to retain paragraphs 1 and 9 — and of course paragraph 10 as well. All the other paragraphs should be passed on to the two committees *viz.* to the Committee on Economic and Monetary Affairs in respect of internal economic matters, in view of Mr Normanton's report, and to the Committee on External Economic Relations in respect of external economic relations. It should be possible for the Parliament administration to split these paragraphs up, and so no disputes should arise between the committees. We can then make any comments we feel necessary. The Commission could thus provide us with a valuable service, and we should presumably need to know the outcome of the Commission's talks with the third countries in order to enable us to take the necessary action. If we adopt this approach — and I recommend that we do — then I believe we will have improved the situation for all concerned.

President. — I call Mr Davignon.

Mr Davignon, Member of the Commission. — (F) Mr President, I should first like to thank Mr Müller-Hermann for his initiative in enabling the House to discuss the Multifibre Arrangement once again. I say 'once again' because I shall have something to say on the comments made by Mr Baas. They surprised me and made me feel that perhaps the meetings I attended with the Committee on Economic and Monetary Affairs to discuss textiles, as well as the four meetings which I attended in public session never in fact took place. But perhaps I am mistaken.

I think we should establish exactly where we are. We have reached a stage where the Commission has to do the most difficult job it has ever undertaken in the field of external trade. It can only be successful if the objectives we pursue are made known to our negotiating partners and if we are aware of what is at stake.

For this reason I should like to point out to Mr Lange that the Commission would, for example, regret the deletion of paragraph 2, which states that we intend to make further efforts in the Community textile industry. This policy consists of a certain number of elements, and if we do not tell the countries with which we are to negotiate that we are asking for certain things because we want the Community to reestablish its position, then Mr Müller-Hermann and Mr Vandewiele are right — how can we convince these countries that we are not merely indulging in protectionism? It is very awkward to explain that free trade cannot be allowed to go beyond a certain level. But to say that after a period of profound economic upheaval we wish to return to a more balanced situation for all concerned is quite different. This is an acceptable argument, and I feel it essential to maintain certain parts of this resolution. I do not wish to digress, but I am sure that Mr Müller-Hermann and his colleagues can clearly see the difference between the objectives and the methods required for achieving these. We should be quite clear about what we are trying to do.

I must be in a position to say in the negotiations — Mr Normanton quoted the awkward examples of India and Pakistan — that we are not negotiating in favour of maintaining all textile workers in the industry. Our aim is to create an industry in which there is stability of employment, but we cannot create a new situation from one day to the next. India, Pakistan, Hong Kong and Korea know this, as does everyone else.

However, we should not request a transitional period, as there is a danger that this might become permanent. We should make it perfectly clear that we want to reestablish the Multifibre Arrangement and that if placed in an impossible position we should be obliged to take desperate measures. But we wish to avoid this, and that is why we are negotiating. Clearly, as Mr Vandewiele pointed out, we cannot conduct a policy

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without first defining our external trade objectives in relation to our internal objectives. It will be difficult to achieve these, and in fact it will prove impossible without an associated programme of social measures.

Allow me to give you an example. Textiles are raw materials like fibres, or processed products like clothing. The crisis affecting man-made fibres is not due to outdated or uncompetitive machinery but to the fact that the market has not developed as expected, partly because of energy crisis. Our capacity will still be excessive in 1982 even if we develop no further. We told the Member States that we would no longer tolerate the granting of national aid to increase capacity for man-made fibres. We now know that this is not enough and that a common policy will have to be drawn up to reduce this capacity. We shall therefore have to work closely together and introduce appropriate social measures. This example serves to show the extent to which our problems are unconnected with imports into the Community or capacity rivalling our own. Our textile industry is quite competitive in these sectors, but it is ailing just as much as all the others, which is no consolation.

Mr President, I now turn to the criticism levelled at the Commission to the effect that it had hastily drawn up a policy just three months ahead of the deadline. I do not wish to make any personal remarks on this.

This is what one normally says before making personal remarks, but I shall do my best to avoid them ... *(Laughter)*

Mr President, I believe that when the time comes to review the Commission's actions, one of the points which redound to its credit for 1977 will be the care it took in devising for the first time measures covering all aspects of the textile industry. Between January and September of this year we submitted a trade policy plan which was tailored to our present circumstances and under which the procedures available to us were adjusted to the new situation. This plan was not applied exclusively to the countries which signed the Multifibre Arrangement but to all countries with which we have dealings in textiles. I carried out this task together with my colleagues in the Commission who were interested in this idea of developing in the textile sector an external trade policy affecting the Mediterranean countries, the ACP countries, the countries concerned with the Multifibre Arrangement, and the other industrialized countries, which is quite an impressive list. We did this in order to develop a strategy in good time for the negotiations on the Multifibre Arrangement in Geneva, where we have informed everyone that we are going to extend the Multifibre Arrangement provided we are not left as in the previous Arrangement, in a situation in which we have no control over the consequences of the negotiations. This is the background to Mr Müller-Hermann's comments. This time we want to be sure, and in order

to be sure we want to negotiate bilateral agreements before extending the Arrangement.

The plan was approved in Geneva in July, and we worked on it throughout the summer and then submitted our proposals to the Council on 1 September. Forty days later we were thus in a position to begin the bilateral negotiations with the countries concerned, so I personally do not think that we were wasting our time! At the end of July the Geneva agreement was signed, and on 10 October the negotiations began; and meanwhile we have worked out, with reference to 31 countries and 45 products to be divided among the nine Community Member States, how we intend to organize their continued, but harmonized entry into the Community. I do not find this an unimpressive achievement. There are a large number of other areas in which the Commission might justifiably be criticized, and I could perhaps even invent some and provide the honourable Members with arguments attacking the Commission. But in the present case I do not agree that criticism is warranted.

This brings me to my final point. Mr President. Mr Müller-Hermann wants a large-scale debate to be held before we extend the Multifibre Arrangement so that we may submit the results of all the discussions to Parliament. Mr Müller-Hermann is well aware that I try to be perfectly correct and unambiguous in my dealings with Parliament. For this reason, Mr President, I shall give an undertaking which is not exactly what I have been asked for. I undertake to keep the relevant committee or committees informed of the progress of the discussions. I do this quite willingly. We shall clearly be able to re-examine all aspects of the textile problem, including its external aspects, when Mr Normanton's report — to which I am greatly looking forward — is submitted to the House. But neither he nor I can be blamed if we are unable to discuss everything today. I therefore agree to do that and would add that a situation might very well arise in which we have a week to assess all the information received and to determine whether or not to extend the Multifibre Arrangement.

It remains to be seen whether there will be a plenary session of Parliament within that week, as we shall be under tremendous pressure at the end of the year. This is because the Arrangement expires on 31 December. As we cannot allow a legal vacuum to arise we want a revised Arrangement such as I have just outlined.

Thus, the most open approach which the Commission can adopt to the parliamentary committees in keeping Parliament informed of the situation is to take account of Parliament's opinions on the political decision which the Commission will have to take on the advisability or otherwise of recommending that the Member States should extend the Arrangement. In view of the schedule, it may not be possible to hold a

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debate on this topic in plenary session. If it is possible, so much the better. If not, we shall do our best with the various committees concerned. The chairmen will see to it that we can work as efficiently as possible with your committee representatives.

To conclude, Mr President, I should like to thank Parliament for wanting to help us in these extremely difficult negotiations. I think that the points I referred to in the resolution are in line with our wishes. I also apologise for speaking somewhat emotionally at times, but I really believe that in this field the European Commission has provided the Member States, the textile industry and its workers with a policy which shows what a great deal Europe has to offer when it wants, and this is well worth getting emotional about!

President. — I call Mr Müller-Hermann.

Mr Müller-Hermann. — (*D*) Mr President, I should like to thank all the speakers who have contributed to the discussion, and I agree with all the views expressed except those of Mr Baas. However, I do not wish to discuss these now, as we are running short of time. In any case some of you attended the discussion in the Committee on External Economic Relations Relations.

I should like to comment on two points. I think Mr Davignon's comments on the contents of the motion for a resolution are worthy of very serious consideration, and I suggested as a compromise that we could transfer part of the motion to the relevant committees but that we should support the Commission. You will agree with me, Mr Lange that the wording 'supports the Commission's efforts to create the conditions for extending the Multifibre Agreement by means of bilateral agreements with the most important supplier countries' is really rather feeble.

As we are not voting until tomorrow — and here I reach my second point — I would suggest to the Group spokesmen that we should accept the essential points of the resolution, but perhaps delete a passage which is to some extent an expression of opinion, which I should like to avoid since it may be controversial. I shall be glad to help in achieving unanimity. I am referring to paragraph 7. I wholeheartedly agree with the points contained therein, but I can imagine that Mr Baas and possibly also Mr Normanton may feel a little shocked by the remark that a protectionist trade policy is wrong, etc. We can do without such a statement for the time being. However, we should help to further the Commission's efforts by once again supporting those conditions which we hope will be regarded as prerequisite to extension and to which we believe that efforts to reach an arrangement should

be geared. I believe that if we re-examine the points dispassionately we will find that we can retain the major items, even though there may be elements on which we disagree.

And now to my last point. Mr Davignon, I still maintain that the Commission should undertake to express its opinion on the situation during the plenary part-session starting on 12 December in Strasbourg. This fits in with the schedule which you have had to set yourself, and since we have this deadline I think it only right and fair that the Commission should make its position known once more before taking the final decision on whether to extend the Arrangement, so that we can then give it our support or express our misgivings.

President. — I would point out that the vote on this motion for a resolution will be held tomorrow. Those who wish to table amendments should therefore submit these in writing today.

I call Mr Normanton.

Mr Normanton. — I do not know whether I can help Mr Müller-Hermann on this point. I hope that he will not feel that we are in support of protectionism. We, I hope, and this House as a whole are committed to the concept of expansion of trade, not the protection and insulation of trade. What we want is a middle course, which is regulation of it in some form. I — and I am sure my group — cannot subscribe to being identified as the party of restriction and protectionism. In that sense, I think we are very much in a similar net. It is a question of choice of words rather than sentiment.

President. — I call Mr Lange.

Mr Lange. — (*D*) Mr President, I should like to clear up a misunderstanding between Mr Davignon and myself. I may have spoken a little too fast for the interpreter, or perhaps I expressed myself badly. What I said was that we should retain our credibility in our external affairs and that this does not mean that we can indulge in protectionism, even if others may think they can afford to do so. I stated this quite plainly, but Mr Davignon apparently thought I said the exact opposite of this. That is not the case. In view of Mr Müller-Hermann's own proposal that the motion for a resolution should not cover the entire field, as this will be dealt with extensively in Mr Normanton's report, paragraphs 1 and 9 would have been sufficient for me, even though Mr Müller-Hermann adds that paragraph 1 is rather feeble, for we have discussed all the questions in the motion for a resolution umpteen times and so this would only

Lange

serve to confirm what has already been dealt with. But I personally have no objection to the motion for a resolution as a whole. I can accept it, although I know that certain Members cannot. If it is intended to avoid controversial issues which are only supposed to be dealt with in the context of Mr Normanton's report, we should obviously consider whether part of the motion for a resolution should be referred to the committees, even if this is procedurally rather awkward. However, if the President considers it impossible to split up the motion for a resolution and vote on it in several stages, thereby initially accepting only part of it so that the Commission is given the necessary support, and if it is not possible to refer the rest of the text to the two committees already mentioned, then I would be in favour of voting on the entire motion for a resolution as it stands. We would thus avoid any disputes which may arise as a result of dividing up the text, etc. The Commission's wishes would thus be met. But we would be anticipating considerable sections of Mr Normanton's report and I would have liked to avoid doing this.

President. — I call Mr Baas.

Mr Baas. — (NL) Mr President, I wish to comment on the Commissioner's remarks. I did not want to make any personal comments, although I could have done. The Commissioner feels that he can assume responsibility for the Commission's actions. On 28 September we in the Committee on External Economic Relations were addressed by an official who gave an account of the Commission's aims. I was greatly disappointed, Mr Davignon, that we had to be content with a theoretical analysis by a member of the Commission staff. I had no need for such an analysis at that stage. That was the point of my criticism, and I stand by it.

Furthermore, I have no wish to quibble on the terms 'free trade' and 'protectionism'. We see no other possibility than the approach advocated by Mr Davignon. I accept my political responsibility as a Member of this Parliament, and if we are called upon to back the Commission in a particularly crucial situation, you can count on my support. I have also no objection to the approach adopted by Mr Müller-Hermann, but I do object to the fact that Mr Normanton's report has been prepared even before the Committee on External Economic Relations has had the opportunity to make its views clear on the future policy for the textile industry. This is a point which I find objectionable. That is all I wished to say on behalf of my Group. We ought not to waste time this evening working out who is in favour of protectionism or free trade — we all have a responsibility in this matter. I accept that responsibility, but I must have the opportunity of discussing the problem in hand at the crucial moment with the politically responsible Commissioner.

President. — I call Mr Davignon.

Mr Davignon, Member of the Commission. — (F) Mr President, I should like to comment on two points.

I should first like to say to Mr Müller-Hermann that the Commission is quite willing to debate the situation in December. However, I don't know whether the discussions will have been completed by the time the debate begins.

Secondly, I would say to Mr Baas that he is quite right to deplore the fact that he did not receive the political information he had hoped for on 28 September. I shall try to find out why I made reference to a large number of other conversations in which this kind of information had been provided. I personally thought that the views expressed were most useful since they were my own.

(Laughter)

But we should try to see how we can improve liaison between the Committee on External Economic Relations and the Economic Policy Committee which cooperate closely on this type of problem, to ensure that situations of this kind do not recur.

President. — The debate is closed.

11. Directive on articles of precious metals

President. — The next item is the report (Doc. 315/77), drawn up by Mr Nyborg on behalf of the Committee on Economic and Monetary Affairs, on the

proposal from the Commission of the European Communities to the Council for a directive on the approximation of the laws of the Member States relating to articles of precious metals.

I call Mr Nyborg.

Mr Nyborg, rapporteur. — (DK) Mr President, two years after Parliament was asked to discuss this proposal, the Committee on Economic and Monetary Affairs is finally able to submit a motion for a resolution to Parliament. The controversies to which this proposal gave rise are clear simply from the long time it has taken to reach this stage. I should like to look briefly at the causes of this delay.

This proposal, aimed at eliminating the technical barriers to trade arising from differing legislation, was originally considered in the context of a report dealing with several Commission proposals relating to the elimination of technical barriers to trade. At the request of various members of the committee this proposal was removed from the overall report because it had far-reaching implications for consumer protection. In the course of further discussions in the Committee on Economic and Monetary Affairs, it was decided to obtain the opinion of the Committee on the Environment, Public Health and Consumer Protection before continuing with the consideration of the proposals. After this Committee had given its opinion, the proposal was discussed in detail by the Committee on Economic and Monetary Affairs and the outcome was that it was rejected.

Nyborg

What led us to take such a drastic decision? After all, the Committee on Economic and Monetary Affairs has always been in favour of the objectives of the proposal, i.e. the elimination of technical barriers to trade. However, there is a certain contradiction between the aim in view, i.e. the elimination of barriers to trade by approximation of the laws of the Member States, and the proposed provisions, which the committee does not regard as suitable. The aim of legislation in this field is the protection of the consumer, and the technical provisions proposed must therefore be considered in this light. In this case the proposal was found wanting. By attempting to reach a compromise which might be acceptable to all the Member States, certain provisions amount to a step backwards as regards consumer protection in certain Member States, and in other Member States the proposal would not result in any appreciable improvement in consumer protection.

The introduction of a clear Community hallmark would not solve the problems of consumer protection completely either. Even if the European consumers were sufficiently familiar with the hallmarks proposed by the Commission, this would not necessarily mean that they would be able to tell the difference between a hallmark stamped on the article by a guarantee authority and a similar hallmark. Thus, the purchaser's confidence in the dealer continues to play an essential role in the purchase of articles made of precious metals.

In addition, a Community hallmark would in practice only cause extra problems for the consumer. The market for precious metals is currently not transparent as a result of the fact that there exist all sorts of quality symbols, not all of which have the same value. It is impossible for the consumer to know the value of all these various quality symbols and to compare possible purchases with different quality symbols. In practice, the introduction of a Community hallmark simply means adding one more symbol to those which already exist. This would only make the market even less transparent. The large number of hallmarks and finenesses which exist side by side confuse the consumer, most of whom do not understand the meaning of the various hallmarks. Thus, the market is not transparent, and the goods marketed under less stringent national legislation will have a relative advantage over those goods which adhere to Community regulations. The various norms, both national and Community, and the corresponding hallmarks which automatically entail different prices, are unfamiliar to most consumers and can thus lead to distortion of competition. Complete harmonization, as opposed to voluntary harmonization, would mean that all national legislation would cease to apply and be replaced by Community legislation. Only in the case of complete harmonization of quality symbols, norms and guarantee systems in all the Member States would the consumer have a clear idea of the meaning of, for example, a particular hallmark, wherever he may be in

the Community, and thus be able to compare samples of goods made of precious metals much more easily in the various Member States.

The guarantee systems currently applied in the various Member States take various forms and can be divided into the following categories:

- (a) State hallmarks, stamped directly by public authorities (the French system);
- (b) guarantee hallmarks of private undertakings, which are regarded as valid on the basis of a long tradition (the British system);
- (c) State hallmarks stamped directly on the article by 3 200 producers (the Italian system);
- (d) the hallmark of the producer.

Each of these systems is of course adapted to needs, traditions, administrative system of the country in question, etc.

Harmonization of these various legislations would automatically mean that certain Member States would have to discontinue their systems and break with their traditions. As I said before, harmonization within this sector does not appear necessary. Parliament has always been opposed to harmonization for harmonization's sake, and to the unnecessary elimination of traditional practices in the various Member States.

A break with the currently applied guarantee system would cause problems in a number of Member States. The change-over from a system of indirect State inspection to direct State inspection would mean difficulties for the producers. Small craft enterprises might be particularly hard hit. For a major exporting country like Italy, which uses the indirect guarantee system, the proposal could well have negative economic and social consequences.

The cost of introducing a direct inspection system of this kind might be very high, whereas in practical terms it would not constitute a particularly marked improvement in consumer protection.

The Committee on Economic and Monetary Affairs feels that all these negative consequences could not be outweighed by the very slight improvement in consumer protection in certain Member States, which at the same time would mean a step backwards in other Member States and only partly eliminate the existing barriers to trade. The Committee on Economic and Monetary Affairs thus decided to reject the Commission's proposal.

The opinion of the Committee for the Environment, Public Health and Consumer Protection contained the same arguments as regards the methods of harmonization, the costs of the guarantee system and consumer protection etc. I do not think I need to go into these arguments in any greater detail.

Nyborg

These, briefly, were the reasons why the Committee on Economic and Monetary Affairs took the drastic decisions not to support the Commission's proposal. I urge Parliament to support this motion for a resolution which was adopted by a large majority in the Committee on Economic and Monetary Affairs.

(Applause)

President. — I call Mr Davignon, who has asked to make a statement to the House at this stage in the debate.

Mr Davignon, Member of the Commission. — *(F)* Mr President, thank you for accepting the suggestion that I inform Parliament straight away of my reactions to the very clear report prepared by Mr Nyborg on behalf of the Committee on Economic and Monetary Affairs.

I have re-examined the whole of this directive on the basis of the comments, doubts and suggestions which the European Parliament had expressed. I think that Mr Nyborg has put his finger on the difficulty. In fact, we have already taken this question out of the recommendations as a whole and I must admit, that, after almost two years' work, we are still faced with the same difficulties as at the outset. What would therefore be the point of a new time-limit? Will our action improve the situation of those who will benefit from this directive? I must say that I share Mr Nyborg's view: if we adopt it as such, it will hardly make it any easier for either consumers or producers to understand the market. Is it really a first step in a clearly established direction? I doubt it, since its application remains more or less optional. And are we faced here with an urgent problem? It does not seem so.

Therefore, Mr President, on behalf of the Commission, and if Parliament agrees, I shall withdraw this proposal for a directive. Before making any new proposals. I should like to discuss the matter with Mr Nyborg and then return next year to take part in a meeting of the parliamentary committee. In the present circumstances I feel that there is no point in discussing a matter which requires a fundamental analysis.

(Applause)

President. — I call Mr Nyborg.

Mr Nyborg, rapporteur. — *(DK)* Mr President, your words unfortunately prevented me from hearing everything that Mr Davignon said, so that it is rather difficult for me to react to his remarks, but as I understand it, Mr Davignon's statement means that the Commission wishes to withdraw its proposal for a directive. As rapporteur, I can of course have no objections to this, and if there is anything new from the Commission concerning this question, I am sure that the Committee on Economic and Monetary Affairs will be pleased to look at it again.

President. — Since the proposal for a directive has been withdrawn by the Commission, the debate is now unnecessary and can be closed immediately.

12. *Decision concerning the
EEC-Turkey financial protocol*

President. — The next item is the report (Doc. 330/77) by Mr Spicer, on behalf of the Committee on External Economic Relations, on the

recommendation from the Commission of the European Communities to the Council for a decision concerning the conclusion of a financial protocol between the European Economic Community and Turkey.

I call Mr Vandewiele.

Mr Vandewiele, deputy rapporteur. — *(NL)* Mr President, ladies and gentlemen, both the Committee on External Economic Relations and the Committee on Budgets have made a special effort to produce without delay an opinion on the third Financial Protocol between the European Economic Community and Turkey. Mr Spicer has performed his task in exemplary fashion and has very quickly presented the Committee on External Economic Relations with an extremely well-documented report.

We should thus like to express our desire to put the present Protocol into effect as quickly as possible. Under the terms of this Protocol, over a period ending on 31 October 1981 a total of 310 million u.a. is to be made available, of which 90 million will be in the form of loans granted from its own resources by the European Investment Bank and the rest, 220 million, in the form of loans on special terms granted by the Bank on behalf of the Community.

Turkey has expressed its disappointment at the size of this amount but it should be borne in mind that the resources available to the Community for financial assistance to the Mediterranean countries have to be divided among a large number of countries. While the share allocated to Turkey may seem small, it represents nearly a third of the total aid of about 1 000 million u.a. provided by the Community to countries in the Eastern Mediterranean.

Under the terms of the Protocol, the capital projects eligible for financing are in the first instance those that have the particular aim of providing Turkey with a better economic infrastructure in agriculture, achieving increased output and establishing modern, efficiently run undertakings in the industrial and service sectors, whether publicly or privately managed.

The rate of interest on loans granted from own resources is that applied by the Bank on the date when each loan contract is signed. These loans, amounting to 90 million u.a., are to be used primarily to finance projects showing a normal return, but the loans on special terms — i.e. the major part of the

Vandewiele

310 million available — are to be granted to the Turkish Government for a period of 40 years with postponement of amortization for a period of 10 years. The interest rate is 2.5 % per annum, and these loans are intended primarily to finance projects with an indirect or long-term return on capital or ones which will only become profitable at a later date.

Mr President, I think it is important to point this out, as it is likely to be the subject of some penetrating criticism or of supplementary questions in the course of the debate. The Protocol also provides for the loans to be used to cover expenditure on imports or the domestic expenditure required for carrying out approved capital projects, including costs of studies and technical assistance. Aid granted by the Bank for the execution of projects may, with the agreement of Turkey, take the form of co-financing. Undertakings whose risk capital comes wholly or partly from Community countries are to have access to the finance provided for in the Protocol on the same conditions as undertakings with Turkish capital.

I stress this point because now and again in discussions with our Turkish friends on the Financial Protocol questions, and in some cases difficulties, arose on this subject. There is no getting away from it: our Turkish partners are tough negotiators and it is thus important to point out, as Mr Spicer also rightly stressed in his report, that the Community has also imposed certain commitments here, so that in my view no further criticism on the subject is justifiable.

Your committee is of the opinion that the Protocol is designed to help meet Turkey's greatest needs, while leaving her the greatest freedom to choose the various projects. The financial terms are particularly favourable to Turkey, but the Community is given a chance of exporting goods and services and has, as far as possible, reasonable payment guarantees. It is now of the greatest importance that the necessary procedures should be completed without delay, so that Turkey can benefit rapidly from the funds to be made available and the transition from the second financial Protocol can be accomplished with minimum disruption. In this connection, by the way, I must draw attention to the fact that 47 million u.a. are still outstanding under the second Financial Protocol. This is the sum provided for in the Supplementary Protocol on the occasion of the enlargement of the Community.

One further remark. I would draw your attention to the interesting report of the Committee on Budgets, which deals with the same subject. In the discussions in the Committee on External Economic Relations, and also in the Committee on Budgets, various members raised a question which I feel to be important, namely the question of whether from a legal point of view, there is a sound basis for the requirement that financial protocols concluded between the Community as such and third countries should be subjected to the ratification procedure. The wording of paragraph 3 of the motion for a resolution has there-

fore been kept relatively vague. We were particularly concerned to avoid the word 'ratify'. This is meant to demonstrate the desire of, I hope, a large section of Parliament to see the Council coming to clear decisions in future on matters of this sort. What we want is for financial protocols and certain agreements (of course, I am not talking about Treaties) not to be ratified before they have been discussed in Parliament or before the Council has taken a decision. With the second Financial Protocol it took us years to allocate some of the funds because certain countries — which I shall not name, but we know which they are — hesitate and dither and continually put off ratification. We feel that this is not compatible with the spirit in which this Financial Protocol and other similar protocols are concluded.

The Committee on External Economic Relations adopted the report and the motion for a resolution unanimously. Since then an amendment has been tabled that we were not able to discuss, but this has been unanimously approved by the Committee on Budgets. I am prepared to accept this amendment and hope that the motion for a resolution will be adopted unanimously by Parliament.

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

Lord Castle. — Mr President I speak for the voices dissenting from the action which has been proposed. I think it is necessary, when we have the subject of Turkey debated in this chamber, for us to be aware that we are not at this stage debating whether or not it is expedient, wise or beneficial to have close associations with Turkey. That has been decided already, and is there in our Association Agreement with Turkey. What we have been asked to fulfil, belatedly as it seems, as has been pointed out by the mover of the motion, is the obligation which that association entails. We are under some suspicion that we have been too hesitant in doing so. If ratification can be speeded up, by the action of an authority such as ours, so much the better. But we must realize that association means something very near to membership and we have a special obligation in this case.

In discussing Mr Spicer's report, we on the committee have been made aware of a state of destitution in Turkey and, as some observers have said, of near-bankruptcy, with people being forced to live in conditions which no people should be asked to endure, whether in an associated country, or anywhere else in the world. Mr Spicer himself told us in committee of how he had some injury which required hospital attention. One X-ray plate was put upon him and he was then told that that was one of the last four X-ray plates left in that hospital. This, I suggested at the time — and I am surprised that some move was not made — calls for emergency action. When you find a people so far down, by civilised standards of equipment, as this, then emergency action ought to be contemplated.

Lord Castle

But we are doing the next best thing. We are asking in this resolution for 47 million u.a. to be made available straight away, and we are very specific about how they should be used. There need be no apprehension inside the committee as to their being used for guns rather than butter, or anything of that kind. We know what we are going to agree to, we have laid down specifically that the sum must be devoted to industrial equipment, to the initial stages of the modernization of Turkey, and the improvement of an agriculture very much in need of improvement.

You cannot dignify the action we are proposing as being the struggle for the soul of Turkey, as I have heard some people do, but we must as realists recognize that in fulfilling what is a near obligation, we are asking Parliament to approve action which is not purely and simply for the benefit of Turkey alone. If we bring a renewed sense of stability and order into that part of the world, then the whole world will benefit by the expansion of trade which we have only been referring to a few moments ago. Nor are we entirely ignorant of the importance of the geographical position that Turkey occupies. She stands at what might be called, the ideological crossroads of the world. It is just as well that the attitude of suspicion that has been developing should not be allowed to continue, and that we should show that what we have been anxious to do is to prove our friendship and understanding, as we should, to what is, admittedly, an ailing relative. I am very pleased to support this on behalf of the Socialist Group.

President. — I call Mr Hansen.

Mr Hansen, Chairman of the European Parliament Delegation to the Joint Parliamentary Committee of the EEC — Turkey Association. — I am not going to repeat the arguments I have written down in the opinion of the Committee on Budgets on the third financial protocol between the EEC and Turkey, but I should like to make just a few brief remarks as co-chairman of the EEC — Turkey Joint Parliamentary Committee.

First of all I would like to express my deep appreciation to Mr Spicer and also to Mr Vandewiele. I do not want to repeat the detail given either by Mr Spicer in his report or by Mr Vandewiele just now in his oral report. The picture is clear enough. The Turkish economy is really in a state of crisis right now. The situation is perhaps even worse than the bare figures indicate. This was made abundantly clear to all of those of my colleagues in this Parliament who heard Mr Inan, the Turkish Minister of Energy and Natural Resources and former co-chairman of the Joint Committee, this week. The crisis comes at a time when Turkey is undergoing rapid industrialization, but before that industrialization has been achieved. This is the worst possible time. Their economy has progressed too far to go back but, if it is prevented from going forward at a steady pace, all her previous

efforts will be wasted. Moreover, this is not one of those cases where a country is suffering through her own laziness. Turkey has made enormous sacrifices in order to deal with the crisis, but she cannot pull herself up by her own bootlaces. We must therefore agree with Mr Spicer's report that Turkey needs help and she needs it urgently. Of course, the money provided under this protocol can only make a tiny contribution. It is a drop in the ocean. I hope that it will be followed by a really substantial credit from the Western world. But the financial protocol is important as a sign of our concern for Turkey.

Turkey deserves our help and therefore I join my colleague, Lord Castle, in what he has just said. She has been associated with the Community since 1963 and the Association Agreement provides for her eventual membership. She is an outpost of Western democracy and has thought of herself as a Western nation for 50 years. She is a loyal ally. But her people are already becoming disillusioned with the West and particularly with our Community. Sometimes we do not seem to care, Mr President, and sometimes it looks as though some of us were taking Turkey for granted. Some of us might think she has nowhere else to go. It is true that the West offers the best future for Turkey. But we have to prove it, and this not only by words but by concrete facts. So far, the Association Agreement has not done enough for Turkey. If we are not careful, her people will turn their backs on Europe, and this could happen sooner than we think.

In conclusion, Mr President, I say again that we must come quickly to Turkey's aid, and I hope that we will soon be able to do more for Turkey than we have in this protocol, that is, while they are pulling through, and we must do something quickly because there is no time to lose.

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

Mr Klepsch. — Mr President, ladies and gentlemen, the deputy rapporteur has already spoken so excellently on the third Financial Protocol that my Group can support everything he said and I have no need to repeat it. Since I know our time is limited, I shall simply make a few very brief remarks on behalf of my Group.

We are aware that our relations with Turkey are at present going through a difficult phase and the debate on this third, unfortunately long delayed Financial Protocol gives me an opportunity of saying to the Council and the Commission that we want relations with Turkey to be cultivated carefully and in a friendly atmosphere, with the aim of maintaining and developing the close connection between this country and the Community, and it should not be forgotten that it was Turkey's decision to enter into this close association with our Community with a view to full membership at a later stage.

Klepsch

We must understand this country's difficult economic situation, its great social problems. We must understand that many of our close friends in Turkey today sometimes get the impression that we are leaving them by the wayside or casting them off. If you have followed the internal discussion in Turkey, you will find sufficient evidence to support this view, and therefore I should like to say here most emphatically on behalf of my Group: we are conscious of the fact that Turkey is a partner we cannot do without. We are glad that democracy in Turkey has become firmly established, even with a precarious balance between the parties in Parliament, and has always survived despite difficult circumstances. We take the view that in Turkey we have in many respects, also with regard to foreign relations, a mediator and friend whom we not only need today but shall continue to need in the future.

My Group would therefore like to stress — and this has already been the subject of a good deal of criticism today — that we regard bureaucratically motivated delays which strain this relationship as highly regrettable.

Allow me to sum up on behalf of my Group by saying — as I mentioned yesterday — that we unreservedly support the accession of Greece, Spain and Portugal, but we do not lose sight of the fact that Turkey has always been and remains a valuable partner for us and that we wish to see the aims of the Association Treaty upheld to the full. I should like on behalf of my Group to put this clearly on record in this debate.

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

Mr Normanton. — Mr President, I welcome the report standing in the name of my colleague, Mr Spicer. Only a week ago I was privileged to visit Turkey on an individual personal mission. I spent a whole week in Istanbul and in Ankara, having the most intensive discussions with members of the present government and also having opportunities for meetings with members of the former government, leaders of industry, banking and finance. I can only add that the experience which I certainly gained in those 7 or 8 days confirms unquestionably the points which have been made so forcibly so far.

The one point that I would like to emphasize even more strongly, though, is the need for working extremely closely with Turkey during the period of our negotiations for the enlargement of the Community. It is going to cause the greatest possible stress and strain not only from the political point of view but also as regards the industrial sector as well. It will no doubt be of interest to the House to know that Turkish industry has been taking, and still continues to take, a very positive and constructive part in the

dialogue with UNICE in Brussels, whose President was here with us in Luxembourg yesterday. It is this kind of dialogue which must be expanded and enlarged, because only with that will Turkey be able to get through the very grave political difficulties which enlargement will impose upon Turkey in her present economic and political dilemma.

President. — I call Mr Davignon.

Mr Davignon, Member of the Commission. — (F) Mr President, everything that needed to be said has been said, both in the report that Mr Vandewiele was so kind as to present on behalf of Mr Spicer and in the various speeches. I for my part shall confine myself simply to endorsing the various points on behalf of the Commission.

Firstly, it is the Commission's intention — and every effort is being made to achieve this — to give full effect to the Association Agreement between the Community and Turkey, which is one of the pillars of the Community's external policy. We must do this all the more willingly and carefully in that this Agreement is to be developed at a time when we are beginning crucial discussions on the enlargement of the Community. We thus attach great importance to the visit to Brussels at the end of this week of Mr Inan, former Co-chairman of the Joint Parliamentary Committee, who is now Minister of Energy.

We believe that this is a step for which we have been waiting for a long time, providing an opportunity of clearly defining the sectors in which we could achieve this overall development of our relations with Turkey.

Secondly, it is of vital importance that we should be able to use the existing means, particularly in the financial field dealt with in today's report. We are doing ourselves an injustice if we continue to discuss figures instead of using what there is to pursue as concrete a policy as possible. We attach importance to putting this into effect right away.

We have noted what Mr Vandewiele said on the ratification procedure. This is a question on which the positions of the various parties are known. If the situation is still not very clear on this point, this is because we never know exactly how the Council will decide on the nature of the credits to be included. This being so, there is an ambiguous situation. However, in the course of developing Community policy we must eliminate these ambiguities. The fact that we have not been able to do so in the past is no reason for not being able to do so in the future.

That, Mr President, is what I wanted to say. I congratulate Parliament on the quality of its work and I am grateful to it for having given the Commission the opportunity of explaining its attitude to Turkey and of indicating the action we intend to take, in conjunc-

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tion with the Turkish government to solve as far as possible the difficult and delicate problems that we shall encounter in 1978.

President. — The debate is closed.

13. Floods in North-West Italy

President. — the next item is the motion for a resolution, tabled by Mr Noè, Mrs Cassanmagnago Cerretti, Mr Martinelli, Mr Ripamonti, Mr Ligios, Mr Albertini, Mr Zagari, Mr Amadei, Mr Cifarelli and Mr Bettiza, on Community aid for the areas of North-West Italy affected by the recent floods (Doc. 324/77).

I call Mr Noè.

Mr Noè. — (*I*) Mr President, the recent torrential rains in Northern Italy have prompted us to table — as President Spénale did following a similar catastrophe in the South-West of France — a motion for a resolution calling for two things: firstly, emergency Community aid, similar to that granted by the Italian government, in order to ease the plight of the people affected and, secondly, the adoption of the appropriate measures required to restore normal life in the six provinces so hard hit.

The frequency with which this type of catastrophe strikes my country and that belt of Southern France which I mentioned earlier can be put down to hydrological factors. During the period of heavy rainfall in these areas, downpours of several hundred millimetres in the space of twenty-four hours — 300, 400, with peaks, fortunately very rare, of 1 000 millimetres — can occur. In all other regions of the Community rainfall is measured in tens of millimetres; north of the Alps in Switzerland, for example, a maximum precipitation of 80 millimetres has been known, but is exceptional. On the other hand, the figures for areas south of the Alps are those I have already quoted. The statistics show that heavy rainfall of this kind can occur anywhere in the Italian peninsula.

Mr Lacroix, the engineer who up to a few days ago was the director of the Agence Rhône Méditerranée — Mr Giraud may well have known him — discovered, while conducting experiments on a tributary of the Dordogne, that up to a certain level of rainfall per hour or per day, part of the precipitation is absorbed, with the result that there is no danger. Above a certain level, however, the ground virtually reaches saturation point and most of the precipitation flows over the surface. I went to the hydrological department of the Ministry of Public Works to obtain information which would give me a clearer picture of this serious situation and was told that in the city of Genoa, for example, where 390 millimetres of rain fell in three days, 114 millimetres of this fell in a single hour. In other words, a quantity of rain which would have been considered large even spread over twenty-four hours,

fell on the city in just one hour. I remember that Professor Fantoli, a prominent hydraulic engineer at the beginning of this century, said that in the Genoa area, what he called 'columnar' rains occurred. He gave them this name because they seemed like columns of water falling from the sky — that gives some idea of how heavy is the rainfall caused by the southerly winds which drive the clouds against the Appennines.

The area struck this time is a small part of Liguria and a large part of Piedmont. The latter was naturally affected from south to north by these clouds which first caused the downpour over Genoa and then moved north. Pursuing their course they shed, as can be seen from the data, 340 millimetres in twenty-four hours over the province of Alessandria, 320 elsewhere and 200 through the Sesia valley. These last 200 millimetres in twenty-four hours — although I am told that practically all of this rain fell over only six or seven hours — transforms the mountainside into sheets of water. In 1951 I myself witnessed a downpour of 200 millimetres near the Mera Primo dam on the Italian-Swiss border. This was the first time I had ever seen anything like this, and I can assure you that to see mountainsides turned into sheets of water — for at such times the water comes down the whole of the mountainside and no longer down the water-courses — is a frightening experience. And that was only 200 millimetres!

I should like to comment briefly on the amendment tabled by Mrs Squarcialupi. I would ask her to withdraw it for the following reason: as the catastrophe is still too recent, we do not yet have accurate data, and it is too early to decide what action to take. This can only be done once the situation has been studied and analysed in depth. For this reason, I think it would be rather rash to decide right away what measures to take. For the time being, I have gone no further than to ask for general aid and assistance to improve the situation. I say this because there have been futile arguments over the ability of trees to prevent catastrophes on this scale. The fact is, Mr President, that when more than a given quantity of rain falls, the consequences are the same — trees or no trees. Furthermore, trees sometimes swept down the valley, and the accumulated mass of trees and gravel aggravates the disaster. Solid material carried along by the flood waters attacks piers, obstructs spans and thus brings about the destruction of bridges. There is no doubt that reforestation may be beneficial in the future, but, as regards the present situation, we can go no further than to ask for emergency aid.

President. — I call Mrs Squarcialupi to speak on behalf of the Communist and Allies Group.

Mrs Squarcialupi. — (*I*) Mr President, I would like to state that our Group is on the whole in favour of the motion for a resolution tabled by Italian Members

Squarcialupi

representing three of the political groups. I had also intended to protest strongly against the fact that the Communist Group had been excluded, even though our application reached the Bureau of the European Parliament in good time. Alas! some of the heirlooms of the Cold War do turn up now and again.

I would nevertheless like to take up Mr Noè's explanation of the catastrophe which has struck Italy and point out that rainfall of this kind occurs frequently and causes disasters with clockwork regularity. On 7 October 1970 Genoa suffered severe flooding — and seven years later to the day history repeats itself. Faced with these recurring natural phenomena, I do not think it is enough to invoke misfortune or fate.

We must shoulder our responsibilities. When a politician is forced to call for emergency aid, he is admitting the failure of a policy since, in this particular case, there has been a political failure to forestall a natural catastrophe which was foreseeable. For the umpteenth time the Italian press has recently given broad coverage to the havoc wrought upon the environment: indiscriminate urban development and negligence bordering on the criminal — the fact is that 17 people died during these latest floods, and it is no easy matter to explain away 17 corpses in the mud.

With the best will in the world, I therefore feel that I cannot withdraw this amendment: it would be an act of hypocrisy and political irresponsibility and, above all, it would mean allowing ourselves to be outdone by other initiatives, such as that of Mr Baas — he sits on the benches opposite ours and cannot therefore be suspected of sympathizing with us — who, with regard to the first report on the environment, expressed the view that reforestation programmes were particularly needed in Italy. As an Italian Member of this House I cannot reject the initiative made by a Dutch Member and I feel it is therefore my duty, as a politician faced with this situation, to rally all the forces which can help in achieving some measure of improvement in our country.

President. — I call Mr Giraud.

Mr Giraud. — (F) Mr President, since Mr Noè was kind enough to appeal to my abilities as a former geography teacher, I would say that these disastrous autumn rains in Northern Italy are phenomena which have been known for thousands of years and against which even the European Parliament is powerless!

On the other hand, in some regions of Italy, particularly those where the soil is clayey, landslips — which the Italians call 'frane', I think — are frequent.

I agree more with the Member who has just spoken than with Mr Noè and I think that we should nevertheless take certain precautionary measures. The risks could be reduced, for example, by systematically maintaining the dikes and waterways, by planting grass and, in my opinion, by systematic reforesta-

tion. But I agree with Mr Noè that, beyond a certain level of rainfall, nothing can help to avert catastrophe. And so, as European Members of Parliament, we must act. I think that we must try to help our Italian friends at this time of disaster.

President. — I call Mr Natali.

Mr Natali, Vice-President of the Commission. — (I) Mr President, the Commission is well aware of the serious damage caused by the recent flooding in North-West Italy.

We have listened with keen interest to the speeches by Mr Noè, Mrs Squarcialupi and Mr Giraud, and would like to add that we must provide not only emergency aid but also long-term aid, since — as Mr Noè and Mr Giraud have already stated — it is difficult to foresee the consequences of this exceptional rainfall.

As far as the Commission is concerned, we would first like to express our solidarity with the people affected by this disaster and to inform Parliament that a study chaired by the President of the Commission, Mr Jenkins, is already examining ways of giving financial aid to these people and to the companies affected, and of providing for wider-ranging measures. In this context, and irrespective of the amendment tabled by Mrs Squarcialupi, I should like to inform Parliament that the Commission will be submitting specific proposals — within the framework of the so-called 'Mediterranean package' which we debated at length yesterday morning — concerning reforestation projects in certain Mediterranean areas of the Community, particularly in Italy.

I should also like to say that I give my full backing and approval to Parliament's initiative, which will certainly help the Commission in drawing up the specific proposals it intends to submit in order to give substance to the words of solidarity which have been spoken.

President. — The debate is closed.

14. Regulations concerning the Communities' own resources

President. — The next item is the report (Doc. 326/77), drawn up by Mr Notenboom on behalf of the Committee on Budgets, on the proposals from the Commission of the European Communities to the Council for

- I. a Regulation (EEC, Euratom, ECSC) implementing the Decision of 21 April 1970 on the replacement of financial contributions from Member States by the Communities' own resources
- II. a second amended proposal under Articles 149 of the EEC Treaty and 119 of the EAEC Treaty for a Regulation (ECSC, EEC, Euratom) amending the Financial Regulation of 25 April 1973 applicable to the general budget of the European Communities

President

- III. an amended proposal for a Regulation implementing, in respect of the own resources from VAT the Decision of 21 April 1970 on the replacement of financial contributions from Member States by the Communities' own resources

I call Mr Notenboom.

Mr Notenboom, rapporteur. — (NL) Mr President, in spring of this year the Council drew up the sixth directive on VAT. A major precondition for the financing of the European budget using own resources was thus fulfilled. At present, at least three Member States still have to incorporate this directive into their national legislations by 1 January in order to bring this system into effect. One of the final preconditions still to be met by the Community was the drafting of rules governing the procedure for the transfer of own resources to the Community kitty.

These rules are now before us. Amendments to a regulation are proposed, and two regulations have to be adapted to the new situation. These are the subject under discussion today. However, the very complicated technical issues under discussion are secondary to the political objective of financial autonomy for the European Community on the basis of genuine own resources. Because of this the Committee on Budgets has in recent years given way and made many concessions on both the content of the sixth directive and other matters. We have not asked to discuss the content of the sixth directive, despite the fact that the directive has become particularly weak from the point of view of tax harmonization. We have in fact given priority to the question of own resources.

Our Committee declined to report on the amendments to regulation 2/71 proposed by the Commission and which did not take account of VAT. The Committee on Budgets wanted to prevent the Council from using this as a pretext to postpone the sixth directive indefinitely. Now that we are in the final phase of preparations for financing by means of own resources by 1978, the year scheduled, the Committee on Budgets is once again willing to make sacrifices and compromises in order to achieve this important goal. All this is to ensure that the year in which we hope direct elections will be held for the European Parliament will coincide with the first year of financing by means of own resources and with budgetary and financial autonomy. That is the political background to the three proposals. We want to give them precedence without getting bogged down in the many complex technical rules involved. We therefore wanted to deal with the report quickly, and Parliament has agreed to a debate by urgent procedure in order to place it on today's agenda. On behalf of the Committee on Budgets I also appeal to the Commission, represented by Mr Davignon to maintain its resolve in combating the Council's tendency — even now that the sixth directive has been drawn up — to stand in the way of the financial autonomy of the European budget.

The Council wants the financial contributions of the Member States to continue to be made on the basis of monthly cash requirements, which runs counter to genuine financial autonomy. I would ask the Commissioner and his colleagues to be on their guard against such tendencies in the Council. For the reasons stated the Committee on Budgets intends to approve the three proposals.

It must be pointed out — and this is also stated in the resolution — that the direct link between the European consumer and the European budget through a genuine European tax is only vaguely apparent in the proposals. It has always been the great ideal of the Committee on Budgets that there should be a dual link between the European budgetary authority and the European consumer. Consumers are also voters and can thus influence the policies of the budgetary authority. Thus the pattern is complete. This is what democracy and politics are all about. These technical regulations therefore have very great political significance. The link has become less close but has not yet been completely removed.

I would point out that the Committee on Budgets supports the Commission's efforts to avoid additional complex administrative rules affecting VAT declarations, specially for small undertakings. We fully appreciate this.

A section of these proposals is devoted to the idea of a cash budget for revenue. Those who have been keeping abreast of developments in this area will understand that the Committee on Budgets does not welcome this proposal and is not very pleased about it. We have already stated emphatically in Mr Shaw's report — and the Committee on Budgets still holds this view — that we should continue to strive for a single system for revenue and expenditure, that is the 'financial year budget' system. However, the Committee on Budgets is prepared to make a concession and accept this proposal on a temporary basis. This is why we referred in our resolution to a temporary necessity, and proposed that the matter be re-examined by the budgetary authority on the basis of a report which we request the Commission to submit to us not later than mid-1979, that is after 18 months' experience of this system. This should be sufficient to show whether it is advisable to return to one system for both revenue and expenditure. I do not intend, at this juncture, to deal with all the amendments in our document. They were all accepted unanimously. One of the proposals put forward is to slow down the rate of expenditure in the event of liquidity problems. The Committee on Budgets obviously cannot accept this. It is impossible to reverse the policy in the event of temporary liquidity problems. There would then be no money available, and this would naturally be totally incompatible with financial autonomy. That is only one example of the kind of problem involved.

Notenboom

Finally, I would point out that the Committee on Budgets considers this problem to be politically so important that, in its final paragraph, it proposes that the European Parliament should lay down that, if it becomes apparent that the Council intends to depart from our opinion, the conciliation procedure should be initiated, as is the case with the Financial Regulation, with which the proposals are of course closely connected. This underlines the political importance of these otherwise highly technical proposals. I have thus tried as far as possible to avoid all the technical aspects in order to emphasize the political significance of the proposals. The Committee on Budgets has unanimously approved the motion for a resolution, and I hope that I can also count on the unanimous support of Parliament.

President. — I call Mr Shaw.

Mr Shaw. — Mr Notenboom has had a very difficult and complicated task. It is a task for experts, to which the Committee on Budgets has devoted many hours under his guidance. Apart from thanking him for the work he has done and expressing my wholehearted support for his report, I only want to say two things.

One is that I regret the fact that the Commission has had second thoughts, reverting from the position it agreed to earlier and from a revenue basis back to a cash basis. I hope that in the not too distant future it will be possible to adopt the revenue basis for collection.

Secondly, whilst I accept that the system put forward seems to be the only practical system — namely, the interim monthly payments from the Member States into the Community kitty — I am rather afraid that this may result in obscuring the concept of own resources which we ourselves have spent so much time developing.

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

Mr Liogier. — (F) Mr President, ladies and gentlemen, I should merely like to emphasize the political importance of the draft regulations before us. These aim at nothing short of the recognition of the Community's autonomy and of its financial coming of age. Twenty years after the signing of the Treaties of Rome it is proposed that the Community should move from a state of financial dependence on the Member States to one of autonomy. Such autonomy will be achieved at the technical level by the direct allocation of the Community's own resources, no intervention of any kind being required on the part of the Member States. Customs revenue and Community VAT will be placed at the Community's disposal once they are paid by the economic groups and the European taxpayers. Under the system whereby financial backing was provided by the Member States, the

Member States' financial contributions were paid to the Community merely as the need arose. You will agree that there is an immense political difference between the two systems. The European taxpayer will no longer be represented by his national parliament, and his direct representation by the European Parliament will thus become a democratic necessity. Consequently, the proposals, while appearing to be of a technical nature, are of fundamental political importance.

For this reason I turn to the Council, whose technical departments are at present examining the Commission's proposals, to state calmly but firmly that the entire House supports the proposals. In other words it will not tolerate any attempt by the Council to doctor them in such a way that the system practised hitherto is maintained by technical devices. Of course, we do not wish to prejudge the Council and anticipate its final decision, but the rumours emanating from COREPER are rather worrying, and those in favour of the old system seem particularly active. It is therefore our duty to point out to the Council that the House is quite firm on the question of the Communities' financial autonomy. The three draft regulations set out in Mr Notenboom's excellent report should be the subject of a conciliation procedure if the Council departs from the European Parliament's position, particularly with regard to financial economy.

President. — I call Mr Davignon.

Mr Davignon, Member of the Commission. — (F) Mr President, even at this late hour it would be unacceptable for me not to add a few comments on behalf of the Commission. I should first like to thank Mr Notenboom and the Committee on Budgets for the constant and unswerving assistance, it has given the Commission in developing, amid the mass of technical regulations, a plan which is acceptable both politically and technically. I should also like to thank Mr Notenboom for the concessions which he says the Committee on Budgets made to ensure that the basic system enters into force. I think we can be reasonably sure that we have not made any compromises on matters of fundamental importance.

Secondly, I think that the main point made by Mr Shaw and Mr Liogier was that no concession can be made concerning the effective autonomy of a financial budget based on own resources. We cannot adopt a technical system whereby we effectively defeat the whole point of own resources on the pretext of only making payments under certain conditions. We have come to the end of the road. If we go any further, resources will be levied differently from before, but we shall be in a politically delicate situation.

I can assure Mr Notenboom that his report was politically unequivocal, and that although I am not as conversant as he is with the technical aspects of the

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budget, I was able to grasp its significance. Parliament's message is clear.

Finally, Mr President, I would add that we have become so accustomed to the idea of knowing that we shall now have our own resources and that the system will work that we may become complacent now that we find three important regulations before us, and forget the long and arduous struggle which these have cost. I believe that when Parliament votes tomorrow — unanimously, I hope — we will have combined the technical and political realities, and from 1978 we shall be in a position to achieve a political goal with the means suited to such a task. Parliament has to be congratulated on this, because without it there is no doubt that the Commission could never have achieved what it has, and it is well aware that it has good reason to be grateful.

President. — I call Mr Lange.

Mr Lange, Chairman of the Committee on Budgets. — (D) Mr President, I should like to state that the Commission's word will be taken seriously by the House. Parliament has adopted quite a definite stand with regard to own resources and has categorically rejected the continued bridging of the gap between own revenue and expenditure by the Member States' contributions. The Commission previously made a rather ambiguous proposal which was unacceptable to Parliament. The limits have been fixed, and we expect of the Commission that it does not go beyond them to please the Council. The Commission must remain firm and make it quite clear that as the virtual executive of the Communities it will not — and neither will Parliament — take any further step, regardless of what certain Council members may want, to place the Community's financial autonomy once again in jeopardy. I stress this point now that we are concluding this debate in order to tell the Commis-

sion that Parliament will not support it in any negative move going beyond the limits set. I hope, Mr Davignon, that the Commission will keep to its word in its dealings with the Council.

President. — I call Mr Davignon.

Mr Davignon, Member of the Commission. — (F) Mr President, I have no intention of commenting on Mr Lange's remarks. I have said what I had to say and expressed myself plainly, at least I hope I did. I should like to add, however, that the Commission is just a little concerned about the date by which the first report will have to be completed.

Our experts inform us that we shall not have the calculation until 1 August, although I had suggested 1 July. This is admittedly a matter which may be discussed in due course, but I felt I had to mention it. As for the other matters and the political diagnosis, I have expressed my views, and Parliament's message is clear.

President. — The debate is closed.

15. Agenda for next sitting

President. — The next sitting will be held tomorrow, Friday, 14 October 1977, at 9 a.m. with the following agenda :

- Procedure without report
- Pintat report on energy savings
- Oral Question with debate to the Commission on the European Cooperation Agency
- Houdet report on dessert apples
- Broeksz report on beef and veal from the ACP States (without debate)
- *End of sitting :*
- Vote on motions for resolutions on which the debate has closed.

The sitting is closed

(The sitting was closed at 6.50 p.m.)

ANNEX

Questions to the Commission which could not be answered during Question Time, with written answers

Question by Mr Terrenoire

Subject: European hunting-weapons industry.

In view of the crisis in the European hunting-weapons industry — as reflected in the current difficulties of the Manufrance undertaking — is the Commission prepared to take external measures, such as curtailing excessive imports of foreign hunting weapons, and to propose structural measures designed to encourage the continued existence and development of this European industry.

Answer

The Commission is of the opinion that the problems facing the European hunting-weapons industry will not be solved by resorting to the sort of automatic protection suggested by the Honourable Member. It stresses that it has not been approached either by Manufrance or by the French Government concerning this undertaking's particular difficulties, of which it has only now been made aware through the present question.

The Commission notes that the trade balance in hunting weapons was slightly positive in 1976 (254 873 weapons imported against 284 615 exported). Furthermore, French imports, which in 1976 amounted to 120 000 compared with 27 851 weapons exported, fell to 35 000 weapons for the first half of 1977. The only increase in 1977 is in imports from the USSR, but their number remains relatively small (1 819 weapons).

A comparison of the prices of weapons imported from third countries and the prices of French-produced weapons, they are in general considerably higher, except in the case of Soviet-made weapons.

This being so, the fact that sales of hunting weapons in the Community as a whole are remaining at the same level, or even falling, creates structural problems which the Commission is prepared to study if it is requested to do so by any of the parties concerned (workers, producers, government).

Question by Mr Creed

Subject: Reform of European agriculture.

Is the Commission satisfied with the rate of progress in structural reform of European agriculture, and will steps be taken in the future to allocate to the Guidance Section of the EAGGF a greater proportion of the agricultural budget?

Answer

The Commission does not think that the rate of progress in structural reform of agriculture is satisfactory in all regions of the Community. In the very near future it will therefore, together with its second report on application of the 1972 Council directives and some proposals for adaptation of said directives with a view to increasing their efficiency, submit and announce further proposals aimed at promoting structural development with particular regard to problem regions. Adoption of such measures will imply allocating to the Guidance section of EAGGF a greater proportion of the agricultural budget.

Question by Mr Hoffmann

✓ Subject: Coal stocks

How far is it true that the present increase in coal stocks in the Community is due to the continuing rise in coal imports from third countries?

Answer

The rise in coal imports cannot, on the whole, be regarded as the cause of the increase in coal stocks in the Community. While it cannot be denied that in recent years both these elements have increased considerably for the Community, the overall situation nevertheless shows considerable differences from one country to another.

Thus in the two main coal-producing countries (United Kingdom and Federal Republic of Germany) imports have remained stable while stocks had increased considerably. On the other hand, in France large imports have not been accompanied by a corresponding increase in stocks. Furthermore, the data vary according to the different coal products (coking coal, household coal etc.).

A number of factors are involved here, including general economic trends and the fact that Community coal is less competitive than that from some third countries.

The Commission is very concerned at the increase both in imports and in coal stocks.

This is why it submitted two proposals to the Council at the beginning of the year :

1. a system of subsidies to reduce the costs of stocking coal,
2. a system to supervise and provide information on imports.

These two proposals will be on the agenda of the next meeting of the Council of Ministers on 25 October 1977.

Question by Mr Cointat

Subject : New methods of combating unemployment

With reference to action against unemployment, is the Commission aware of recent studies recommending efforts to gain a better understanding of the operation and development of 'economic circuits' and the training of specialists qualified to give effective assistance to persons in positions of responsibility in the employment sector with a view to taking charge of job creation, and is the Commission considering any measures in this connection ?

Answer

The Commission assumes that the honourable Member means suggestions recently put forward by various parties concerning activities in the social sector and at local level in aid of the unemployed.

We would refer to suggestions concerning the 'third circuit' which were made by Mr Jean Lecerf, correspondent of *Le Figaro*.

On a previous occasion, at the meeting of the Standing Committee on Employment of 13 December 1976, at which youth employment was discussed, the Commission indicated that it considered projects of this type to be important.

The Commission would be glad to support projects of this kind and will examine whether and how it can help to finance them.

Question by Mr Durieux

Subject : Practices of certain Italian steel producers

Now that the American Government has stated that it is studying the possibility of imposing quotas on steel imports and that the Community steel industry is having to face growing imports from a number of third countries, what attitude does the Commission intend to take without delay to combat what are known in Italy as the 'Bresciani' who are flooding Europe with products at prices 20-25 % lower than the new scales set by the Commission and are not applying any of the measures introduced by the Commission under its anti-crisis plan ?

Answer

In order to ensure that the minimum prices introduced by Decision No 972/77 ECSC of 4 May 1977 (1) are adhered to, the Commission is taking the practical measures which it is entitled to take under the ECSC Treaty. In particular it has reinforced the inspections carried out in the undertakings concerned.

Article 64 of the Treaty provides for fines in cases of infringement. For infringements already detected, the Commission has begun the procedure provided for in Article 36 of the Treaty.

The Commission is also in close contact with the Italian authorities, which in their turn have taken certain steps to ensure that the anti-crisis measures adopted by the Commission under its iron and steel policy are complied with.

Question by Mr Lagorce

Subject: Manioc imports into the Community

How does the Commission intend to resolve the serious competition problems caused to Community maize and fodder plant producers by the growing imports of substitute agricultural products for animal feed purposes and, in particular, manioc?

Answer

The Commission is well aware of the pronounced increase in the imports of these substitute products over the last few years and is at present engaged in an urgent and detailed study of the problem and of possible solutions, bearing in mind the restrictions posed by the Community's international obligations.

Question by Mr Kavanagh

Subject: Development of the Community's Action Programme for the Vocational Rehabilitation of Handicapped People into a comprehensive policy on behalf of the handicapped, and in particular, what action does it intend to take to improve the education and preparation of young handicapped for adult life?

Answer

The Commission will very shortly be publishing a report containing an assessment of the results of the Community's First Action Programme for the Vocational Rehabilitation of Handicapped People which was drawn up in 1974.

In the light of these results, the Commission is now examining the possibility of extending its activities on behalf of the handicapped at Community level. To this end it intends holding consultations with organizations concerned with the handicapped.

In this context, projects on behalf of the young handicapped also merit consideration.

Question by Mr Dalyell

Subject: Relationship between the Institutions of the Community and the Catalan Region

What consideration is the Commission giving to the form of representation in the Community of the Generalitat, the Catalan autonomous Government in Barcelona, if and when Spain enters the Community, and will the Commission make a statement on its talks with the Spanish Government about the best form of relationship between the Institutions of the Community and the Catalan Region?

Answer

I do not think that there is any need to include in the discussion which will take place with Spain the question whether there should be a special form of representation in the Community of the Catalan region. Catalonia has not become an independent state. It has acquired a certain degree of regional autonomy, similar to that which exists already in some Member States (e.g. Italy, the Federal Republic and more recently Belgium). The external relations of Spain will remain with the central government.

SITTING OF FRIDAY, 14 OCTOBER 1977

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IN THE CHAIR : MR MEINTZ

*Vice-President**(The sitting was opened at 9.05 a.m.)*

President. — The sitting is open.

1. *Approval of the minutes*

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

Are there any comments?

The minutes of proceedings are approved.

2. *Documents received*

President. — I have received the following documents :

- (a) from the Council, the draft amending budget No 2 of the European Communities for the financial year 1977, drawn up by the Council on 11 October 1977 (Doc. 333/77) which has been referred to the Committee on Budgets ;
- (b) from Mr Lagorce and Mr Berkhouwer, pursuant to Rule 25 of the Rules of Procedure, a motion for a resolution on the 1978 Nobel Peace Prize (Doc. 334/77) which has been referred to the Political Affairs Committee.

3. *Procedure without report*

President. — On Monday I announced to the House the proposals from the Commission for which it was proposed to apply the procedure without report laid down 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. *Directives on energy savings*

President. — The next item is the report (Doc. 309/77) by Mr Pintat, on behalf of the Committee on Energy and Research on the

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

- a directive on the performance, maintenance and regulation of heat generators and the insulation of the distribution system in new buildings ;
- a directive on energy savings from the modernization of existing buildings in the Community.

I call Mr Zywiets.

Mr Zywiets, deputy rapporteur. — (D) Mr President, ladies and gentlemen, in place of Mr Pintat, who had to withdraw at short notice, I would like to comment on the motion for a resolution before us and the accompanying explanatory statement. The nine paragraphs of the resolution and its explanatory statement deal with one central policy subject — energy policy

— and set out some vital objectives in this field of policy action.

The report points out that our concern must be to make more and more rational use of energy and in particular to husband our own indigenous sources, and secondly to push ahead with the development of every conceivable alternative source of energy. In these energy policy objectives we are, to no small extent, applying the lessons of the 1973 oil crisis but even without this coaching we would have had to stress these objectives in our energy policy. God knows that we have no reason to turn our noses up at any possible kind of energy in this situation ; on the contrary, we have to take advantage of every possibility presenting itself. Here we must put our learning ability to the proof and come up with an active energy policy that does not just creep along at a snail's pace.

The report before us and the motion for a resolution constitute a new energy policy approach. In the future it can no longer just be a question of meeting a given demand. Now, for the first time, an attempt is made to analyse energy requirements with a critical eye and to cut them back through purposeful efforts to use energy in the most rational way possible without sacrificing economic growth or standards of living.

This approach, as set out in the report, has its justification in the fact that we have had a steep increase in the prices of primary energy — and oil in particular — over the last few years — and we all know how dependent the Community is on imported oil. But it has also become apparent that if we continue to consume energy as we have been doing, not only shall we begin to feel the pinch of energy scarcity but we could also bring about unacceptable levels of pollution. Taken together, these two factors — the finite nature of our resources and the possible threat of an intolerable level of pollution — point to the wisdom of making greater efforts than previously as regards the rational use of energy.

We would not have had to take the matter so seriously if it were not for the fact that all forecasts for the next ten, fifteen or twenty years — regardless of the way they are worked out — predict a very definite growth in energy demand coupled with pessimistic forecasts as to the possibility of summoning up the resources needed to meet it. This relationship between energy requirements and available resources underlines — as pointed out in the report — the imperative need for rational use of energy. Cuts in growth and national product are not the intention — the object must be energy substitution as the result of more intensive thinking, more intelligent behaviour as regards consumption and the replacement of energy utilization by other components, other products and other materials. We can substitute energy in the form of space heating by better thermal insulation and better glass, for instance.

Zywietz

Just as clear as the need for rational use of energy is the view that this is not a field of policy activity in which we can count on large-scale surprise results in the short term, it is more a question of identifying long-term objectives and heading systematically for them. Overnight results will not be achieved in this area. It is already difficult enough to win popularity for this idea at a time in which, though we are rightly talking about long-term energy problems and shortages, we are presented with the short-term fact that, in many countries, there are coal stocks, oil tanks full to overflowing and power stations and refineries used to only two-thirds of their capacity. Hence the present apparent contradiction between the need for rational energy use and a short-term situation of surplus, whereas long-term forecasts all give a clear warning of scarcity.

This motion for a resolution, ladies and gentlemen, is intended to make a change. For one thing it signposts the way we should be working and highlights an area of policy priorities, and that is almost reason enough for approving it, but it also contains a series of practical proposals as to how the rational use of energy may be achieved. Last but not least, the object of the report is to support the Commission, by a vote in this House, in its concrete efforts towards the rational use of energy. This subject will certainly be with us for a long time and I therefore feel that we should not now get tangled up in fine legal points, but should give our approval to this motion for a resolution.

In the future, rational use of energy must be our objective in all three main consumption sectors, namely households, the industrial sector as a whole and transport. In addition, however, attention should also be paid to switching to more rational methods for producing energy itself. Here, a pragmatic first step has been identified for this objective. The details, I feel, will have to be filled in more systematically, in the future, for the individual priorities.

I would like to refer again to the methods described in the report to ensure that energy is used more carefully. The first is the price instrument. Raising prices is one way of putting a brake on consumption, but here we must be clear that this is only possible in the Community, the point being that a unilateral change in energy prices could mean serious local disadvantages from the competition viewpoint which make the use of such an instrument very difficult from the start.

The second possibility is in the administrative area, where orders and restrictions could bring about rational energy use, particularly in the most important area, namely space heating. The third possibility, which should not be forgotten, is to intensify efforts towards this rational use of energy by direct grants or tax incentives.

No purpose would be served by setting out all conceivable and possible ways and means. The purpose of the

report is to make it clear that there is a need for what we might call concerted action in the field of rational energy use to which every possible person concerned in this sector should contribute in theory or practice, and we should not compromise these efforts in advance by over-pessimistic predictions about their success. Some estimates forecast possible savings of 15 % by 1985. Our view, however, is that this figure should not be taken too literally but that the first thing to do is to intensify our efforts as suggested in the report and then to see what results that produces.

Finally, I would like to make the point that successful results in the directions indicated in the resolution, in other words in rational use of energy and also in the development of non-nuclear alternative energies — and I mean practical, real results — could help a great deal to make future discussions on the further development of nuclear power less difficult.

I have the impression that the population in many Community countries is expecting tangible results in this area as one condition — though not the most imperative — for considering and supporting the further necessary development of nuclear energy in a more relaxed and less prejudiced frame of mind. Here I see a connection with the broader field of energy policy as a whole and feel that, in this report, we are giving a pointer in the right direction and that it deserves our parliamentary support.

President. — I call Mr Alber to present the opinion of the Legal Affairs Committee.

Mr Alber, draftsman. — (D) Mr President, my task was twofold: firstly to consider the legal basis for the two proposals and secondly to consider certain of the conditions involved. On the first point I would like to say that we agree with the legal basis for the two proposals.

In view of the short time available I would refer you to my report. We have no legal objections at all to the proposal regarding new buildings. We do, however, have some comments about certain conditions in the proposal regarding existing buildings. I would like to say at once that we are in complete agreement with the objective. We welcome the proposals, we agree with the energy conservation purpose and we basically approve the proposed measures. We therefore support the report made by Mr Pintat who took very great pains over it. Our objections are directed solely to certain aspects of the scheme, which is too rigid and too global.

I do not intend to go into the practical effect of these measures; that would exceed the competence of the Legal Affairs Committee. I would just like to mention however that the measures should not be laid down in a directive and that the choice must be left to the indi-

Alber

vidual countries. For details I would refer you to the report.

We have not been into the question of whether the cost/benefit ratio is favourable. That was not our responsibility. But we did come to the conclusion — and this is the main point to which I shall confine myself — that the directive is too rigid and too global in its approach. The percentage of dwellings to be modernized, namely between 20 and 30 %, refers not only to the Community as such, but is also binding for the individual countries, and here we feel that distinctions must be drawn and climatic conditions taken into account, because modernizing 30 % of dwellings in Sicily is certainly not as significant as modernising 30 % in Denmark or Germany. Now, since the cost involved totals 126 billion European units of account, and since the directive nowhere says that this expenditure will be borne by governments — although there is a reference to grants — it must be assumed that the public must meet the modernization cost itself. If the differences in climate are considered, then it has to be said, from the legal standpoint, that such an obligation could come very close to intervention equivalent to expropriation, because the expenditure involved would really be out of all proportion to the objective in mind. This is the only reason, namely the lack of flexibility, for our objections to the two directives. They need to be better adapted to suit different situations, in other words differentiated according to country, leaving it to the individual countries to decide how high the percentage should be. We agree with the percentage given as a target for the Community as a whole, but we do not think that it is legally acceptable and possible to make this percentage binding on each country.

Here we are in a difficult situation to the extent that we have to give an opinion on the proposal as it stands. Because of our legal objections we are forced therefore to propose that the directive be rejected. If these objections had been allowed for in another directive we would, of course, be ready to agree and, in closing, I would like to repeat that we do not want to defeat the directive as such. We have nothing against its object and we welcome the proposed energy conservation measures. On the other hand, on legal grounds, that is to say because no differentiation is made, we are forced to reject the directive in this form.

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

Mr Dalyell. — Mr President, the Socialist Group recognizes the estimable intentions of these documents. We are committed to energy saving. However, we have considerable doubts about the realism of certain proposals and, in particular, about the validity of the Commission's estimate that 700 000 jobs a year could result, directly or indirectly, from the

programme for the modernization of existing buildings. Such a programme would make a contribution to reducing unemployment in respect, for example, of roof installation, which is largely unskilled or semi-skilled work. But other measures proposed — including, for example, wall insulation — are skilled jobs. A sudden massive expansion of existing programmes would lead almost certainly to a labour and, probably, materials shortage.

I therefore ask the Commission directly: what evidence is there that this kind of employment will be created among those who are not at present employed? Frankly, there is a bottleneck in certain skilled trades that seem necessary for the implementation of their programme. The job-creation potential cannot be assessed in isolation. The crude percentage of building types, linked incidentally to firm dates, in Article 1 of the draft directive, is simply unacceptable, since it takes no account of the variety of conditions and construction of these building types in Member States nor of economic conditions in each State. Further action in this important area of conservation potential must be granted, the Socialist Group thinks, in what Member States can firmly conclude to be a useful and realistic form.

I come to the same question as the rapporteur for the Legal Affairs Committee — a question, incidentally, that has never been answered to my satisfaction in the Committee on Energy and Research when we have cross-questioned the Commission.

Is there really a case for bringing in this kind of directive when we know perfectly well that when it may be snowing in Scotland, it will be sweltering in Sicily, and that weather conditions in Copenhagen and Capri are unlikely to be the same. Incidentally, this problem will be greatly exaggerated if and when the Community is enlarged, because here we are putting down certain guidelines applicable both to Stuttgart and to Seville, to Amsterdam and to Athens, to Lübeck and to Lisbon. It is for these reasons that we have doubts as to whether this kind of thing is a priority, and whether the Commission would not do better to concentrate on what might seem to be more realistic and urgent schemes, such as work under the Social Fund.

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

Mr Zeyer. — (D) Two proposed directives are submitted for our consideration. The purpose of both is to bring in appropriate measures with regard to energy conservation and rational energy use at Community level. In the view of our group such measures are necessary in order to reduce the rate of growth in energy consumption during the next few years.

The first proposed directive provides that heat generators for space heating and central hot water supplies

Zeyer

for new buildings should be subject to type approval and certification. This approval may only be given if the heat generator meets certain minimum requirements, heat generators rated at over 300 kW having to be equipped with a regulating system. We think this is right and my group approves this proposal by the Commission. It also welcomes the recommendations accompanying the proposals. On the other hand we feel that the effects of these recommendations should be assessed in all soberness. We should not pin exaggerated hopes on them. This applies particularly to the recommendations concerning private households. Here the experience of recent years teaches us that it is precisely in this area that energy savings are very difficult to achieve. At the moment it is in the industrial area that the most care is being taken to save energy. It is primarily the mounting pressure of cost that is forcing firms to use energy more rationally since, for them, energy costs are production or operating costs. Even so this is not yet, perhaps, properly understood in the small and medium-sized firms. If steps are to be taken to give advice to industry, then this service should be primarily extended to the small and medium-sized firms to whom the latest techniques for rational use of energy and energy conservation should be explained.

My group attaches the greatest importance to the combined production of heat and power, both in industry and for district heating systems. Promising initiatives have already been taken in some countries. In the design of power stations, the use of waste heat for district heating should be allowed for right from the drawing-board stage.

Mr President, ladies and gentlemen, conflict has arisen in today's debate on the proposal for a directive on energy savings from the modernization of existing buildings. In particular, objections have been put forward by Mr Alber on behalf of the Legal Affairs Committee. We must clearly agree with that committee that climatic conditions in the Community countries are very different and it has been pointed out that conditions in Denmark and Southern Italy are hardly comparable.

In adopting such a directive, account must naturally be taken of these different climatic conditions. We cannot measure everything by the same yardstick. However, we feel that this difficulty can be met by more flexible wording in the directive and here I would refer to the closing discussions in the Committee on Energy and Research when the Commission intimated that it was ready to reword this provision of the proposal for a directive in more flexible terms. I am sorry that Mr Pintat, the rapporteur, is unable to be here. I know that compelling reasons kept him away but it might have been possible to reach a consensus and also dispose of the objections of the Legal Affairs Committee from the outset.

The objections relate mainly to the fact that a certain percentage for the modernization of existing buildings would be made binding for all. To that extent the objections of the Legal Affairs Committee have to be taken very seriously because we could, in fact, eventually have intervention not far short of the equivalent of expropriation if it were made compulsory in all cases that house owners modernized their houses.

I feel that here the Commission should be prepared to compromise and make it clear in the debate that this is only a target for flexible interpretation as regards what is done in the individual countries. I believe this is also necessary because the directive is not yet national legislation. The directive first has to be converted into national law by the national parliaments, and provided we remain flexible then this will make it possible for the parliaments in the individual Member States to pass the necessary legislation very quickly.

To our way of thinking, therefore, this is primarily a target in the proposal for a directive and we consider it right, because it is obvious that improved thermal insulation in existing buildings must lead to appreciable energy savings. Allow me just to give you a figure for the Federal Republic of Germany. In Germany more than half the total consumption of light fuel oil is accounted for by heating in private households. This being so, it is easy to realize that there are even greater opportunities for economy in this area which ought to be exploited.

Ladies and gentlemen, the Commission makes the point that the individual Member States should give financial incentives to enable house owners to modernize existing buildings. In the discussions in committee we regretted that the Commission had not gone into detail on the form that such financial facilities should take. They could of course be in the form of outright grants but they could also be in the form of tax concessions. I feel that the Commission should make it clear that the Member States are required to provide these financial incentives, for it is only with their aid that the vast majority of house owners will be in a position to carry out the necessary modernization measures.

We therefore take the view — and I say this quite clearly for my group — that the Commission's proposal for a directive should state that the member countries are required to give these financial incentives so that house owners, for their part, can carry out the modernization. On this condition my group is in agreement with the two proposals for directives before us.

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

Mr Geurtsen. — (NL) Mr President, it is not my intention to deal in depth with the content of the proposal for a directive we are discussing. It would be pointless, because my political friends Mr Pintat and Mr Zywiets have already done so in excellent fashion. There is no point in repeating everything. I would just like to stress one point very clearly again. I believe that it is important that we should continue to bear in mind that economy in the field of energy consumption is an important thing but that Europe's future energy supplies cannot be secured by savings alone. That would be a dangerous misconception. Savings are necessary, but alone they are not enough. We should also concentrate all our efforts on the search for and development of alternative forms of energy, including nuclear energy. It is only by focusing our attention on both economies and alternative energy production that we can hope to avoid having another energy crisis on our hands. It is late, but it does not have to be too late provided we do not waste any more time.

I would also like to make a comment on the opinion delivered by the Legal Affairs Committee, which includes a minority opinion to the effect that the committee had exceeded its terms of reference. The minority could well be right, but I feel we ought not to regret the observations of the Legal Affairs Committee now that they have been made. They seem important enough to me for the Commission to take them into account in its final drafting of the directive. I trust this will be done and therefore I feel there is no need for any amendment as proposed by Mr Alber on behalf of the Legal Affairs Committee.

I would like to refer in particular to a matter that has not been raised up to now. I would like to know what the relation is between the proposal for a directive that we are now considering and the proposal made by the Commission in another draft directive, namely that on the approximation of the laws of the Member States relating to appliances using gaseous fuels, to safety and control devices for these appliances and to methods for inspecting these appliances, the draft directive referred to in Article 2 (3) of the directive on heat generators. That directive relates to gas-fired appliances and therefore to gas-fired heating appliances. The same directive also refers to the rational use of energy as one of the criteria for the approval-testing of gas-fired appliances. This brings me to my first question to the Commission: if the directive on gas-fired appliances goes through, would the directive we are now discussing — the directive on heat generators — not be superfluous for the gas-fired appliances to which the other directive applies? That is not all. The gas-fired appliance directive says that obstacles to trade as the result of differing regulations must be removed and that this is to be achieved by establishing largely harmonized approval criteria taking into account all relevant Community objectives such

as safety, efficiency and rational use of energy. Once the directive is in force and uniform approval criteria are established, the Member States may not refuse to import gas-fired appliances, including gas-fired heating appliances, coming from other Member States, or forbid their use.

The proposal we are now discussing states, among other things, that the Member States have to introduce an approval-testing procedure requiring that certain minimum performance criteria be met, although these minimum performance characteristics are not spelled out.

With regard to the approval criteria and performance characteristics there is no mention of harmonization — at least not in this directive. It is therefore very likely that we shall soon be having to deal with different performance requirements in different countries. Then we would have side by side a directive with approval requirements for gas-fired appliances aimed at harmonizing trade and another about energy conservation for a category of appliances to which the other directive also applies but that can be implemented in different countries with different requirements — which may again lead to new obstacles to trade.

It is therefore to be feared that the one directive may interfere with the functioning of the other, which is why I ask the Commission how it proposes to prevent it. The same applies to approval marks. The directive we are discussing establishes an approval mark but the other also refers to an approval mark — an EEC approval mark. The other directive also says that the Member States must ensure that no marks are affixed to gas-fired appliances that could be confused with the EEC approval mark.

That brings me to my second question to the Commission. Is there not a risk that confusion will in fact be created if two different approval marks are established under these two directives and how does the Commission plan to prevent this confusion?

Article 3 of the directive we are discussing says that special Community criteria are to be drawn up for appliances rated at over 300 kW. These requirements will not be fully harmonized if full harmonization is not yet achieved. Could not these requirements, therefore, come into conflict with those laid down in the directive regarding the safety, efficiency and energy economy of heating boilers?

These questions prompt me to suggest that the Commission should consider whether it would not be useful to exempt not only electric appliances but also gas-fired appliances from this directive. I could have tabled an amendment, of course, but I have not done so.

I have the impression that coordination between the two directorates-general concerned with these two matters was not all that good and I would prefer the Commission to take another careful look at the rela-

Geurtsen

tionship between the two directives. My guess is that the result of this careful scrutiny would be the removal of the points of contradiction between the two directives of which I have quoted a couple of examples. However this may be, we should be extremely careful in the way we deal with our legislation in Europe. We should guard against creating legislation in which one part is in conflict with another.

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

Mr Masullo. — *(I)* Mr President, on behalf of my group I would like to express our feelings of confusion in the face of the simultaneous presentation — and possible approval — of these two directives. This confusion, felt by the majority in the Legal Affairs Committee and mainly relating to the directive on the modernization of existing buildings in the Community, seems to me to need stressing not as a matter of concern that there should be differences in the views of two committees — here the Committee on Energy and the Legal Affairs Committee — but rather as evidence of the utility of having several committees look into, analyse and deliver their opinion on so important a matter as that we are presently dealing with.

In actual fact, the Committee on Energy and Research has carried out its task brilliantly, tackling the problem from its own standpoint which is that of the importance of limiting energy consumption in the near future. But the Legal Affairs Committee, too, could not fail to see the problem from its own angle, in other words to check whether any of the measures proposed, because of their structure or methodology, cut across the effective rights of individual states or individual citizens in each state. It therefore seems to me that although the opinion of the Legal Affairs Committee does not coincide with that of the Committee on Energy, this fact should not be overdramatized but regarded as the extremely positive product of a free discussion showing a live awareness of problems of such importance.

In short, as regards the directive about which our group is particularly confused, it seems to me that the first point to be made concerns the manifest contrast between the principle of a directive and the content of Article 1 in the directive itself. Allow me to point out that a directive is a legal instrument addressed to the Member States setting a result to be achieved, leaving the national institutions full responsibility as regards the form in which it is to be achieved and the ways and means to be used. Now if this is so, Article 1 of the proposed directive is in clear contrast with the provisions of the Treaty in that not only does it bind — or propose to bind — the Member States with regard to an objective to be reached, but it also enters into detail, specifying the ways and means by which

Member States are to achieve that objective, to the extent that it speaks, in detail, of improving the thermal insulation of walls and roofs, double glazing, improvements to heating systems and the use of thermostats and meters.

Here, in fact, we have a directive that does not confine itself to proposing a usefully binding objective but it goes as far as indicating the instruments and ways and means through which this objective is to be achieved. It is clear that if a discrepancy of this kind — between the directive principle itself and the wording of Article 1 — is not picked up we shall then have the kind of consequences referred to by certain Members in this morning's debate. In other words there will be major distortions in the distribution of burdens and obligations among the different states and among different areas in those states and therefore we shall have a directive which, instead of making the treatment of different states and different citizens within the same state in the Community more uniform, will ultimately create far greater disparities.

Our consideration of this matter is restricted to the legal standpoint. It does not go into the substance or content of the directive, which is the responsibility of the Committee on Energy, but it weighs up the legal consequences of its application. It should be borne in mind that merely establishing, for example, the percentages referred to in Article 1 (20 % of the existing stock of public buildings, 30 % of homes and 20 % of commercial and office premises) could, by taking no account of the objective starting-points of the individual states, produce a distorted and unfair result in the application of a uniform percentage.

For these reasons, on behalf of my group, I must express keen concern about the consequences that, in legal terms, would arise from the application of this directive in the form in which it is proposed. In our view it should certainly not be rejected out of hand, but it should be revised and submitted again in such a form that it does not imply what is not only a generic and general departure from legal principles but a real question of law involving the violation of legal principles of a general nature. For these reasons, our group declares that it is very much confused and will vote against, if this directive is submitted in its present form.

President. — I call Mr Natali.

Mr Natali, Vice-President of the Commission. — *(I)* Mr President, ladies and gentlemen, I have followed the discussion on this item of the agenda with great interest. I would first of all like to associate myself with the compliments that have been made in various quarters on the report presented by Mr Pintat and at the same time thank Mr Zywiec who made the verbal explanatory statement in his place.

Natali

I would also like to recall that the last report that the Commission submitted on the achievement of the Community's 1985 energy policy objectives contains the basic list of the requirements that are necessary for reaching what we consider to be the primordial energy policy objective set by the Community, that is to reduce our energy dependence to 50 %.

The first item in this list is the maintenance and intensification of the policy for the rational use of energy.

As early as 1974, the Commission had prepared a very full programme designed to highlight ways and means of reducing energy consumption by 15 % — the initial target for 1985. We are forced to recognize that, since then, the delay in developing our own resources — both conventional and nuclear — has made better utilization of the energy that we consume even more necessary. A systematic study of the potential for energy savings undertaken by the Commission's staff, assisted by experts in both public and private sectors, produced the first series of five recommendations which the Council, as Members will recall, approved on 4 May 1976.

With this brief history of past events my intention was to show how the proposals we are now presenting fit into a logic and structure in which the participation of the European Parliament has also clearly been a fundamental factor. Today we are proposing a second set of measures with two proposed directives concerning the heating of new buildings, one draft recommendation regarding heating regulation and the metering of the quantity of heat consumed and two other draft recommendations, the first of which concerns industry and the other the setting up of advisory bodies to promote the combined production of heat and power.

For the most part, this document has given rise to what I would call observations or recommendations of a sectoral nature. I listened with particular interest to the comments regarding the programme we have submitted — which we may qualify as ambitious — for modernizing existing buildings in order to improve their thermal efficiency.

I shall now explain our position with regard to this document. For completeness, I should nevertheless tell you — because I feel we should have a general picture of the situation — that this package of measures, the first of which we are now discussing, also includes two regulations not down for consideration today. One of these regulations concerns the granting of financial aid for demonstration projects whose primary object is to save energy, and the second concerns the granting of financial aid for projects relating to the development of alternative sources of energy. Another reason why I wished to mention this second regulation was that some speakers stressed the need not only for the rational use of energy but also for its development.

These two regulations complete the picture as regards the measures that we have submitted. I feel that this set of measures fully meets the wishes expressed by the European Parliament and this is why, a short while ago, I wished to recall how we were sustained in our efforts by the opinion of Parliament which, in its resolution of 15 October 1976, set out a series of objectives which the Commission was invited to bear in mind in studying and submitting its proposals.

I would particularly like to recall that, in that resolution, Parliament regretted that no recommendations were made for the industrial sector. The second set of measures we are now considering includes three which, directly or indirectly, concern that sector. Again in its resolution of 15 October 1976 Parliament invited the Commission to submit measures of a binding nature, if this proved necessary, which is what we have done with the measures we now present.

This having been said, and thanking the rapporteur for the comments that have been made and particularly those points that we shall bear in mind in pursuing our work (in the report of the Committee on Energy, incidentally, there is an evident similarity of views with those of the Commission), I would like to deal briefly with the series of objections that have been made, particularly regarding the second proposed directive.

I certainly cannot go into the merits of the dispute as to whether it is or is not) within the competence (of the Legal Affairs Committee to prepare or give opinions that would exceed the competence of the Legal Affairs Committee.

(Laughter)

Nor do I wish to take issue with the representative of the Communist Group about his interpretation of the concept of the directive with which, personally, I am hardly in agreement and I would also say that it is negated by a whole series of suggestions from Parliament to the Commission as regards the formulation of its proposals. Although a directive, by its very nature, should confine itself to stating objectives, it must not be vague or generalized. The problem is to leave the Member States scope for using their own internal legal instruments in a flexible manner without, however, failing to state objectives including quantitative goals, for specific actions.

I would also like to add that the basic objections referred to two kinds of question: the first relates to the stating of reduction targets that have to be achieved. It is argued that this would create discrimination between countries and within countries because of geographical and climatic differences. I would merely like to point out that the energy savings laid down in the directive are proportional to consumption. The Member States will be able to take these differences into account in the programme which,

Natali

under Article 2, they have to communicate to the Commission.

We also consider, gentlemen, that the percentage laid down in the proposal is sufficiently low to avoid too heavy a burden being placed on the Member States and I would also like to add that, with regard to flexibility, Article 1 leaves it to Member States to determine the level of thermal insulation in each region as a function of climatic conditions, particularly since the savings to be achieved will be proportional to the total consumption of the sector.

A second objection was made with regard to the fact that Article 2 of the directive provides that the cost of these measures should be met by the owners of the buildings. I would like to point out that the Member States are free to choose the most suitable measures for achieving the specific purpose and to introduce arrangements for financial incentives that, we should add, must be compatible with the provisions of the Treaty. If we had also stated the nature of the arrangements to be introduced, I wonder what kind of objections that would have aroused, in view of the fact that a little while ago we were urged not to be too explicit or analytical in the framing of proposed directives? The representative of the Socialist Group was concerned that the jobs this would produce would be confined to skilled personnel — I think this was his comment — and therefore would not affect the employment level as we would like. I agree, Mr Dalyell, this theory could be right and this possibility could exist. I nevertheless believe that there will be opportunities for absorbing other manpower. I would however suggest for his consideration that, with this programme, we have an opportunity for increasing the workforce and therefore reducing unemployment and from this standpoint I believe that a positive judgement is warranted.

The representative of the Liberal Group — if I am not mistaken — raised problems with reference to the gas appliance sector. I have noted his comments with regard to coordination, or the lack of it, in the work of the two directorates-general. I have to say that the coordination between the departments of the Commission, which is necessary precisely to avoid the contradictions between the two texts to which reference has been made, will be put into effect. I trust that this assurance will relieve the honourable Member and I thank him for his precise and specific comments on this point.

I would like to tell Mr Alber that when he himself proclaims the need for achieving these objectives he cannot at the same time propose that the second directive be rejected. The Commission has taken into account and accepted many points made by the Legal Affairs Committee and, precisely for this reason, I would ask the honourable Member to withdraw his amendment so that progress may be made with this first basic item in a programme that refers not only to the use of energy but also to the possibility of creating jobs.

President. — The debate is closed.

✓ **5. European Cooperation Agency**

President. — The next item is the oral question with debate (Doc. 298/77) by the Committee on Development and Cooperation to the Commission on the European Cooperation Agency:

When does the Commission expect to submit to the Council its new proposals concerning the European Cooperation Agency?

I call Miss Flesch.

Miss Flesch, chairman of the Committee on Development and Co-operation. — (F) Mr President, ladies and gentlemen, I would recall that, on 21 April 1977, the European Parliament adopted a resolution tabled by Mr Sandri on behalf of our committee delivering an opinion on the proposal by the Commission to the Council concerning a regulation regarding the creation of a European agency for commercial cooperation with the developing countries.

The proposal by the Commission was, in fact, the final outcome of a persistent and repeated request from the European Parliament for the setting up of a documentation and information agency responsible for promoting trade relations between the Community and all the developing countries.

Since commercial activities were involved, it was important — in the view of your Committee on Development and Cooperation — that this body be given legal status and appropriate structures enabling it to be operational and above all to act swiftly and flexibly.

In its proposal, the Commission reacted favourably to these requests, suggesting that a European agency for commercial cooperation should be set up to implement trade promotion programmes in favour of all the developing countries and that optimum use be made of generalized preferences. The creation of such an agency was called for not only because of the mounting number of measures taken by the Community in favour of the developing countries in the trade field, but also because of the operational nature of the functions to be performed.

Parliament's reception of the Commission's proposal was favourable. The only reservations related to the legal nature and, therefore, the budgetary status of the agency. According to the Commission of the Communities, the European agency for commercial cooperation with the developing countries ought to have the fullest possible legal personality, and be vested with the fullest legal capacity allowed to legal entities in all the Member States. The essential characteristic of the agency, again in the view of the Commission, ought to be its financial autonomy ensured by having its management relatively independent of the Commission.

Flesch

At this stage, consultations took place between the Committee on Development and Cooperation and Parliament's Committee on Budgets, with regard, among other things, to various requirements, firstly as regards the agency's efficiency called for by the Committee on Development and Cooperation and secondly as regards the legal financial discipline which the Committee on Budgets insisted upon. In its resolution, the European Parliament, whilst approving the proposal to the extent that it met the repeated requests that had been made regarding measures to be taken to improve commercial cooperation with the developing countries, recalled that Parliament's financial principles implied that institutions should be directly responsible for the management of all Community activities on the basis of budgetized appropriations.

In conclusion, Parliament pointed out, at the time, that :

It has always tended to oppose the creation of decentralized bodies which, by the autonomy of their management and establishment plan, hinder the normal exercise of its budgetary powers: believes, however, for particular reasons indicated in this resolution, that it should give a favourable opinion on the proposed regulation, while limiting it in order to take account of the fundamental budgetary principles set out above.

Since the European Parliament took up this position, in other words since April 1977, the proposal of the Commission of the Communities has been blocked in the Council. The latter has proved incapable, so far, of taking a decision on the proposals regarding the creation of the European agency for commercial cooperation. The absence of decisions on the part of the Council is clearly pregnant with implications for the developing countries, and more particularly as regards the promotion of their trade relations. Also, and this is a question causing us deep concern, it raises the problem of the impossibility of using the appropriations entered in the 1977 budget for this purpose.

In the face of this situation, and in the light of the opinion of the European Parliament, the Commission of the Communities had said that it was ready to put forward new proposals. On this point, Mr President, I am a little like Sister Anne: I can see only the dust on the road and the red of the sun but I can see nothing coming. This is why I would like to remind the House of the concern of the Committee on Development and Cooperation to see this project finally come to fruition. The committee would, in particular, like to have more information about the state of preparation of these new proposals, on their content and on the date foreseen for their adoption, it being understood — and I would stress this once again — that this will have to take place at a very early date in order to enable the appropriations entered in the 1977 budget to be utilized.

President. — I call Mr Natali.

Mr Natali, Vice-President of the Commission. — (I) I would like to thank Miss Flesch personally and on behalf of the Commission for her explanatory statement on the question tabled on behalf of the Committee on Development and Cooperation.

I think that Members know that the Committee of Permanent Representatives considered the Commission's proposal and, though recognizing the validity of the arguments put forward, did not feel that it was advisable to refer it to the Council. Instead it asked the Commission to frame proposals aimed at finding answers to the problem within the institutional offices of the Commission itself.

We all agree on the fact that the problem is a matter of urgency. As regards the question I have been asked on possible dates, I can tell you that the Commission thinks it will be able to come up with new proposals before the end of the year.

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

Mr Deschamps. — (F) Mr President, the position of the Christian-Democratic Group is very clear. Everything should be done to have this Agency set up and become operational as quickly as possible, and this should be done within the framework of what was approved by this Parliament in April 1977. Very rightly it was recalled a moment ago that, initially, we wanted to go farther and that the Commission, in its proposal, went farther, particularly in assigning two essential objectives for this European Cooperation Agency, namely better use by the developing countries of the system of generalized preferences and the definition and implementation of trade promotion programmes designed to develop potential outlets for the developing countries on the world market.

Miss Flesch has just recalled that her committee had unanimously approved, on a report by Mr Sandri, both this programme and these two objectives. Then came the difficulties with the Committee on Budgets that have just been outlined. With the chairman and Mr Sandri, the rapporteur, I personally took part in the negotiations with the Committee on Budgets and, on behalf of the Committee on Development and Cooperation, defended the compromise that we struck. In this way we were, in this Parliament, able to vote through a resolution which was not, of course, the resolution we wanted in the Committee on Development and Cooperation, because an element we considered to be important had been lopped off: in other words one of the two objectives — action to improve the knowledge of generalized preferences, and therefore their utilization, by the developing countries — was no longer part of the primary object of the agency to be set up. Nevertheless we voted in favour of this compromise. It was this compromise that my group

Deschamps

asked me to defend and I feel I should tell the Commission that it is on the basis of what we decided in the resolution that the new proposals — if there are to be any — should be worked out.

But that does not mean that we are abandoning what is left of the first proposal, because what is left, Mr Natali, is something important. It is all this part of the Agency that, thanks to the help of specialized private organizations, will enable specific commercial promotion measures to be put into effect in favour of the developing countries. In this connection, I would like to refute an argument which seems to me to be hypocritical. Many national delegations, it is true, are not very enthusiastic about the proposal to set up such an agency. Others would like it to be submerged in the international organizations that already exist. So the proposal is not to set up the Agency at the moment but to wait for the Lomé II negotiations and, meanwhile, we are told, exploit all the possibilities contained in that chapter of Lomé I which — true enough — provides for a series of specific actions at the trade level designed to promote the utilization and marketing of ACP products. It is also true to say that these actions are envisaged in the Convention and that, therefore, they can be put into effect, on the grounds of what already exists, in the European Commission. But, it is said, the Lomé II negotiations could then take into account the legitimate complaints of the ACP regarding the establishment of a Commercial Cooperation Centre operating on the model of the well-known Centre for Industrial Development, provision for which was made in the Lomé I Convention and which we instituted this year, under the control of the joint ACP/EEC bodies. The point is, the argument continues (and it is here that it seems to me to be hypocritical), the ACP are disappointed and they have reservations to make regarding the Agency in the form in which we finally approved it.

Mr President, ladies and gentlemen, of course the ACP are disappointed. They agreed with the objectives assigned to the Agency in the form in which we had initially planned it. For financial, legal and other internal reasons we have taken part of its objectives away from this Agency. These countries are therefore not pleased, particularly since they were not properly consulted. But to go on from there and say that, because they are disappointed, we are not going to establish the Agency is, I repeat, to show a certain degree of hypocrisy. At all events it is a step that the Christian-Democratic Group is not prepared to take.

In these conditions, we feel that it would be political play-acting and a step backward in our Community development policy if we did not come up very quickly — and I was glad to hear what Mr Natali had to say on the subject — with proposals which — the question is addressed to the Commission but in reality it is intended for the Council — would rapidly result

in the Agency being established and made operational in the conditions set out in the proposal adopted in this House.

Mr President, we retract nothing from what we decided in April. The Christian-Democratic Group, on whose behalf I am speaking, but also I believe the other groups and the Commission, support this point of view. We shall be vigilant and we hope soon to have detailed replies regarding the effective establishment of this Agency.

President. — I call Mr Dewulf.

Mr Dewulf. — *(NL)* Mr President, ladies and gentlemen, I would like to put to you a constructive proposal, my own personal suggestion, for getting out of this blind alley. The objectives are the promotion of trade and better utilization of the preferential tariffs. Who stands to benefit from this initiative? Our ACP friends on the one hand and all the developing countries on the other.

What is the instrument that is proposed? Government control or joint control? This is where the difficulties start. I would immediately add that control is a European, or rather Western, term and the fact is that we have never consulted the ACP countries about the possibilities of joint control. When we are told that the Council is creating difficulties, it can mean two things because the Association Council is creating difficulties and that, I feel, is worse in this case than the traditional difficulties that the princes who govern Europe sometimes make for us.

Now to my proposal — and not in a spirit of hypocrisy, Mr Deschamps, but as a way out of a certain ambiguity. What I suggest is: full priority for our ACP partners to improve the structure of trade promotion under the Lomé Convention. With the partnership of their engineers just as much as of their political leaders. And then real trade promotion. And if the question of preferential tariffs for our ACP friends has to come up — well, the department concerned can deal with that. The Centre for Industrial Development, in my view, has got off to a very good start and can serve as an example. Now to the other developing countries.

But do not let us have all the developing countries covered by one instrument again, because that, whatever happened, could involve difficulties for our ACP friends and create disappointment among the other developing countries. But if your very competent people in the preferential tariffs department want to do some useful work for the developing countries, then let them collaborate in the joint UNCTAD-GATT centre and improve the preferential tariffs with the Americans, the Japanese, the Scandinavians and the rest and make them more operational in favour of the developing countries.

Dewulf

We disown the hypocrisy of those who want to transfer problems or bury them in the international or worldwide institutions. For my part I plead that there should be no misunderstandings, that the ACP should know exactly what they have a right to expect from us and that Europe should have the courage to allow the non-associated countries to benefit from the privileged instrument represented by an operation of this kind — and let it be a body that we know, like GATT, or one we tolerate, like UNCTAD. Since there is now this cooperation between GATT and UNCTAD, why should not Europe, which was the leader in generalized preferences, try — in this kind of body — to stay in the forefront of this struggle to make generalized preferences operational for the developing countries?

President. — I call Miss Flesch.

Miss Flesch, Chairman of the Committee on Development and Cooperation. — (F) Mr President, I would like to thank the Commission for its reassurances and my colleagues for their kind support in the Committee on Development and Cooperation on this matter. I would add, Mr President, that I would obviously have preferred a little more 'muscle' in the Commission's reassurances but I would add that, as far as procedure is concerned, I am deeply shocked by what Mr Natali has just told us. He said that the Committee of Permanent Representatives, after considering the Commission's proposal, thought it unnecessary to forward it to the Council and asked the Commission to find other answers. This means that the Commission put forward a proposal, that the Council asked Parliament to give an opinion on this proposal and that the Committee of Permanent Representatives felt that it was unnecessary for the Council to consider the proposal and opinion of Parliament. This is really scandalous, Mr President. Is this the value that the Council places on Parliament's opinions? Is this the respect that one institution should have for another in the Community? I find this unacceptable. What is the good of asking for opinions if they are to be disregarded?

Obviously these criticisms are not addressed to the Commission, but I wanted it to be said very clearly that this procedure seems to us absolutely unacceptable.

To conclude, Mr President, I would like to ask the Commission to put forward, without delay, new, concrete and precise proposals enabling us to get this matter moving again.

President. — The debate is closed.

6. Regulation on dessert apples

President. — The next item is the report (Doc. 331/77) by Mr Hughes on behalf of the Committee on Agriculture on the

proposal from the Commission of the European Communities to the Council for a regulation temporarily and totally suspending the autonomous Common Customs Tariff duties on dessert apples.

I call Mr Hughes.

Mr Hughes, deputy rapporteur. — In introducing this short debate, on this report, the first point that has to be made quite clearly is that this season the Community production of apples has fallen to some 5.2 million tonnes. There can be no pretence that there is still uncertainty on 20 October and that a glut of new Community apples is suddenly going to appear on the trees, because the fact is that that is all the dessert apples that are likely to be produced from Community resources this year. Whatever uncertainty there may be as to price, the effect of these proposals from the Commission being accepted, would be, I suspect, very minimal; the quantities involved in importation up to 31 December are of the order of 40 to 50 000 tonnes, and the customs duty involved is only some 14 % *ad valorem*. It is therefore ridiculous to my mind and to the mind of the Committee on Agriculture to propose that this would have a disastrous effect on prices to the producers in the Community.

From the discussion in the Committee on Agriculture, I would only draw the House's attention to two particular points, one of which we still find very difficult to accept. The argument that oranges are likely to be a substitute for apples in the diet of children in the Community, and that this is a reason for not doing anything, struck me as somewhat far-fetched, as I expect it did the whole of the Committee on Agriculture; and in its letter of opinion, the Committee on External Economic Relations appears to take the same view.

The other area, however, upon which we had a much fuller debate, was whether or not the Commission should look into the possibility of permitting third-grade apples — not third-grade in qualitative terms, but technically third-grade apples — on to the consumer market for direct human consumption, rather than on to the manufacturing market, which has been the habit heretofore. We therefore ask in our report for more comprehensive information as early as possible on whether this is feasible.

In the light of the evidence presented to the Committee on Agriculture it recommended this proposal of the Commission to the House by a vote of eleven to one, with one abstention.

President. — I call Mr Noè.

Mr Noè. — (I) Mr President, I would just like to comment on an amendment on which the first signature is that of Mr Pisoni. The amendment is to the effect that the removal of the 14 % duty should be

Noè

deferred until the end of the year when all the Italian apples will have been picked and it will be possible to know exactly how many apples are available in the Community. The reason for this is that the Italian crop is not as poor as that in Germany, where unusual weather conditions ruined the blossom. Hence it would be a little absurd to take measures to make it easier to bring in apples from third countries and then have to put our own apples into store if, in the end, the harvest were plentiful.

We therefore ask that the measure be put off just to the end of the year so that we can find out what Italian apple production totals. I hope that Members will see the reason for our request and avoid making the situation of growers in this area more difficult.

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

Mr Liogier. — (*F*) Mr President, ladies and gentlemen, missing a connection by a few minutes meant that I did not arrive in Luxembourg until the end of the meeting of our Committee on Agriculture when I was just in time to hear that the proposal for a regulation submitted by the Commission to the Council and calling for the complete removal of customs duties on apples other than cider apples up to 31 December had been received with unanimous approval, with one exception, from our committee and that our opinion would accordingly be presented to Parliament without debate. This news astounded me. Convinced that such a decision could only have been due to the haste in which this proposal for a regulation had been submitted for our approval I requested a debate in the full House.

The Group of European Progressive Democrats considers that the measure proposed, which I consider unwise, is as badly timed as it is dangerous, both for producers and consumers and it is easy for me to show you why.

The explanatory statement to the proposal for a regulation states that production prices of apples are at particularly high levels in all the Member States, often reaching twice those of prices at the same period last season, apparently because of a 22 % drop compared with the average for previous years. The explanatory statement also says that a complete suspension of the independent duties of the Common Customs Tariff, amounting to 14 % for this period, could correct the situation and help the Community with regard to its supply of a commodity of large consumption.

One comment is immediately called for: world apple prices are generally far higher than ours because, having to pay a duty of only 14 %, they cannot compete with present Community prices which the Commission tells us — and we must surely believe it — are double the normal prices that used to prevail in our Community. If they were not that high, there would be absolutely no reason to remove the 14 %, in other words the total amount of import duty. We are

therefore forced to the conclusion that apple prices in the Community in normal periods are very much lower than world prices, even allowing for the longer transport distances. Up to now our consumers have been getting supplies at low cost and can and should be pleased.

But in present conditions and in circumstances that are as temporary as they are abnormal it would be invidious to take steps — costing the Community a great deal, incidentally, because of the loss of customs duty — against the Community producers still selling their apples this year at prices which, whilst much higher than previously, are capable of withstanding competition from all the producing and exporting countries on the planet. This would be particularly vexatious in that our producers had experienced such a slump on the markets in previous years, with pitifully low prices often close to withdrawal prices i.e. 50 % lower than the basic price, that they increasingly reduced the areas planted with apples where they did not give up apple growing altogether. The figures are eloquent and clearly illustrate the present situation in the Community as a whole: 1974 — 7.4 million tonnes, 1975 — 6.4 million tonnes, 1976 — 5.7 million tonnes and 1977 — 5.2 million tonnes. The fall in production is continuous and is not a short-term problem as people seem to think, but a real structural problem which this year is becoming extremely worrying. It would be madness to think that it could be solved by removing all customs duties when Community prices are, for a short period, roughly equal to the world competition.

I am also surprised that, at a time when the statistics gave warning of a deficit, grubbing-up premiums should have been introduced of up to 100 u.a. per hectare, applications for 'Golden Delicious' already totalling 12 000 hectares. Why, in this year of deficit, do we refuse to allow category III apples to be marketed, of which there are sufficiently large quantities available to restore satisfactory equilibrium, instead of opening up our frontiers. This would make it possible for many households to have what are often excellent apples at low cost. Present production of category III is well in excess of the requirements of the industry for which it is reserved at the moment.

Also, although there is a shortage of Community-produced apples at the moment, the production of pears shows strong signs of being in surplus and we all know that the housewife is quite capable of doing her sums. The first thing she does when she goes to the greengrocer is to look at the prices and if she thinks there is too big a difference between the price of apples and that of pears then, in most cases, she will buy pears and this will lead to some degree of equilibrium.

Another thing is that not all the late-season apples have yet been picked in other areas, so that the figures put forward may be proved wrong and present prices may come down very quickly, too.

Liogier

However this may be, the Commission ought to take note of the fact that the Community does not produce enough good quality apples for consumption within the Community and it should draw the conclusions that this implies, because if we become dependent on high-priced foreign production it will be Community consumers who will be the losers in the long run. Taking high-cost measures like those in the proposals before us today is no way of defending them. These proposals will not do them much good at the present time and they could cost them dearly in the future.

On their side, the producers — seeing clear evidence of a structural shortage of apples in the Community — cannot fail to regard the measure put forward as being unfair to them, particularly after the disastrous years they have just been through whereas, instead, they ought to be encouraged to extend their apple plantings whilst carefully selecting the species.

This proposal is bad even if only on the psychological plane. But it also runs counter to the obvious interests of the consumer who, to be sure of reasonable prices, ought to be able to rely on Community-produced apples. This is why the Group of European Progressive Democrats cannot but reject both the proposals of the Commission of the Communities and the report of our Committee on Agriculture which is in favour of it — probably because it had insufficient time to study it seriously and to weigh up its inevitable and fateful implications.

I am sorry to have to conclude with a protest. Most of our French and Italian colleagues, and particularly those representing rural areas and therefore especially concerned by questions of Mediterranean policy, are generally in the House until Thursday night but have to get back to their constituencies without fail on Friday morning. The Bureau invariably puts down problems that concern them for discussion on Friday. Often the votes that are taken therefore give a false picture of the views of the Members of this Parliament as a whole, who may also fail to hear the arguments put to an audience that is really very small. We have often made this comment — but in vain — and we hope that, today, the protest will fall on less deaf ears.

President. — I call Mrs Kellett-Bowman to speak on behalf of the European Conservative Group.

Mrs Kellett-Bowman. — Mr President, the Conservative Group agrees with the Commission proposals. I might point out that I am myself a farmer and represent a farming area so I do believe that I understand the farmers' point of view. But, we believe that retaining the tariff would not be in the interests either of producers or of consumers.

My group understands very well that with a light crop this year, producers will need a decent price to survive. But a price which puts apples in the luxury class is in the interests neither of producers nor of

consumers. This year in the United Kingdom Worcester Pearmain are retailing at 25-28p a pound compared with 12-14p last year. English Russets are at 25p against 12-14p in 1976, while Cox's Orange Pippins, the main English dessert variety and the worst hit by the atrocious spring weather, are 25-30p per pound compared with 12-20p last year. Now even with the suspension of the tariff, prices to the producer, I submit, will still be very good and will make up for the lightness of the crop and help in some degree to compensate for the poor years which farmers and apple producers have indeed suffered.

But we feel very strongly that the consumers must not lose the taste for eating apples. We have a saying in England which may well be duplicated around the Community: 'An apple a day keeps the doctor away' but with apples at the price they are, they are fast becoming a rare treat for Sundays only and it is essential, both on grounds of public health and in the long-term interests of producers, that the apple-eating habits of the public should not be lost.

Now there is one thing that I must admit does puzzle me. I cannot understand the Commission's suggestion that the suspension should last only until December 31, on the very odd grounds that by then there will be plenty of oranges available. One of the tremendous assets of the dessert apple is its beneficial effect on dental health and no one conceivably can argue that the orange is an adequate substitute for this purpose. Nor, with great respect to my friend Mr Liogier, would I suggest that the pear is a substitute. And although it grieves me greatly to disagree in particular with my very close friend and colleague Mr Noè, my group does believe that these proposals are in the interests of both producers and consumers and accordingly we support the Committee on Agriculture's recommendations.

President. — I call Mr Natali.

Mr Natali, Vice-President of the Commission. — (I) Mr President, the Commission has always been somewhat diffident in proposing a removal of Common Customs Tariffs. It must however be realized that the apple situation is really exceptional this year. The apple harvest for the 1977-78 season has been estimated at 5.2 million tonnes for the whole of the Community, a drop of 22% compared with the average for the period 1972-76.

Prices in general are fairly high because they are 100% higher than last year. We are not yet in a position to know what imports into the Community have been up to today but, according to information we have received, availabilities in third countries could result in a total import figure of the order of 30-50 000 tonnes by December 1977. In addition, it is foreseen that an additional 25 000 tonnes could come from Hungary. It is clear, therefore, that we need to

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ease the situation on the market, among other things for other products that could be substitutes. These are the reasons why we put forward this measure which we recommend Parliament to approve.

President. — I call Mr Hughes.

Mr Hughes, deputy rapporteur. — I only rise, Mr President, to object in public to the suggestion made by Mr Liogier that the Committee on Agriculture looked at this scantily and quickly. We had a considerable discussion on it, and I think it was an unwarranted slur on the members of the Committee on Agriculture to suggest that, had we taken longer over it, we would have come to a different conclusion.

President. — The debate is closed.

7. *Regulation on imports of beef and veal from the ACP States*

President. — The next item is a vote without debate on the report (Doc. 303/77) by Mr Broeks, on behalf of the Committee on Development and Cooperation, on the

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

Does anyone wish to speak?

I put the motion for a resolution to the vote.

The resolution is adopted.¹

8. *Multifibre Agreement (Vote)*

President. — The next item is the vote on the motion for a resolution tabled by Mr Müller-Hermann (Doc. 332/77).

I put the motion for a resolution to the vote.

The resolution is adopted.¹

9. *Decision concerning the EEC-Turkey financial protocol (Vote)*

President. — The next item is the vote on the motion for a resolution contained in the report by Mr Spicer (Doc. 330/77). I put the preamble and paragraphs 1 and 2 to the vote.

The preamble and paragraphs 1 and 2 are adopted.

After paragraph 2 I have Amendment No 1 tabled by Mr Hansen on behalf of the Committee on Budgets aimed at the insertion of a new paragraph :

2a. Considers that consultation of Parliament on the financial implications of these agreements — in particular on the budgetized loans and aids — should take place before operative decisions are taken by the Council, that is, in most cases, before the opening of negotiations.

I put the amendment to the vote.

Amendment No 1 is adopted.

I put paragraphs 3 and 4 to the vote.

Paragraphs 3 and 4 are adopted.

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

The resolution is adopted.¹

10. *Floods in North-West Italy (Vote)*

President. — The next item is the vote on the motion for a resolution tabled by Mr Noè on the floods in North-West Italy (Doc. 324/77).

I put the preamble and paragraph 1 to the vote.

The preamble and paragraph 1 are adopted.

After paragraph 1 I have amendment No 1/rev. tabled by Mrs Squarcialupi aimed at the insertion of a new paragraph :

1a. Urges the Commission to make adequate contributions to the current analyses and to increase efforts to reforest the mountain areas subject to landslide as provided for in the preliminary Programme on the Environment adopted by the Council.

I put the amendment to the vote.

Amendment No 1 is adopted.

I put paragraph 2 to the vote.

Paragraph 2 is adopted.

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

The resolution is adopted.¹

11. *Regulations on the Communities' own resources (Vote)*

President. — The next item is the vote on the motion for a resolution contained in the report by Mr Notenboom (Doc. 326/77).

I put the motion for a resolution to the vote.

The resolution is adopted.¹

12. *Directives on energy savings (Vote)*

President. — The next item is the vote on the motion for a resolution contained in the report by Mr Pintat (Doc. 309/77).

¹ OJ C 266 of 7. 11. 1977

¹ OJ C 266 of 7. 11. 1977

President

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 Albers on behalf of the Legal Affairs Committee aimed at replacing this paragraph by six new paragraphs :

- '9. Approves, therefore, the proposal for a directive on the performance, maintenance, regulation and inspection of heat generators and the insulation of the distribution system in new buildings, together with the related draft recommendations (Doc. 161/77);
10. Notes, moreover, that the measures referred to in the proposal for a directive (Doc. 162/77) on energy savings from the modernization of existing buildings in the Community would be applied to the same percentage of buildings in all the Member States;
11. Feels that, as stated in paragraphs 18 to 24 of the opinion of the Legal Affairs Committee, this uniform percentage would be contrary to the principles of non-discrimination and cost-sharing between citizens of the Member States, bearing in mind the differences in climate between the various geographical regions of the Community;
12. Notes that the estimated cost of these measures is 126 000 million EUA, and that the proposal for a directive makes no provision for mandatory public aid, the owners being responsible for the modernization of their buildings;
13. Considers that the jobs created as a result of the implementation of these measures (which the Commission estimates at 700 000 per year, the length of the programme being six and a half years) would be eminently temporary in nature and would be unequally shared between the different regions of the Community;
14. Rejects, therefore, the proposal for a directive (Doc. 162/77) on energy savings from the modernization of existing buildings in the Community, and instructs the Commission to make a cost study of the energy used in each Member State for heating buildings as a percentage of total energy costs, and then to consider appropriate action, having regard to the requirements and circumstances of each Member State.

I put the amendment to the vote.

Amendment No 1 is rejected.

I put paragraph 9 to the vote.

Paragraph 9 is adopted.

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

The resolution is adopted.¹

13. Regulation on dessert apples (Vote)

President. — The next item is the vote on the motion for a resolution contained in the report by Mr Houdet (Doc. 331/77).

I put the preamble to the vote.

The preamble is adopted.

On paragraphs 1 and 2 I have Amendment No 1 tabled by Mr Pisoni, Mr Fioret, Mr Noè and Mr Brugger, aimed at replacing these paragraphs by the following text :

— having regard to the fact that there is still some uncertainty in particular as regards :

- (a) the final yield of the harvest, which in some regions has not yet been completed,
- (b) the price which producers will ultimately be able to obtain,
- (c) the possibility of storing Community-produced apples which remain unsold due to imports from third countries.
- (d) the possibility of adopting alternative measures aimed in particular at ensuring that second and third quality apples reach the consumer,

rejects the Commission's proposal.¹

What is Mr Hughes' opinion ?

Mr Hughes, deputy rapporteur. — The opinion of the Committee on Agriculture remains that this amendment should be rejected.

President. — I put the amendment to the vote.

Amendment No 1 is rejected.

I put paragraphs 1 and 2 to the vote.

Paragraphs 1 and 2 are adopted.

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

The resolution is adopted.¹

14. Dates and agenda for next part-session

President. — There are no further items on the agenda.

I should like to thank the representatives of the Council and the Commission for their contributions to our proceedings.

The enlarged Bureau has proposed that Parliament should hold its next sittings from 24 to 26 October 1977 in Luxembourg.

Are there any objections ?

That is agreed.

At its meeting of 13 October 1977 the enlarged Bureau drew up the following draft agenda which I now submit for the approval of Parliament :

¹ OJ C 266 of 7. 11. 1977

¹ OJ C 266 of 7. 11. 1977

President

Monday, 24 October 1977

from 5.00 p.m. to 10.00 p.m.:

— *Introduction and discussion of the Cointat reports on the amendments to the estimates of Parliament for 1978 and on sections II and IV of the draft general budget for 1978 and, possibly, on section V, and the Shaw report on the draft general budget of the Communities for 1978*

— *Debate on the draft general budget for 1978*

Tuesday, 25 October 1977

10.00 a.m. to 1.00 p.m. and 3.00 p.m. to 6.00 p.m.:

— *Continuation of budget debate*

Wednesday, 26 October 1977

10.00 a.m.:

— *Introduction and discussion of the supplementary reports by the Committee on Budgets followed by the vote on*

— *sections I, II, IV and V of the draft general budget of the Communities for 1978*

— *draft amendments concerning appropriations in the Commission section of the draft budget*

— *proposed modifications concerning appropriations in the Commission section of the draft budget*

— *the motions for resolutions contained in the Shaw and Cointat reports drawn up on behalf of the Committee on Budgets.*

15. Organization of the debate on the budget

President. — At the same meeting the enlarged Bureau decided, pursuant to Rule 28 of the Rules of Procedure, to allocate speaking time in the debate on the budget as follows:

Total length of debate: 13 hours

Council and Commission	80 minutes
General Rapporteur	80 minutes

Rapporteur on Parliament's budget	20 minutes
Draftsmen of opinions	80 minutes
Socialist Group	140 minutes
Christian-Democratic Group	120 minutes
Liberal and Democratic Group	65 minutes
Group of European Progressive Democrats	55 minutes
European Conservative Group	55 minutes
Communist and Allies Group	55 minutes
Non-attached Members	20 minutes

This speaking time must be used for introducing the main reports and supplementary reports and draft amendments and proposed modifications. During the vote no Member will be allowed to speak, except the rapporteur to state briefly the views of the Committee on Budgets.

In order to be adopted, proposed modifications must receive a majority of the votes cast, and draft amendments must receive the vote of a majority of the current Members of Parliament; on the basis of the current membership this means that they must have at least 100 votes in favour.

16. 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.

Ars there any comments?

The minutes of proceedings are approved.

17. Adjournment of the session

President. — I declare the session of the European Parliament adjourned.

The sitting is closed.

(The sitting was closed at 11.10 a.m.)