

Annex

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NOTE TO READER

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

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IN THE CHAIR : MR COLOMBO

President

(The sitting was opened at 5.10 p.m.)

President. — The sitting is open.

1. *Resumption of the session*

President. — I declare resumed the session of the European Parliament, which was suspended on 17 June 1977.

2. *Appointment of Members*

President. — The Belgian Senate appointed its delegation to the European Parliament on 30 June 1977. The following were appointed Members of the European Parliament: Mr Calewaert, Mr de Clercq, Mr Delmotte, Mr Dewulf, Mr Radoux, Mr Vandewiele and Mr Verhaegen.

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

I congratulate the Members whose appointments have been renewed and welcome the new Members to the European Parliament.

3. *Petitions*

President. — The Committee on the Rules of Procedure and Petitions has decided, pursuant to Rule 48 (4) of the Rules of Procedure, that Petition No 4/76, on measures to help migrant workers, Petition No 11/76, on hazardous activities of Euratom in Geel/Mol involving the use of plutonium and similar substances in the immediate vicinity of houses and food processing facilities, should be filed without further action.

It also decided to forward Petition No 8/76 on public-funded help with home responsibilities to the Commission of the European Communities.

4. *Documents received*

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

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

- proposal 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. 169/77),

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 ;

- proposals for seven Regulations on the safeguard measures provided for in the Cooperation Agreements and Interim Agreements between the European Economic Community and

- the Arab Republic of Egypt
- the Hashemite Republic of Jordan
- the Syrian Arab Republic
- the Lebanese Republic
- the Kingdom of Morocco
- the People's Democratic Republic of Algeria
- the Republic of Tunisia

(Doc. 170/77)

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

- proposals for :

- I. a regulation opening, allocating and providing for the administration of Community tariff quotas for port wines, falling within heading ex 22.05 of the Common Customs Tariff, originating in Portugal (1978)
- II. a regulation opening, allocating and providing for the administration of Community tariff quotas for Madeira wines, falling within heading ex 22.05 of the Common Customs Tariff, originating in Portugal (1978)
- III. a regulation opening, allocating and providing for the administration of Community tariff quotas for Setubal muscatel wines, falling within heading ex 22.05 of the Common Customs Tariff, originating in Portugal (1978)

(Doc. 171/77)

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

- proposal for a regulation opening, allocating and providing for the administration of a Community tariff quota for fresh or dried hazelnuts, shelled or otherwise, falling within subheading ex 08.05 G of the Common Customs Tariff, originating in Turkey (1978) (Doc. 172/77)

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 the transfer of appropriations between chapters in Section III — Commission — of the General Budget of the European Communities for the financial year 1977 (Doc. 173/77)

President

which has been referred to the Committee on Budgets ;

- the initial list of request for the carry-over of appropriations from the 1976 to the 1977 financial year (non-automatic carry-overs) (Doc. 181/77)

which has been referred to the Committee on Budgets ;

- proposal for a Decision modifying the Decision 75/458/EEC concerning a programme of pilot schemes and studies to combat poverty (Doc. 182/77)

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

- the communication from the Commission of the European Communities to the Council concerning guidelines for Community regional policy (Doc. 183/77)

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

— proposals for :

- a regulation amending Regulations (EEC) Nos 3035/76 and 3036/76 opening, allocating and providing for the administration of Community tariff quotas for dried figs and dried grapes falling within subheading ex 08.03 B and 08.04 B I of the Common Customs Tariff, originating in Spain (1977)
- a regulation amending Regulations (EEC) Nos 3032/76, 3033/76 and 3034/76 opening, allocating and providing for the administration of Community tariff quotas for certain wines falling within subheading ex 22.05 C of the Common Customs Tariff, originating in Spain (1977)

(Doc. 193/77)

which have 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 Directive on the control of Potato Ring Rot (Doc. 194/77)

which has been referred to the Committee on Agriculture ;

- proposal for a Regulation opening, allocating and providing for the administration of a Community tariff quota for apricot pulp falling within subheading ex 20.06 B II c) 1) aa) of the Common Customs Tariff, originating in Israel (1978) (Doc. 195/77)

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

- proposal for a Decision amending 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) C Doc. 196/77)

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

- proposal for a Regulation amending Regulation (EEC) No 522/77 laying down special provisions applicable to trade in tomato concentrates and peeled tomatoes between the Community as originally constituted and the new Member States (Doc. 205/77)

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

- 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. 207/77)

which has been referred to the Committee on Budgets ;

(b) from the committees the following reports :

- report by Mr Shaw, on behalf of the Committee on Budgets, on the amended proposal in accordance with Articles 149/EEC and 119/ECSC for 'Title VII — Special provisions applicable to the research and investment appropriations' of the Council Regulation (ECSC, EEC, Euratom) amending the Financial Regulation of 25 April 1973 applicable to the general budget of the European Communities (Doc. 168/77);
- report by Mr Maigaard, on behalf of the Committee on External Economic Relations, on relations between the European Community and the Nordic countries not members of the EEC (Doc. 184/77);
- report by Mr Nyborg, on behalf of the Committee on Regional Policy, Regional Planning and Transport, on :
 - I. the communication from the Commission to the Council on action in the field of transport infrastructure and on the proposals from the Commission to the Council for .
 - a decision instituting a consultation procedure and creating a committee in the field of transport infrastructure
 - a regulation concerning aid to projects of Community interest in the field of transport infrastructure and
 - II. the motion for a resolution on the construction of a tunnel under the English Channel (Doc. 185/77);

- report by Mr Nyborg, on behalf of the Committee on Regional Policy, Regional Planning and Transport, on the proposal from the Commission to the Council for a decision subscribing, on behalf of the Community to a joint declaration of intent to implement a European project in the field of transport on the subject: 'Electronic traffic aids on major roads' (COST Projects 30) (Doc. 186/77),

President

- report by Mr Bayerl on behalf of the Committee on External Economic Relations on economic and trade relations between the European Community and Portugal (Doc. 187/77);
 - report by Mr de Koning on behalf of the Committee on Agriculture on the proposal from the Commission to the Council for a regulation amending Regulation (EEC) No 974/71 as regards the price level to be taken into consideration for the calculation of monetary compensatory amounts (Doc. 188/77);
 - report by Mr Bangemann 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 provisions of the Financial Protocol concluded with Malta (Doc. 189/77);
 - report by Mr Albertini on behalf of the Committee on Budgets on the fifth financial report on the European Agricultural Guidance and Guarantee Fund (1975) submitted by the Commission of the European Communities to the Council and to the European Parliament (Doc. 190/77);
 - report by Mr Broeks on behalf of the Committee on Development and Cooperation on the communication from the Commission of the European Communities to the Council concerning the 1977 skimmed-milk powder and butteroil food aid programmes (Doc. 191/77);
 - report by Mr Cousté on behalf of the Committee on Economic and Monetary Affairs on the crisis in the Community's iron and steel industry (Doc. 198/77);
 - report by Mr Terrenoire 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 provisions of Protocol No I to the Cooperation Agreements concluded with Algeria, Morocco and Tunisia (Doc. 199/77);
 - report by Lord Ardwick, on behalf of the Committee on Economic and Monetary Affairs on the economic situation in the Community (Doc. 200/77);
 - report by Mr Kaspereit, on behalf of the Committee on External Economic Relations on the proposals from the Commission of the European Communities to the Council on seven Regulations on the safeguard measures provided for in the Cooperation Agreements and Interim Agreements between the European Economic Community and
 - the Arab Republic of Egypt
 - the Hashemite Republic of Jordan
 - the Syrian Arab Republic
 - the Lebanese Republic
 - the Kingdom of Morocco
 - the People's Democratic Republic of Algeria
 - the Republic of Tunisia
 (Doc. 201/77);
 - report by Lord Bruce of Donington on behalf of the Committee on Budgets on draft supplementary and amending budget No 1 of the European Communities for the financial year 1977 (Doc. 202/77);
 - report by Mr Bourdellès on behalf of the Committee on Agriculture on the proposal from the Commission of the European Communities to the Council (Doc. 146/77) for a directive amending Directives 66/400/EEC, 66/401/EEC, 66/402/EEC, 66/403/EEC, 68/193/EEC, 69/208/EEC, 70/458/EEC, and 70/457/EEC on the marketing of beet seed, fodder plant seed, cereal seed, seed potatoes, material for the vegetative propagation of the vine, seed of oil and fibre plants, vegetable seed and on the common catalogue of varieties of agricultural plant species (Doc. 203/77);
 - report by Mr Spicer, on behalf of the Committee on Economic Relations on the proposals from the Commission of the European Communities to the Council for:
 - I. a regulation extending the arrangements applicable to trade with Malta beyond the date of expiry of the first stage of the Association Agreement
 - II. a regulation extending the arrangements applicable to trade with the Republic of Cyprus beyond the date of expiry of the first stage of the Association Agreement
 (Doc. 206/77);
- (c) the following oral questions with debate:
- oral question with debate by Mr Cousté on behalf of the Group of European Progressive Democrats to the Commission on dumping (Doc. 174/77);
 - oral question with debate by Mr Leonardi, Mr Veronesi, Mr Masullo, Mr Lemoine and Mr Maigaard on behalf of the Communist and Allies Group to the Council on the relations between small-scale industries and the Community institutions (Doc. 175/77);
 - oral question with debate by Mr Berkhouwer on behalf of the Political Affairs Committee to the Council on the introduction of a uniform passport (Doc. 176/77);
 - oral question with debate by Mr van der Hek, Lord Bruce of Donington, Mr Glinne, Mr Prescott and Mr Seefeld to the Commission on the pharmaceutical industry in Europe (Doc. 177/77);
 - oral question with debate by Mr Kaspereit on behalf of the Committee on External Economic Relations and Miss Flesch on behalf of the Committee on Development and Cooperation to the Commission on the North-South Dialogue (Doc. 178/77);
 - oral question with debate by Mr Pisoni, Mr Pucci, Mr Noè, Mr Fuchs, Mr Granelli, Mr Lucker, Mr Vandewiele, Mr Ney, Mr Schyns, Mrs Cassanmagnago-Cerretti, Mr van der Gun and Mr A. Bertrand to the Commission on unemployment among young people (Doc. 179/77);

President

- oral question with debate by Mr Lange, Mr Schmidt, Mr Laban, Lord Brimelow and Mr Glinne on behalf of the Socialist Group to the Commission on the relations between the Community and the EFTA countries (Doc. 180/77);
- (d) for Question Time on Tuesday 5 and Wednesday, 6 July 1977, pursuant to Rule 47A of the Rules of Procedure, oral questions by Mr Nyborg, Mr Brown, Mr Liogier, Sir Geoffrey de Freitas, Sir Derek Walker-Smith, Mrs Ewing, Mr Spicer, Mr Patijn, Sir Brandon Rhys Williams, Mr Cousté, Mr Broeks, Mr Cifarelli, Mr Inchauspé, Mrs Dunwoody, Mr Bangemann, Mr Normanton, Mr Dondelinger, Mr Hamilton, Mr Corrie, Mrs Walz, Mr Dalyell, Mr Kaspereit, Mr Vandewiele, Mr Price, Mr Pintat, Mr Meintz, Mr Scott-Hopkins, Mr Nyborg, Mr Cousté, Sir Geoffrey de Freitas, Mr Hamilton, Mr Dalyell, Mr Howell, Mr Corrie, Mr Berkhouwer, Mrs Ewing, Mrs Ewing, Mr Cifarelli, Sir Derek Walker-Smith and Mr Price (Doc. 197/77);
- (e) a motion for a resolution tabled by Mr Howell, pursuant to Rule 25 of the Rules of Procedure, on the Tripartite Conference (Doc. 204/77), which has been referred to the Political Affairs Committee;
- (f) from the Council, preliminary draft amending and supplementary budget No 1 of the European Communities for the financial year 1977 prepared by the Council on 21 June 1977 (Doc. 192/77), which has been referred to the Committee on Budgets as the committee responsible and to the Committee on Agriculture for its opinion.

5. Texts of treaties forwarded by the Council

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

- Agreement between the Member States of the European Coal and Steel Community and the Republic of Tunisia ;
- notice of the completion by the Community of the procedures necessary for the entry into force of the Interim Agreement between the European Economic Community and the Hashemite Kingdom of Jordan ;
- notice of the completion by the Community of the procedures necessary for the entry into force of the Interim Agreement between the European Economic Community and the Arab Republic of Egypt ;
- notice of the completion by the Community of the procedures necessary for the entry into force of the Interim Agreement between the European Economic Community and the Syrian Arab Republic ;
- Agreement between the Member States of the European Coal and Steel Community and the Kingdom of Morocco ,
- Agreement in the form of an exchange of letters derogating from Article 1 of Protocol No 3 to the Agreement between the European Economic Community and the Republic of Finland ;
- Agreement in the form of an exchange of letters derogating from Article 1 of Protocol No 3 to the Agreement between the European Economic Community and the Swiss Confederation ;
- Agreement in the form of an exchange of letters derogating from Article 1 of Protocol No 3 to the Agreement between the European Economic Community and the Kingdom of Norway ;
- Agreement in the form of an exchange of letters derogating from Article 1 of Protocol No 3 to the Agreement between the European Economic Community and the Republic of Iceland ;
- Agreement in the form of an exchange of letters derogating from Article 1 of Protocol No 3 to the Agreement between the European Economic Community and the Republic of Portugal ,
- Agreement between the European Economic Community and the Government of the United States of America concerning fisheries of the coasts of the United States.

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

6. Authorization of reports

President. — Pursuant to Rule 38 (1) of the Rules of Procedure, I have authorized various committees to draw up reports as follows :

- Political Affairs Committee :
a report on the prospects for the enlargements of the Community — asked for its opinion : Committee on Agriculture ,
- Committee on Agriculture :
a report on the influence of the industries that supply goods to and are supplied by the agricultural sector on the situation of agricultural producers ;
- Committee on the Environment, Public Health and Consumer Protection :
a report on the Commission documents entitled 'State of the environment — first report' ,
- Committee on Energy and Research :
a report on the need for a Community supply policy for petroleum and petroleum products.

Moreover, the Committee on Social Affairs, Employment and Education has, as its own request and pursuant to Rule 38 (3) of the Rules of Procedure, been asked for its opinion on the statement on the economic situation in the Community, which has been referred to the Committee on Economic and Monetary Affairs as the committee responsible.

7. *Statement by the President*

President. — In recent part-sessions it has been noted that the progress of our work has been considerably disrupted by the frequent and prolonged debates on the order of business.

At recent Bureau meetings we have tried to work out a series of proposals which will be submitted to the Committee on the Rules of Procedure and Petitions, seeking to introduce a number of changes in the Rules of Procedure with a view to simplifying our debates on this subject.

However, at its meeting of 16 June 1977, the enlarged Bureau decided that a system designed to rationalize our voting procedures should be introduced on an experimental basis with effect from the September part-session.

I would, therefore, inform you that, with effect from September, votes on reports placed on the agenda will be held not at the end of the debate on each item on the agenda but at a fixed time, namely:

- Tuesday at 5.00 p.m.
- Wednesday at 5.00 p.m.
- Thursday at 5.00 p.m.
- Friday at the end of the sitting.

Resolutions on items on which the debate has been closed will be put to the vote at these times.

No amendment may therefore be put to the vote if it has not been moved in the debate, which means that the President will be unable to accept amendments tabled after the end of the debate.

Obviously this arrangement, which, I repeat is only an experiment, will not apply to debates organized in accordance with Rule 28 of the Rules of Procedure, debates on motions of censure or budgets, or votes on urgency requested in accordance with Rule 14 of the Rules of Procedure.

In view of the fact that all the amendments will have been moved in the course of the debate, it has been decided that when the vote is held, only the rapporteur will be allowed to speak, in order to give a brief outline of the position of the committee responsible on the various amendments, by analogy with the system already applied in the cases of votes on the budget.

I hope that we will gain useful experience from this new arrangement.

Are there any objections?

That is agreed.

Before passing on to the order of business, I should like to answer the questions that have been raised in plenary sitting concerning the application of the Rules of Procedure as regards oral questions with debate and Question Time.

The enlarged Bureau agrees with me that oral questions with debate, once they been placed on the agenda by Parliament, take precedence, over questions on the same subject tabled for Question Time.

Oral questions with debate provide scope for a more wide-ranging debate than Question Time for which, incidentally, the rules of admissibility are much more stringent. Furthermore, a question tabled for Question Time can be incorporated in the debate which follows on an oral question with debate, whereas the reverse is not the case.

In order to ensure that an oral question which has been declared void is nevertheless brought to the attention of Parliament, I agree with the enlarged Bureau that a satisfactory solution to this problem would be to allow the author of the question to speak in the debate on the question which is in fact taken immediately after the author of that question.

This procedure will be applied with immediate effect.

8. *Order of business*

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

Pursuant to Rule 27A (6) 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 regulation on imports of olive oil originating in the Lebanon (Doc. 111/77).

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 extending for the sixth time the system of temporary partial suspension of the Common Customs Tariff duties on wine originating in and coming from Turkey provided for in Regulation (EEC) No 2823/71 (Doc. 112/77),

which had 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;

- proposal for a Council directive amending for the first time Council Directive No 76/118/EEC on the approximation of the laws of the Member States relating to certain partly or wholly dehydrated preserved milk for human consumption (Doc. 124/77),

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

- proposal for a decision modifying Decision 75/458/EEC concerning a programme of pilot schemes and studies to combat poverty (Doc. 182/77),

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

President

responsible, and to the Committee on Budgets for its opinion ;

— proposals for :

- a regulation amending Regulations (EEC) Nos 3035/76 and 3036/76 opening, allocating and providing for the administration of Community tariff quotas for dried figs and dried grapes falling within subheadings ex 08.03 B and 08.04 B I of the Common Customs Tariff, originating in Spain (1977)
- a regulation amending Regulations (EEC) Nos 3032/76, 3033/76 and 3034/76 opening, allocating and providing for the administration of Community tariff quotas for certain wines falling within subheadings ex 22.05 C of Common Customs Tariff, originating in Spain (1977)

(Doc. 193/77),

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

Unless any Member asks in writing for leave to speak on these proposals, or amendments are tabled to them before the opening of the sitting on Friday, 8 July 1977, I shall declare the proposals to be approved at that sitting, pursuant to Rule 27 A (6) of the Rules of Procedure.

At its meeting of 22 June 1977, the enlarged Bureau drew up the draft agenda of the sittings, which has been distributed.

The draft agenda for today's sitting includes a vote without debate on the motion for a resolution contained in the report by Mr Nyborg, on behalf of the Committee on Regional Policy, Regional Planning and Transport, on electronic traffic aids on major roads. An amendment to the motion for a resolution has since been tabled by Mr Ripamonti, so that a debate will in fact be held on this motion. In addition, the Committee on External Economic Relations has approved the report by Mr Spicer on trade with Malta and Cyprus and the report by Mr Kaspereit on agreements between the EEC and the Mashrek and Maghreb countries.

I propose that these reports be included in Friday's agenda without debate.

Are there any objections ?

That is agreed.

I call Mr Muller-Hermann.

Mr Müller-Hermann. — (*D*) At the last part-session in Strasbourg I tabled an oral question on the Community's fisheries policy. The Bureau converted it into a written question. I agreed to this, particularly in view of the fact that one Member State with a special interest in the matter was facing new elections. I then tabled a new oral question on the fisheries policy for this part-session, and I am convinced that there is certainly every reason for the House to deal with this matter, because the Community is at present unable

to act even though vital agreements have to be negotiated with third countries, and a sort of trade war has broken out as the result of the action taken by one Member State. There have even been reports of a foreign ship being seized.

I greatly regret that the Bureau has once again converted this oral question into a written question. I would recall that the Socialist Group recently drew attention to the fact that written questions unfortunately take weeks, months or even years to be answered. I very much regret that Parliament is depriving itself of the opportunity to form an opinion on this important and pressing issue. I should therefore like to ask the Bureau to reconsider whether this matter could not be dealt with during the course of this week as an oral question.

President. — I call Mr Glinne.

Mr Glinne. — (*F*) On behalf of the Committee on Economic and Monetary Affairs, may I request that three items be placed on the agenda.

First, the report by Lord Ardwick on the economic situation in the Community. Secondly, the presentation of an oral question to the Council on the second development programme for informatics. Thirdly — and I note that we shall be dealing with Mr de Koning's report on the subject on Friday — the Committee on Economic and Monetary Affairs would like to deliver an oral opinion on Mr de Koning's report. May I ask whether it will be possible to comply with these requests by the Committee on Economic and Monetary Affairs ?

President. — I call Mr Durieux.

Mr Durieux. — (*F*) Mr President, with reference to a speech by one of our colleagues, an oral question with debate by Mr Kofoed, concerning fisheries, has been brought before Parliament. I would ask that this question be dealt with by urgent procedure.

President. — I call Mr Klepsch.

Mr Klepsch. — (*D*) Mr President, there are two points I should like to make. The first is this : we have on the agenda Mr Bayerl's report on economic and trade relations with Portugal. Unfortunately, however, this report was only printed and distributed today, 4 July. Since this is a report which requires the detailed attention of the House and the political groups, and since the motion for a resolution deals with a wide range of matters apart from those implied in the report's title, my group would like to have an opportunity to discuss this report. It has been usual in the past, whenever a report has been printed so late that it only appears on the day of the sitting itself, that a group's request to consider it has always been agreed to, and my group would now like to take advantage of this custom. We do not think that we can deal with this report on Tuesday. That is the first point I wanted to make to the agenda.

Klepsch

The second point on the agenda is this: if I understood it correctly, the Liberal and Democratic Group have tabled an urgent question on fisheries policy, on which a decision has to be taken. This puts me in something of a quandry, because the Bureau decided to convert the oral question with debate tabled by Mr Müller-Hermann into a written question. If the request for urgent consideration of Mr Kofoed's question is accepted, then I should like to ask that Mr Müller-Hermann's question should be incorporated into this debate.

Finally, Mr President, a word on the timetable. We have agreed that, as far as possible, the first three days of the agenda should not be changed, and looking at the business on the agenda it would seem to me that we shall not have time for such a debate before Thursday. I should therefore like to suggest that, if we take this urgent question by Mr Kofoed together with Mr Müller-Hermann's, we do so on Thursday after the Walz report.

Mr Durieux. — (*F*) I agree!

President. — I call Mr Hughes.

Mr Hughes. — Mr President, if my memory serves me right Mr Müller-Hermann's question was in fact an oral question without debate on fishing, not a question with debate. I would, however, wish to support very strongly the request of Mr Kofoed for an urgent debate on the fisheries situation facing the Community. On a number of occasions this House has requested Commissioner Gundelach and the Council to keep us up to date with all developments and it would seem quite improper if we had a part-session this week without a full and adequate debate on the fisheries problems.

President. — I call Mr Fellermaier.

Mr Fellermaier. — (*D*) Mr President, I am surprised at the request of the Christian-Democratic Group to have the motion for a resolution on trade relations between the Community and Portugal, tabled by the Committee on External Economic Affairs, put back until September.

I believe that our responsibilities as a Parliament extend beyond our own frontiers and it would probably be ill-understood by public opinion in Portugal if we were now to defer this matter until after the summer break.

We should also bear in mind that the Committee on External Economic Relations considered the draft report on 15 February, 15 March and 21 June and adopted the motion for a resolution and the explanatory statement unanimously; in other words, the Christian Democrats on the committee also voted for it. The same applies to the Committee on Agriculture, which was asked for its opinion. The Committee on

Agriculture appointed Mr Cifarelli, of the Liberal Group, draftsman of the opinion, and the committee not only considered his opinion but also adopted it unanimously. I therefore cannot imagine that the Christian-Democratic Group suddenly finds itself confronted with totally unexpected difficulties concerning the Portugal report after members of this group voted in favour of it in two committees. I therefore appeal to the Christian-Democratic Group to agree that we should deal with this report on Portugal. They are bound to have a chance tomorrow morning — like the other political groups — to take a look at this draft report, which was not, incidentally, changed to any great extent between the second and third discussions on it in the Committee on External Economic Relations.

I must make it plain, therefore, that my group is in this case not able — contrary to its normal custom — to agree to the request of the Christian Democrats, because I am convinced that they had every reason to approve the report in its present version in the two committees I have mentioned.

President. — I call Mr Rippon.

Mr Rippon. — Mr President, I would like, very briefly, to support the request that there should be an oral question with debate on the subject of fisheries, as I indicated myself at the last part-session we had the debate on a Friday, you will remember. I do believe this is the most difficult and the most sensitive issue that faces the Communities at the present time. I think it would therefore be most regrettable if this Parliament did not make some effort to understand just what is at stake in this matter.

President. — I call Mr A. Bertrand.

Mr A. Bertrand. — (*NL*) Mr President, I should like to assure Mr Fellermaier that our request that this report should not be considered at this sitting is in no way a political one. All we want is to render Portugal a real service and ensure that, in addition to the protocols concluded on 20 September 1976, other economic and financial aid is granted on a priority basis. The data on which this report is based were collected in 1974; the figures on the economic and financial situation in Portugal also date from 1974. With such data, we cannot hold a serious debate with full knowledge of the facts that will be to the advantage of that country. In addition, there are some paragraphs in the resolution for which no justification is given in the explanatory statement. These paragraphs have been added and are of real political significance. In order to avoid confusion now and not to hold a debate which could turn out to be to Portugal's disadvantage, our only desire is for this report to be brought up to date so that we can determine our position in full knowledge of the facts.

A. Bertrand

Meanwhile, we could possibly table a resolution on the protocol and its implementation, today or later on in the week, in order to place the main emphasis on it. We insist, however, that we should not restrict ourselves to the implementation of the protocol but should also act sooner. The report as it stands, Mr Fellermaier, can create all manner of confusion, and it would be against Portugal's interests for a vote to be taken on the resolution on that basis. We therefore request that the resolution should not be considered now.

President. — I call Mr Price.

Mr Price. — Mr President, I would just like to reply to that, since I was the acting rapporteur in the Committee on External Economic Relations for this report on Portugal. We have been debating this in that committee for 6 months now — indeed, since before the time I became a Member of this Parliament — and I do think that we shall be doing no help to Portugal at all by putting off this debate for another month. We really must have some order in our debates here, and if we simply put things off it congests the agenda for September, which might be just as congested as our agenda today. It is true that certain new elements were added to the motion for a resolution in the committee, but after a not very difficult debate, these were agreed to by all the parties in the committee, and we got a unanimous report. I would urge that, to keep faith with those people in Portugal who want some assurance of their relationship with Europe, we take this debate this week.

President. — The situation is this: several requests have been made concerning the debate on fisheries. I think all concerned will agree to combining the request from Mr Kofoed with that from Mr Müller-Hermann. When the time comes to consider the substance of these items, the Bureau will reach a decision.

The Bureau decided unanimously that for the first three days of this part-session, no changes to the agenda would be allowed. Requests are to be noted at the opening of the proceedings and subsequently considered *en bloc*.

There are also the requests from Mr Glinne concerning three matters of importance to his committee. These will also be considered *en bloc* when the Bureau comes to consider the agenda, and I undertake to inform the Assembly of its decision.

There is also the item concerning trade with Portugal, but before dealing with this, I should like to ask the Commissioner, Mr Burke, if he wishes to comment on the inclusion of the item on fisheries on the agenda.

Mr Burke, Member of the Commission. — Mr President, although the question by Mr Kofoed on fisheries is not within the time-limits, nevertheless, the

Commission would be anxious to accommodate the Parliament in this regard, and would like to underline the importance of the matter to all our Community countries and to the Community itself. I would therefore be prepared to commit my colleague, Vice-President Gundelach, to coming here on Tuesday or Wednesday to answer a question with debate on this subject.

If it were on Thursday, Mr President, it would have to be very early in the morning, because Mr Gundelach has to leave for an appointment which he cannot escape at a fairly early stage on Thursday.

President. — While that statement is helpful from the political point of view, we are still faced with the problem of not being able to reach a decision on this matter on Tuesday or Wednesday. We will be able to do so by Thursday, however, and I would therefore ask the Commission to take this item on Thursday or Friday.

I call Mr Burke.

Mr Burke, Member of the Commission. — Mr President, I wish to be as helpful as possible. Having regard to the commitments of my colleague, I would suggest that if it were possible to have the debate first thing on Thursday morning, then both Parliament and the Commission could have a happy conjunction of interests and my colleague on the Commission would be available at that time.

President. — I call Mr Fellermaier.

Mr Fellermaier. — (D) Mr President, the House cannot work like this, arbitrarily changing agendas. Item No 141 on the draft agenda reads: 'vote on the motion for a resolution ... of the Committee on Budgets on draft supplementary and amending budget No 1'. This is followed by a footnote which says that amendments will only be adopted if they receive the votes of a majority of Members of the European Parliament. Members have organized their schedules accordingly. So we cannot suddenly say, because the Commissioner responsible, understandably enough, only has time on Thursday morning, that we will simply postpone the entire budgetary debate, because if we do, we will really be turning the agenda on its head. I must therefore make it clear that we cannot agree that the budgetary debate be simply put back to some unspecified date. We know, from bitter experience, that an oral question on fishing policy will take up an entire morning or afternoon. I would be grateful if you, Mr President, would make arrangements with the various political groups to keep this debate extremely short, or to find some alternative. We always have to make do with one Commissioner on Fridays, who stands in for the others. He may well also be in a position to stand in for Mr Gundelach on this matter, but please, do not start interfering with our day of budgetary debates on Thursday.

President. — We shall bear your remarks in mind when we come to deal with this item, Mr Fellermaier. I would ask Members not to dwell on this point; it will be dealt with at the appropriate time. We now have to decide on the request by Mr Klepsch on the postponement of the debate on Portugal. Do you maintain your request, Mr Klepsch?

Mr Klepsch. — *(D)* Mr President, Mr Bertrand has already tried to explain. I must make it clear that my group only made its proposal this afternoon, after careful examination and for well considered reasons, to ask that we should be given the opportunity to thoroughly discuss the report and the motion for a resolution in the group. There are two points I should like to mention in this connection, with a view to making our concern comprehensible to Mr Fellermaier. In the first place, we have no deadlines to meet, because what we are dealing with is an own-initiative report of this Parliament. Moreover, it is important that the report that we submit should be in all respects properly balanced, because it will represent to some extent a model for other applicant countries, and we must bear in mind that every decision that we take in this connection constitutes a precedent for each of the others. That is why my group feels that it is necessary that we should give careful consideration in the group to this report. This has absolutely nothing to do with the significance we attach to Portugal — on the contrary. After all, everyone is perfectly aware that this House is unanimous in its support for Portugal.

I therefore appeal to your understanding when I uphold my request that we should not deal with this report on Tuesday's agenda because of its late submission on 4 July.

President. — I call Mr Giraud.

Mr Giraud. — *(F)* Mr President, it is stated in the text of the resolution that Parliament approves the additional protocol and the financial protocol. This seems an extremely important and significant point as far as Portuguese public opinion is concerned. There is no need for me to explain at length to this Parliament what a difficult situation Portugal is in, economically and perhaps also politically, at the present time. Consequently, a gesture by Parliament, even a relatively superficial one — namely, the approval of a protocol — will be favourably received. I therefore urge our colleagues in the Christian-Democratic Group to agree to our discussing this matter tomorrow. This will not be the last debate on the subject, and if there are fundamental objections there will be a chance to discuss it further at a later date.

President. — I call Mr Klepsch.

Mr Klepsch. — *(D)* Mr President, Mr Bertrand has already explained my group's views on what Mr

Giraud has to say. Mr Giraud is referring to paragraph 2 of the motion for a resolution, which has nothing to do with the original text of the report. We will be prepared to adopt this paragraph 2 of the motion for a resolution as a separate motion of this House during the week. There is no problem about that. There is absolutely no problem for us in accepting Mr Giraud's wish, nor does it constitute any problem for the House as a whole. It is the remainder of the text that requires careful consideration by my group and I would therefore propose a compromise, Mr Fellermaier: perhaps we should agree, since my group is willing to accept the first two paragraphs, to take these and adopt them as a completely separate resolution, leaving the remaining questions for my group to discuss. That, I think, would provide a solution which would also be best for our Portuguese friends.

President. — I call Mr Laban.

Mr Laban. — *(NL)* Mr President, I shall not repeat all the arguments but it is clear that Members who belong to the Committee on Budgets, the Committee on Agriculture and the Committee on External Economic Relations, as well as those from the Christian-Democratic Group have discussed this whole matter. This question is on the agenda tomorrow. It is perhaps the case that a number of things are mentioned in the motion for a resolution but not in the explanatory statement, but the rapporteur will willingly present the explanatory statement orally tomorrow. The members of Mr Klepsch's group know what is involved and the Christian-Democratic Group is, I assume, meeting again tomorrow. I should therefore like urgently to request Mr Klepsch to discuss this matter tomorrow morning. He has more than enough experts in the group who know this report inside out.

President. — I think we can solve the problem like this: the item will not be postponed, it will stay on the agenda, but the groups who have an interest in this matter will agree to debating paragraphs 1 and 2 of the motion for a resolution tomorrow and the rest of the motion will be taken at a later date.

I call Mr Fellermaier.

Mr Fellermaier. — *(D)* Mr President, if the House is to reach agreement then it will only do so on the basis that we deal with the report, although our group will be very willing to look at possible improvements suggested by the Christian Democrats and is also willing to compromise by agreeing to taking the report on some day other than tomorrow, so that the Christian-Democratic Group have the time they need. However, my group would like, for political reasons, to see this report adopted during this week as a gesture towards the Portuguese Parliament; an ampu-

Fellermaier

tated version, perhaps one in which paragraphs 1 and 2 were taken out of the text of the resolution and adopted separately, would therefore be unsatisfactory, because the various other paragraphs — right up to paragraph 13 — contain a series of concrete proposals. I am ready to accept, however, the Christian-Democrats' request, which is not intended, according to Mr Klepsch, to delay the report as such, but simply to allow time for an internal group discussion. We are willing to accept any other day of this week to consider this motion, to give the Christian Democrats sufficient time for thought.

President. — I call Mr Klepsch.

Mr Klepsch. — (*D*) Mr President, if it were as simple as Mr Fellermaier seems to think, then I would have long since taken an alternative course. But let me say this. In the past it has been the usual practice that in cases where a document has been printed and distributed too late and a political group has asked for a chance to give proper consideration to that document the House has agreed to that request. I am maintaining this request on behalf of my group. Of course we can vote on it. If there is a majority against this request, that will of course set a precedent for the future. That is the first point I should like to make.

The second is this: we have after all tried — and that is why I proposed to vote separately on paragraphs 1 and 2 — to respond to the only valid argument for dealing with this matter now, and that is that the House should record its support without delay for the sentiments expressed in paragraphs 1 and 2. We remain willing to do this. But we are not willing to retreat from our position as regards the other question. I would be sorry if the only way we can solve this is by taking a vote, as Mr Fellermaier suggests, because to do so would be to change a long-standing tradition of this House.

President. — I think we have had adequate discussion of this point. It is now time to take a decision.

I propose that we vote first on the more conciliatory proposal, which is that we hold a debate, and possibly take a vote, tomorrow, on paragraphs 1 and 2. If that is rejected, I shall put Mr Klepsch's request for a postponement to the vote.

I call Mr Fellermaier.

Mr Fellermaier. — (*D*) Mr President, as far as paragraphs 1 and 2, or any other paragraphs, are concerned, any political group has the right to invoke Rule 14, under which a motion for a resolution can be tabled by urgent procedure, but our Rules of Procedure contain no provisions, in the case of an already printed working document, for dealing with two paragraphs of a motion for a resolution tomorrow and postponing 12 paragraphs of the same motion for a resolu-

tion until September; after all, a motion for a resolution is a single entity. So all we can vote on is the Christian-Democratic Group's request for postponement. I have suggested that we deal with this report later during this week. Quite apart from that, the Christian Democrats, the Conservatives or anyone else, including my group, are perfectly entitled, if they so desire, to table a motion for a resolution on Portugal, or any other matter, with request for urgent procedure.

President. — I call Mr Price.

Mr Price. — I would like to support that, Mr President. As acting rapporteur, I object very much to the report by the Committee on External Economic Relations being sliced up from the Chair in this particular manner. In my view the only proper way we can discuss this report is all together. It does hang together; paragraphs 1 and 2 and the other paragraphs are inextricably connected and it is absurd to say we'll discuss some of it this month, and the rest another month. I don't honestly know what we can say in September about this, that we can't say now in July. I think the first question that should properly be put to this Parliament is whether we want to discuss it tomorrow — because we did agree that the first three days should stand as they were on the agenda — or, as the Chairman of the Socialist Group has offered, we put it off till Friday, which I think would be a perfectly reasonable compromise. But the compromise that you suggested first — that is, to cut up the report — is, I would suggest, quite out of order and would, be quite wrong after all the work the Committee on External Economic Relations has put in.

President. — I call Mr Laban.

Mr Laban. — (*NL*) Mr President, Mr Price has already given the various arguments. The Bureau decided not to change the agenda for the first three days. The report on Portugal is on the agenda for tomorrow so we can only decide whether or not we agree with the Bureau's proposal. It is on the agenda and stays there. I can agree with a possible postponement to Thursday or Friday but then the matter must be fully discussed.

President. — I call Mr Ajello.

Mr Ajello. — (*I*) I think the problem is simple enough. The Christian-Democratic Group would, in the event of a postponement, like to consider the proposal made by Mr Klepsch to the effect that instead of taking the first two paragraphs of the motion contained in this report, a separate motion, more or less identical in content, could be tabled. The objective is simply to plug a political gap, between now and the next part-session, on the lines of the first two paragraphs of the motion contained in the report.

President. — I call Mr Klepsch.

Mr Klepsch. — (D) Mr President, Mr Ajello has made my point extremely well. I think that that was what Mr Fellermaier also meant when he spoke about the vote. If you accept my group's request, the political groups will undoubtedly be able to agree to table and vote sometime this week, on a resolution which expresses the substance of the first two paragraphs of this motion for a resolution. There is just one thing I would like to say to the honourable Member who spoke just before Mr Ajello. This is a vital matter, and it concerns the fact that, until now, it was the custom in this House that if a political group requested time to discuss a report which had been distributed too late, which is what has happened in this case, this request was, in the past, always agreed to. That is what we are now voting about, and I appeal to the House to consider very carefully what it is about to do.

President. — I put Mr Klepsch's proposal to the vote.

The proposal is adopted.

However, if there is to be a debate, the group which wishes to initiate it must comply with the relevant procedural requirements. Since urgent procedure is required, the adoption of urgency will have to be decided before we deal with the substance. But no debate can take place until I have received a formal request.

Still with regard to the agenda, I would recall that I have received from Mr Bertrand, on behalf of the Political Affairs Committee, a motion for a resolution with a request for urgent debate, pursuant to Rule 14 of the Rules of Procedure, on the political situation in Spain following the recent elections. The motion has been distributed as Doc. 208/77. I shall consult the Assembly on the adoption of urgent procedure at the opening of tomorrow's proceedings.

I call Mr Durieux.

Mr Durieux. — (F) Mr President, I am not sure if I have correctly understood the procedure that you were proposing to adopt in regard to Mr Kofoed's oral question on fisheries. Since we have requested the adoption of urgent procedure a vote will have to be held on this point tomorrow morning. I gather that Mr Gundelach is prepared to answer this question on Thursday morning, or even on Wednesday evening since we shall be sitting in the evening. I think that we should vote on whether to hold an urgent debate so that Mr Gundelach knows that he will be able to answer the question by Thursday morning at the latest, since he has to go to the United States on Thursday. So shall we vote today or tomorrow on whether to adopt urgent procedure?

President. — I have received from Mr Kofoed, on behalf of the Liberal and Democratic Group, an oral

question with debate to the Commission, on common fisheries policy (Doc. 211/77) with a request for urgent procedure, pursuant to Rule 14 of the Rules of Procedure, and from Mr Müller-Hermann, on behalf of the Christian Democratic Group, an oral question with debate, to the Commission, on Community fisheries policy (Doc. 210/77). A decision on whether these questions should be placed on the agenda will be taken at the beginning of tomorrow's sitting. With these changes, the order of business will be as follows:

This afternoon:

- Commission statement on the action taken on the opinions of Parliament
- Bangemann report on the Financial Protocol with Malta
- Nyborg report on transport infrastructure
- Nyborg report on a European project in the field of transport

Tuesday, 5 July 1977

9.30 a.m.

- Decision on the urgency of the motion for a resolution on Spain and on other matters
- Cousté report on the crisis in the Community's iron and steel industry (presentation and debate)
- Oral question with debate to the Commission on dumping
- Oral question with debate to the Commission on the pharmaceutical industry in Europe
- Kasperleit report on economic relations between the EEC and China
- Maigaard report on relations between the EEC and the Nordic countries
- Bruce report on amending budget No 1 for 1977 (presentation and debate)

3.00 p.m.

- Question Time

4.30 p.m.

- Cousté report on the crisis in the Community's iron and steel industry (vote)

Wednesday, 6 July 1977, at 10.00 a.m. and 3.00 p.m.

- Question Time (resumption)
- Joint debate on the statement by the Council on its programme of action, the statement by the Commission on the European Council, the oral question with debate to the Commission on relations between the EEC and EFTA, and the oral question with debate to the Commission on unemployment among young people
- Oral question with debate to the Council on small-scale industries
- Oral question with debate to the Council on a uniform passport
- Oral question with debate to the Commission on the North-South dialogue
- Oral question with debate to the Commission on human rights in Ethiopia

President

Thursday, 6 July 1977, at 10.00 a.m. and 3.00 p.m.

- Bruce report on amending budget No 1 for 1977 (vote)
- Presentation of the preliminary draft general budget for 1978 (followed by a debate)
- Shaw report on the Financial Regulation applicable to the general budget of the Communities
- Aigner report on the budgetary discharge
- Cointat report on the European Unit of Account
- Walz report on power stations

Friday, 8 July 1977, from 9.00 a.m. to 12 noon

- Procedure without report
- Spicer report on trade between the EEC and Malta and Cyprus (without debate)
- Kaspereit report on the agreements between the EEC and the Mashrek and Maghreb countries (without debate)
- Albertini report on the fifth financial report on the EAGGF
- De Koning report on monetary compensatory amounts
- Bourdellès report on the marketing of various seeds
- Terrenoire report on the Cooperation Agreements concluded with Algeria, Morocco and Tunisia
- Broeks report on the skimmed milk powder and butteroil food aid programmes

Are there any objections?

That is agreed.

9. Limit on speaking time

President. — I propose, that except for the Cousté report on the iron and steel industry, the joint debate on the statements by the Council and the Commission, relations between the EEC and EFTA, and unemployment among young people, speaking time 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.

At its meeting of 22 June 1977, the enlarged Bureau decided to limit speaking time to three hours for the debate on the report by Mr Cousté on the steel industry, and to four hours for the joint debate on the statements by the Council and the Commission and the oral questions (Doc. 180 and 179/77). Speaking time will therefore be allocated as follows:

Cousté report (Doc. 198/77):

- | | |
|---|------------|
| — Rapporteur | 15 minutes |
| — Socialist Group | 55 minutes |
| — Christian-Democratic Group | 45 minutes |
| — Liberal and Democratic Group | 25 minutes |
| — Group of European Progressive Democrats | 20 minutes |
| — European Conservative Group | 20 minutes |
| — Communist and Allies Group | 20 minutes |
| — Non-attached Members | 10 minutes |

Joint debate:

- | | |
|---|-----------------|
| — Authors of questions | 10 minutes each |
| — Socialist Group | 60 minutes |
| — Christian-Democratic Group | 50 minutes |
| — Liberal and Democratic Group | 35 minutes |
| — Group of European Progressive Democrats | 30 minutes |
| — European Conservative Group | 30 minutes |
| — Communist and Allies Group | 30 minutes |
| — Non-attached Members | 15 minutes |

I call Mr Klepsch on a procedural motion.

Mr Klepsch. — (D) Mr President, I am in full agreement with the speaking time proposed for the Cousté report. However, as far as speaking time for the Simonet/Jenkins debate is concerned, I regret that I must ask you to explain the criteria on which you have applied Rule 28 in allocating speaking time in this instance. Rule 28 reads:

- (a) a first fraction of speaking time shall be divided equally among all the political groups;
- (b) a further fraction shall be divided among the political groups in proportion shall be to the total number of their members.

I should like to know the basis on which Rule 28 (a) and (b) have been applied in allocating speaking time in this case. My group considers it has fared rather badly.

President. — Mr Klepsch, the same criteria have been applied as in similar debates.

Mr Klepsch. — (D) Mr President, you simply have to compare the allocation of speaking time for the Cousté report with that for the other debate and you will see that this is not the case.

Let us not have a discussion about this tonight, but may I ask you to postpone the decision on this point until tomorrow morning. Perhaps we can reach agreement in the group about it.

President. — Mr Klepsch, I can assure you that the question you raise will be given careful attention.

10. Time limit for tabling amendments

President. — The time limit for tabling amendments to the report by Mr Cousté on the iron and steel industry has been fixed for 6 p.m. on Monday, 4 July 1977 and for the report by Lord Bruce on amending budget No 1, for 11 a.m. on Wednesday, 6 July 1977.

However, as I am only now announcing the deadline for tabling amendments to the report by Mr Cousté just as it is expiring, now at 6 p.m., I propose to extend it by one hour until 7 p.m. this evening to enable any Members who still wish to table amendments to do so.

Are there any objections?

That is agreed.

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

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

I call Mr Burke.

Mr Burke, Member of the Commission. — (F) Mr President, I am glad to inform you of the action the Commission has taken on the opinions delivered by the Assembly on its proposals. The Commission has just forwarded to the Council a modified proposal on the regulation on a Community financial aid scheme to promote the use of coal in electricity generation. Lord Bessborough the rapporteur, had proposed that one fifth of the total amount of financial contributions should be earmarked for undertakings that agreed to make exclusive use of Community coal. The Commission has endorsed that principle. I am happy to say that in forwarding that modified proposal to the Council, the Commission has met all its commitments to the Assembly as regard amendments to its initial proposals. The proposals on which the Assembly delivered its opinion at the June part-session are still outstanding, but in view of the short interval between that part-session and this one, you will appreciate that the Commission has not yet been able to draw up modified proposals. There is also the important matter of the Commission's position on the European Export Bank, which it has undertaken to review by the end of the year.

IN THE CHAIR : MR SCOTT-HOPKINS

Vice-President

President. — The next item is the report (Doc. 189/77) by Mr Bangemann 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 provisions of the Financial Protocol concluded with Malta.

I call Mr Lange

Mr Lange, deputy rapporteur. — (D) Mr President, honourable Members, I am today replacing Mr Bangemann in introducing this report by the Committee on Budgets on the proposal from the Commission of the European Communities to the Council for a regulation on the Financial Protocol with Malta.

It would be worthwhile pointing out here, Mr President, that this report and its motion for a resolution follow the customary pattern for similar reports of the Committee on Budgets on financial protocols. One

thing, however, comes out more strongly in this report : because of the increased budgetary powers we now have — particularly as a result of the budgetization of all aids granted to associated countries and third countries and, therefore, of a greater degree of budgetary integrity and clarity — the resolution itself has also been couched in stronger terms.

We feel that the budgetary authority, i.e. Parliament and Council, should be clearly and responsibly informed even of aids granted through the European Investment Bank, which means, whatever happens, the submission of proper reports. Moreover, the management committees — and here we again have management committees in the act — should have no opportunity of by-passing Parliament's budgetary rights. Our concern, therefore, is to make sure once and for all that the Commission should retain, *vis-à-vis* the budgetary authority — Council and Parliament — its responsibility for implementing the budget. Nobody can take this responsibility from it. When funds are disbursed by the European Investment Bank, the bank must notify the Commission, and the Commission then has to report to Council and Parliament.

The question has arisen in this connection whether the EIB should not perhaps report to Parliament directly. The Committee on Budgets was opposed to this. The European Investment Bank is not a Community institution. The Community's institutions are the Commission, the Council and Parliament — and on this occasion I exclude the Court of Justice, which is a particular type of institution. The European Investment Bank is an institution concerned exclusively with banking. Moreover, it would not be proper — and I should like to make this extremely clear — to pretend that the European Investment Bank is something more than a normal bank. For if we were to require the European Investment Bank to report to the Parliament directly, we would be running the risk that people would start equating the EIB with the central banks of the Member States and the tendency would develop to regard this as the development of a sort of European central bank. This is something the European Investment Bank can never become, because that is a role earmarked for the embryonic European Monetary Cooperation Fund, which is to be further developed to this end. To that extent, then, the European Investment Bank remains what it is : a bank subject to the institutions of the Community and responsible to the Commission and which, with the Commission's help explains to Parliament and Council exactly what it has or has not done.

These considerations have led us to propose amendments to certain articles of the regulation : in Article 2 we have specifically added a reference to Article 205 of the EEC Treaty, because that is where the Commis-

Lange

sion's responsibility for implementing the budget is laid down in connection with the Financial Regulation of 25 April 1973 which is still in force. In Article 4 we are calling for *annual* notification of the Commission to enable it to produce an annual report. In Article 5 we are asking for the deletion of the words 'with a view to defining aid guidelines', because all we wanted was the opinion of the Community in the association Council, which would then be decided upon by the Council on a proposal from the Commission in close cooperation with the Bank. In Article 8 something has been changed; the idea originally was that if a Commission proposal was not adopted, either the Commission would withdraw it or, alternatively, submit it to the Council as soon as possible, which would then have to decide by a qualified majority. We do not want to leave any third possibility open, which would be implied by the word 'can'. This word 'can' was contained in the rapporteur's original proposal instead of the word 'shall'. In Article 10 we have left out the footnote to the second subparagraph of paragraph 2, in which the special wish of the European Investment Bank concerning the wording of this subparagraph is made known.

No account is thus taken of this special wish in this connection. Article 11 then once again emphasizes our wish that the Commission should report to the Council and to the European Parliament.

Mr President, that is in fact all I have to say on the substance and on the amendments. We thus go somewhat farther than the opinion of the Committee on External Economic Affairs, which approved the proposal for a regulation on the implementation of this Financial Protocol without reservation and considered that it could be adopted without any textual amendment. Given the fact, however, that this House — and I make no apologies for repeating myself — has again and again during recent part-sessions stressed the budgetary powers, the Committee on Budgets had no alternative but to put forward these proposals. The various changes to the proposal for a regulation are contained in the two paragraphs of the motion for a resolution. I therefore appeal to the House to endorse the Committee on Budgets' proposal.

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

Mr Ajello. — (I) Mr President, honourable Members, the Socialist Group supports the regulation before us which lays down provisions for the application of the financial protocol annexed to the Treaty associating Malta with the European Community.

We should like to take the opportunity to make some observations of a political nature on the vote we shall be taking and on the political context of the regulation and the Financial Protocol.

For very many years, because right from the moment it was handed over to the Knights who had been

expelled from Rhodes, Malta had been a fortress, a military base. First for the Knights, and then under Napoleon and more recently as a NATO base and a British base for which the contract will expire in March 1979, the island's role has always been linked to its fate as a military stronghold. Now there is the chance for this island, that has been an instrument of a war for so many years, to become an island of peace that will give a favourable impetus to the promotion of much-needed cooperation and security in the Mediterranean.

Prime Minister Dom Mintoff's proposal for a status of active neutrality for the island and the idea of its non-alignment to me to fit admirably this scheme. The concept of active neutrality could become a factor in the cooperation between Europe and the Arab world and might provide a worthwhile model for other countries in the Mediterranean area whose situation is marked by much more serious tensions and conflicts. I have particular Cyprus in mind.

I think it is important for the Community to keep this in sight, especially at a time when it is contemplating its enlargement to include other Mediterranean countries and so must inevitably become involved in developments in that area. We should not look on the Mediterranean merely as a land-locked sea to those but rather as a bridge between Europe and Africa in which Malta will become the symbolical central pillar — particularly in a period when Europe, a producer of technologies par excellence, has a special need to maintain contacts with the Arab world and Africa, where sources of raw materials and of energy lie.

The relationship certainly must not be of the colonial type, but should be a partnership, a dialogue. The role of Malta, lying as it does in the middle of the Mediterranean could be to promote this dialogue. Besides, I am convinced that Europe must adopt a separate and independent posture in relation to the great powers if it wants to be economically and politically independent.

This is the international background against which we must look at Malta, the tiny archipelago with some 300 000 inhabitants who look towards us both as a Community and as European States.

The proposal for the island's neutrality is accompanied by a request for economic aid to help transform its economy from that of a fortress to a more peaceful model. Help for this economic transformation can come only from the Community and its constituent countries. A request has been made to four countries to guarantee the island's neutrality, and another, to a much larger group of countries, to accept responsibility for the island's economic development through aid and a system of cooperation.

Ajello

Malta's economy can only be based on manufacturing industry, since the island is totally lacking in raw materials and energy resources and, owing to an acute shortage fresh water its agriculture leads an extremely precarious existence.

The Financial Protocol, the regulation for which we shall be today approving, is a very important instrument to promote this industrial development which, in our view, has not only an economic, but also a political significance. For there is no doubt that if the Community and its Member States were to turn a deaf ear to Malta's request, the island might be constrained to follow a different path, that is to trade once again its only asset: the advantages it can offer as a fortress. Without speculating on who might be interested in locating military bases there, we can say for certain that we should have missed a great opportunity for turning Malta into a neutral country, a country, as I was saying, whose natural role ought to be the promotion of a dialogue between the two shores of the Mediterranean Sea.

I think it is a very good thing, therefore, that Parliament should be now approving this financial Protocol, although I must say that the time it has taken to arrive at the Association Agreement, together with its protocols, has been extremely long. Talks on the question began in 1967; the Association Agreement was signed in 1970 — and yet the 1976 Financial Protocol has still to come into force.

In 1979, when the lease for the British naval bases expires, Malta's economy can no longer be geared, as it has been so far, to the presence of these bases. About 4 000 jobs will disappear.

It is necessary, therefore, to make suitable preparations for an economic transformation well before that date.

This is why I feel I must here and now appeal to the Commission to ensure that the agreements signed come into force as soon as possible. It would be well, for instance if, in respect of the Financial Protocol, the method, which has already been suggested in other cases, were adopted, whereby the Protocol could be considered as completely concluded once it has passed through all the stages of Community procedure, without waiting for its ratification by individual Member States.

As for Community countries, whether those more directly concerned, as France and Italy, who will be called upon to guarantee the island's neutrality through bilateral agreements, or the other Community countries who are prepared to join this 'Friends of Malta Club' and to provide financial help for its development, it is important that they should do it quickly, take action when it is needed, and not let themselves be deluded by the argument that the problem is of minimal importance because it concerns only such a tiny country, a little rock sticking out of the Mediterranean Sea. A complacent

attitude prevails in some European cabinet offices on this question. Yet it is a serious problem because Malta as an island of peace in the Mediterranean would certainly be welcomed by all, whereas if it should return to its old role of Mediterranean fortress, it will create new political problems which will do nothing to encourage the détente, peace, security and cooperation that we all claim to want for the Mediterranean area.

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

Mr van Aerssen. — (D) Mr President, honourable Members, the Christian-Democratic Group welcomes the fact that the thorough discussions in the committees responsible have led to a clarification of these complex budgetary questions and the various key issues relating to cooperation between Commission, committee and Parliament, and that the balanced view of the Committee on Budgets has prevented any false move being made. Welcome though the economic and political aspects of this Financial Protocol are — and on this point we can only endorse what Mr Ajello has said — we nevertheless feel that today's debate should concentrate more on matters of financial policy and budgetary problems which are inevitably raised by this Financial Protocol.

In spite of certain reservations, the Christian Democrats can agree to this regulation and would recommend that the House does likewise, because we feel that the amendments proposed by the Committee on Budgets in the motion for a resolution now before the House, will, provided they are accepted by the Commission, go a long way towards eliminating these reservations.

There are five central questions raised by this Financial Protocol. The first question is the problem of the Commission's overall political responsibility externally, and the proposal now before us does take into account that, even in the case of direct administration of the funds by the Bank, this overall responsibility of the Commission will at any rate not be affected, and there will be no consequent dilution of responsibilities.

The second question that arises is the relationship and responsibilities of the Commission towards the two other institutions concerned with the budget, namely Parliament and Council. Here too the new version of the regulation makes it quite clear that it is the Commission alone which reports to the two other institutions, so that the power relationship between these three institutions remains undisturbed, which might not have been the case had the regulation not been amended by the Committee on Budgets.

A third point is that the accountability of the Bank, *vis-à-vis* the Parliament and the Committee on Budgets, has been amended and that too helps to

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ensure that there is no blurring of responsibilities and that the Commission is not undermined in its position as *the* institution responsible.

Fourthly, the new wording ensures that the principle of Article 205 of the EEC Treaty — that the Commission, on the basis of the Financial Regulation, administers budgetary appropriations on its own responsibility — now runs as a clear and precise thread through this entire regulation. In our view, Article 205 would have been undermined if, as originally intended, the management committees, consisting of representatives of the individual Member States, had a delaying right of veto. The straightforward solution now being proposed however, takes full account of the principle of Article 205.

Fifthly, we consider that a satisfactory solution has been found regarding the Commissions reports on the individual aid projects, which are to take place at regular intervals before the Committee on Budgets as representative of Parliament, and this will be combined with careful and continuing surveillance of the implementation of these projects by the Commission.

To sum up, ladies and gentlemen, we can say that our doubts have been allayed thanks to the fact that these criteria have been taken fully into consideration in the new version proposed by the Committee on Budgets, and we therefore recommend to the House that it endorses the regulation.

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

Mr Spicer. — Mr President may I say at the outset how very much we welcome this report and the financial provisions contained in it. Mr Ajello said that he would turn immediately to the political aspect and to our links with Malta, and he painted quite clearly a picture of the very strong links that we have in this Community with Malta. You went back, Sir, to the year 1200, I think, but I won't attempt to do that. But there is not a country represented in the Community that does not have very strong links and ties of very great friendship with Malta. The fact that Malta is in association with the Community is again something that we all are proud of and delighted that it has been achieved.

But if I may turn to a slightly sour aspect of our relations with Malta. Mr President, you will remember last year, on the Committee on External Economic Relations, when we were discussing my report, that one of our firm recommendations was that those links should be strengthened and should, in particular, have a parliamentary aspect to them. That proposal was made by me, it was accepted by this House, and no action was taken. We pressed the President at the time to initiate the moves for that parliamentary link, and eventually, in November, the President did write to the Maltese Parliament saying that we would be

delighted to extend those links, not on a very wide scale, but at least to set up contacts between Members of this House and the Maltese Parliament. It is now some eight months later. I have raised this two or three times. It has been raised with the President, and no reply has been received from Malta. I think at the very least one would say that that is a discourtesy to someone with whom one is working in partnership. All I would say on this particular occasion is that I am delighted and pleased that the Bureau of this Parliament has now put the ball back into my court and has entrusted me with the task of making informal contacts with the Maltese Parliament to see if we can't get this closer contact working between this Parliament and their Parliament. Because, quite honestly, financial protocols and aid assistance which we all wish to give must, in the end, be based upon the links which we can establish through this Parliament, the direct links which come in alongside the work that the Commission are doing. That is all I wish to say. I'm delighted that there has been — I won't say a conclusion — but at least a beginning to contacts that I feel should have been initiated many months ago.

President. — I call Mr Price.

Mr Price. — I do not intend to detain the House for more than a minute. My Italian colleague has spoken for the Socialist Group, but perhaps I could add a word.

The history of Malta has been very much characterized over the last 100 or so years by a certain tension between those who favour Britain and those who favour Italy, and I very much hope that this further strengthening of relationships between Malta and the Community, and now that both Britain and Italy are in the Community, might in the end, see the end of that tension. Those who know the Maltese language — it's curious language — will know that all the words for art, and all ecclesiastical words, are Italian; all the words for sport, and war are British, and they swear in Arabic. It strikes me that now this increasing contact is being made with Europe, we might eventually wholly exclude the sort of tension that has existed in Malta in the past.

I also think, as a member of the Committee on External Economic Relations that this agreement, which is only one of a number of moves to strengthen relationships between Malta and Europe, is a very important step in the development of our Mediterranean policy. Malta is one of the very few European countries which has good relationships with Libya and, in the sense that we in Europe want to develop our relationships with all the countries in Africa — and our Mediterranean policy must be designed to strengthen our relationships with countries to the south of Europe — this particular arrangement with Malta, which, who knows, one day might develop into full membership, is extremely important in developing the sort of Mediterranean policy that we want.

Price

For those very few reasons, as a Member of the British Parliament with which 20 years ago, Malta nearly achieved but finally rejected the very close relationship that exists at the moment between the French overseas departments and France, I am very pleased that Malta is now moving toward that sort of relationship with Europe as a whole.

President. — I call Mr Burke.

Mr Burke, Member of the Commission. — First of all, I must congratulate the Committee on Budgets on its report, which goes in considerable depth into this new domain of the management through the budget of the Community's external financial aid. The Commission welcomes the modification proposed by the committee, since they underline the responsibility with which the Commission is charged for the implementation of the budget. In so doing, the Commission's responsibility in this matter to the budgetary authority of Parliament is also confirmed. The committee's main objective, as has been brought out in the interventions here this evening, is to ensure that the Commission's authority, under Article 205 of the Treaty of Rome, to manage the budget on its own responsibility is not derogated from by the method of implementation. The modifications proposed all have the objective of underlining the Commission's direct responsibility in this matter as well as the Parliament's role as budgetary authority. Parliament might be interested to remember that a similar proposal was made for the Maghreb countries and identical modifications were proposed by the committee. In that case also, the Commission was able to accept the modifications. Although no special mention was made in the proposal, the Commission's intention was naturally to inform the Parliament regularly of progress in the implementation of the protocol. The modification proposed in this respect will formalize this situation.

President. — Since no one else wishes to speak, I put the motion for a resolution to the vote.

The resolution is adopted.¹

13. Transport infrastructure

President. — The next item is the report (Doc. 185/77) by Mr Nyborg, on behalf of the Committee on Regional Policy, Regional Planning and Transport, on

- (1) the communication from the Commission to the Council on action in the field of transport infrastructure and on the proposals from the Commission to the Council for
 - a decision instituting a consultation procedure and creating a committee in the field of transport infrastructure
 - a regulation concerning aid to projects of Community interest in the field of transport infrastructure

and

- (2) the motion for a resolution tabled by Mr Berkhouwer, Mr Girardin, Mr Krieg, Mr Martens and Mr Osborn on the construction of a tunnel under the English Channel (Doc. 7/76).

I call Mr Nyborg.

Mr Nyborg, rapporteur. — (DK) Mr President, I do not think I need to take up too much of Parliament's time today in a presentation of this report, as we did discuss the principles on which the Commission's proposals were based back in November last year when I produced an interim report.

On that occasion we suggested that the Committee on Regional Policy, Regional Planning and Transport would have to obtain the opinion of the Committee on Budgets before the final report was drawn up.

The Committee accepted this view and, with a few minor exceptions, we incorporated all the amendments proposed in their opinion by the Committee on Budgets, in our report.

In view of the important budgetary implications for the European Parliament of Article 5 in the proposal for a regulation concerning support for projects of Community interest in the field of transport infrastructure, we inserted a paragraph 4 in the motion for a resolution, calling for the initiation of a conciliation procedure between Parliament and the Council if the Council should intend to depart from the method proposed by the Commission for the taking of decisions.

As the Commission proposal would give Parliament a considerable say in the final decision on aid for such projects, the Committee did not hesitate to adopt the Committee on Budgets' proposal.

The report also contains our views on the motion for a resolution tabled by Mr Berkhouwer and others on the construction of a tunnel under the English Channel.

I should like to make it clear from the outset that I have not attempted to assess the merits and demerits of the plan for a Channel tunnel. I have merely attempted to ascertain whether the project would qualify for aid if the Commission's proposal were implemented. In my view it is clear that a Channel tunnel could receive Community aid, but of course this is a matter for the two governments concerned. It is for them to decide whether or not they wish to revive the project. I pointed this out in paragraph 5 of the motion for a resolution, and I have no doubt that if the French and British governments reappraise the question of constructing a Channel tunnel, they will do so in the light of the Commission proposal.

Returning to my report, I should first like to say, in respect of the two Commission proposals, that the motion for a resolution was adopted by the

¹ OJ C 183 of 1 8 1977

Nyborg

Committee on Regional Policy, Regional Planning and Transport unanimously, but with one abstention: myself. I shall be explaining my reasons later. It was not because of anything in the report as it now stands, but because of an omission from the report. Apart from this one important point, I do however support the report and, with this reservation, I have no hesitation in recommending the two proposals. We all know, and I think that Mr Burke will be the first to agree with me, that in fact there has been very little progress towards a common transport policy, and we must therefore be prepared to welcome any step in the right direction. There can be no disputing the fact that the Council Decision of 28 February 1966, which is being replaced under these proposals, has not proved effective, either in bringing about any useful examination of or support for individual projects or in placing them clearly within a common economic and regional strategy in the Community.

As I said before, I do not wish to go into the merits and demerits of the Channel tunnel. But I should like to say that those who oppose it do so on environmental grounds in respect of the South-Eastern part of the United Kingdom, and on regional and economic grounds in respect of the North. This is a real fear in the North of England that a Channel tunnel would further concentrate industry in the South-East, to the detriment of the North. I have therefore suggested an amendment to Article 4 of the proposed regulation and to Article 5 of the proposed decision, on the creation of a committee for transport infrastructure, to ensure that regional, social and environmental implications are taken into account when any transport project of interest to the Community is being considered.

I have also suggested an amendment to Article 1 of the first proposal to make it clear that airports and seaports serving peripheral areas of the Community qualify for assistance. I lay great importance on this as the lack of good communications can be detrimental to outlying communities. Most of the other amendments in the report are of a budgetary nature, reflecting the opinion of the Committee on Budgets. The purpose of the amendments to Articles 5 and 6 in the regulation on support is to ensure that support can be given to individual projects immediately after the final adoption of the budget. In other words, to make it clear in Article 5 that the provisions of Article 205 of the Treaty, giving the Commission sole competence to implement the budget, shall be applied, and to ensure in Article 6, for reasons of accountability, that reports on the individual projects receiving financial support are submitted to the Community's budgetary authorities during the course of the work. Finally, both my committee and the Committee on Budgets consider that the absolute requirement for confidential treatment of the information received, contained in Article 7 of the regulation on support, is too drastic, and we have therefore attempted to restrict this to cases where it is necessary.

With your permission, Mr President, I shall now turn to my personal reservations and to the amendments I have tabled, Amendments Nos 2 and 3. In Amendment No 2, I propose deleting the word 'subsidies' — and this is closely related to amendment No 3 — to insert a new paragraph in the motion for a resolution:

2a Considers that the Community aid for such projects should as far as possible be confined to loan guarantees and loans, and that interest rate reductions should be used only for projects which are clearly of Community interest;

I should like to explain briefly what is involved here. The proposal as submitted by the Commission assumes that support should be possible in the form of loans, loan guarantees, interest rate reductions and direct subsidies, and I do not think that the Community's financial situation is such that it would be reasonable to include direct subsidies of this kind. That is one reason. The other is that I do not think it has any chance of being accepted by the Council if it is presented in this form. In my opinion it would be much more sensible initially, that is to say on this occasion, to omit the word 'subsidies', so that only loans, loan guarantees and interest subsidies are involved, and it would then stand a chance of being adopted by the Council, with the possibility of widening its scope later if the opportunity arises, rather than submitting something to the Council which will almost certainly be rejected.

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

Mr Seefeld. — (D) Mr President, I wanted today first of all to thank the Commission for seizing every opportunity, despite the generally somewhat unsatisfactory situation in the transport sector, to put forward new proposals for overcoming the apparent standstill in transport policy. I understand very well how discouraging this can be. So I wanted to say to the Commission during this debate how much we in the European Parliament — and I think I can say that on behalf of all of us — value the efforts they are making.

If he were here today, Mr Meintz would probably have referred to his report for the Committee on Budgets, and have again been able to underline the fact that there is an ominous standstill in the transport policy. He speaks of the European transport policy taking a step backwards in recent years, and the members of the Committee on Regional Policy, Regional Planning and Transport can actually only be grateful that their colleagues in the Committee on Budgets reach such a conclusion when they are asked to report to the Transport Committee.

The situation, therefore, remains depressing, and I should like to make just a few points and will otherwise stick to the proposals of My Nyborg, who felt that there was not really a great deal to add since the

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last debate on the subject last year. The Commission points out in its document that there is a need for the Member States to work more closely together than they have been doing in solving the problems of transport infrastructures in the Community. All I can actually do is to stress what the Commission pointed out in a few sentences on transport infrastructure in its communication to the Council.

It remains true — and this applies to the planning of transport infrastructures — that the first considerations are national and only then does a second stage in the argument arise, namely how can links to the neighbouring country be somewhat improved with a view to providing a smooth flow of traffic? Only then is consideration given to how one might be able to integrate one's own transport plans into an overall European transport network.

Each individual Member State, the Commission says, is increasingly burdened by the inadequacies that exist in the transport network of the other Member States, and — this is something I would also emphasize — there will also be problems with third countries unless we start cooperating with one another in this sector.

It is this basic idea that I have been trying to summarize in these few words. We have, in the Committee on Regional Policy, Regional Planning and Transport, again considered these overdue questions which have already been explained by the Commission. I can say as far as my group is concerned that we are extremely pleased that we can fully endorse the report, and believe that — so far as it concerns transport infrastructures — it represents a good piece of work by our colleague Mr Nyborg and the committee.

Let me make a few observations on certain criticisms. There are certainly a number of people in responsible political positions who say: what about the Commission's demands? Are all the planning measures going to be taken? There are people — as you well know — who say again and again that we should not give too much planning power to Brussels, because there is enough power concentrated there in any case. That may be true in this case or that; but it is not true in the case of the transport sector. To this extent I think it is a good idea to point out that the Commission's proposal to the Council states in very precise terms just what sectors are involved. It is very clearly stated that the emphasis is to be placed on transport infrastructure problems of Community-wide significance. These include cross-frontier projects; they include projects of one Member State which might usefully benefit its own commercial transport or that of another or several other countries. It also includes, as I noted with great interest, border areas and structurally weak areas, and this is of particular interest for those Members who feel themselves particularly concerned with questions of regional policy. Mr Nyborg is one of those. Measures such as those

planned by the Commission are thus of particular importance from the point of view of regional policy.

May I now make a personal point. I also noted with great interest that Mr Nyborg raised in his report the issue of air and sea transport. I was particularly gratified that Mr Nyborg did include in his report sea transport, because we cannot go on excluding certain important forms of transport simply because the Council of Ministers has yet to state publicly that this sector of transport policy does fall within the competence of the Commission, or to be more precise, the EEC Treaty. So I take this opportunity to say once again that there can be no proper common transport policy until Article 84 (2) of the EEC Treaty covering sea and air transport is applied.

One final point, Mr President, on the subject of sea and air transport. A few days ago the Council of Transport Ministers met. I do not want at this stage to assess this meeting — it would indeed have to be an extremely negative assessment, if one looks at the outcome. Nor do I want to speak about the communiqué that was issued at the time. When I read sentences such as: 'the debate gave the delegations the opportunity to express their satisfaction or concern at developments in the common transport policy', then all I can do is laugh. What sort of a Council of Ministers is it in which ministers get together to express their satisfaction on the one hand and their concern on the other? This then appears in an official communiqué and is fed to the man in the Community street as the significant result of this Council meeting. It is enough to make one despair; but I will leave that now, and return to it when the Council is represented here in somewhat greater strength.

I mention this, Mr President, because there was, despite everything, also something positive in this communiqué: the Council agreed, on a proposal from the British chairman, to look into certain questions of air transport. It may be that these include some of those that we refer to in the amendment that we wish to make the Commission proposal.

Mr President, I do not want to say anything at this time about the British, French, or, if you prefer, European Channel tunnel project. This is something we have discussed in this House on several occasions. Mr Berkhower took the initiative again just a short while ago. All I can say is that the opinions regarding the need for and the expediency of such a tunnel undoubtedly differ considerably, particularly when the question arises of who is to pay for it. But I too share the view, as do, I am sure, most of my colleagues in my group, that whatever one thinks of this particular project, or of the others that were mentioned earlier in the debate, it should surely figure in any discussion on transport infrastructures in Europe.

Mr President, I shall leave it at that for today. We can certainly endorse the document before us. On behalf

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of the Socialist Group may I say that we can agree to the decision to introduce a consultation procedure and to set up a committee on transport infrastructure, that we favour a regulation on the support of projects of Community significance in the field of transport infrastructures, and that we appeal to the Commission to pursue this course, because we believe it is the correct one if we are to make further progress towards a common transport policy.

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

Mr Noè. — *(I)* Mr President, honourable colleagues, the Christian-Democratic Group will also vote for this motion for a resolution. I wish to thank My Nyborg for the useful work he has done. It is certainly true that in years past those concerned with transport in the Community have been bemoaning the scant attention paid to infrastructures, at least to those large-scale infrastructures the creation of which would produce tangible results, not only in terms of transport, but also in terms of progress for the countries concerned and of closer brotherhood between our peoples. What I am saying now has been said many times in this House, and it is the view of the Christian-Democratic Group. I should like only to make some specific comments, not because I want to add further detail, but because the Chairman of the Committee on Regional Policy, Regional Planning and Transport, Mr Evans, had the happy idea of organizing, during the last part-session in Strasbourg, an information meeting at which we were able to learn some important new facts concerning this project for a Channel tunnel a matter on which Mr Berkhouwer had taken some praise worthy initiatives in the past. Essentially, it comes down to this: it seems that the original project is being reviewed with the aim of finding a less costly solution. Briefly, it was thought earlier that the tunnel under the Channel should be able to take motor traffic as well, and this has proved a very expensive idea, especially today, with the energy crisis and the costs of ventilation that would be involved. If internal combustion engine vehicles were to drive through a 42 km tunnel — and that is the length needed for the tunnel under the Channel — then ventilation shafts would have to be installed at an enormous cost, and the running costs in succeeding years would also be extremely high.

The same question was also studied in relation to the low-lying tunnel through the Alps of a similar length — 45 km. In this respect, the problems are thus analogous; that is why I think the current British proposal envisaging a tunnel taking only electric trains, and leaving the question of motor vehicles for a separate solution, will bring considerable economies, not least in the running costs.

I should add that in the Alpine projects, which for the moment are still on paper and will not be realized for some time, an attempt has been made to solve the problem by providing for special trains to ferry the cars separately from the passenger-carrying train. This is a more rational arrangement than the system now used in the Lötschberg and the St. Gotthard tunnels.

Myself and several other members of our Group have tabled an amendment to paragraph 5 because we are convinced of the need to activate this policy on infrastructure; we therefore ask that one of the proposed low-lying tunnels through the Alps should receive the same treatment as the Channel tunnel, because it, too, would serve to bring our peoples closer together. This is why we ask the Assembly to give its special attention to this tunnel through the Alps as well.

May I now address the Commission, and say that Mr Seefeld was right to criticize some of the statements in the Council of Ministers' final communiqué; let me say that even if high-level representatives of the various ministries had been present, no satisfactory solutions would have been reached, because the preparatory work for meetings of this kind is at the moment unsatisfactory, not to say non-existent. We have had, and are still having, great disappointments in other fields, as for instance in the energy field, but at least the spade-work had been done. In this particular area the disappointment is all the greater, because solutions are in sight but all the necessary preparatory work has not been done in any acceptable way. I have said it before and I shall say it again: I deplore the fact that the Commission has not accorded due attention to the tunnel under the Alps because, while for the Channel tunnel the solution is there — in practice, changes might be made to the profile, but the route is almost inevitably fixed — for the Alpine tunnel, several competing solutions are possible, and the only country that has made any serious study of the problem is Switzerland, since the route must run through its territory. But, naturally enough, the Swiss studies have been made with Swiss interests in mind; I regret therefore that the Commission has not made a study of the routes projected by Switzerland, which now have been reduced to two or three, with possibly another one going through Austria.

This work will have to be completed in the absence of these preliminary studies: I have given one example, but a couple of years of hard work would be needed to carry out such a review properly. Without this preparatory work, the meetings of the Council of Ministers will continue to be occasions for the issuing of woolly communiqués, for there is no hope of solving the problems unless the necessary groundwork has been done. Having made this appeal to the Commission, I can state that the Christian Democrats will vote for the Nyborg resolution.

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

Mr Berkhouwer. — *(NL)* Mr President, both personally and on behalf of my group, I welcome the Commission's initiatives in this field and I can subscribe to the views — which I do not need to repeat — expressed by my colleague Mr Seefeld. Mr President, if I now turn to the Commission, that is because on a previous occasion the President of the Commission, Mr Jenkins, reacted sympathetically to some ideas which I put forward concerning a Channel tunnel. For you understand, Mr President, that I am mainly concerned here with this aspect of the matter. You may consider me as an advocate of the joining of Great Britain with the Continent so that when there is a mist over the Channel, the British can no longer say: 'the Continent is isolated'.

The Commission brought out a document recently in which were set out all sorts of advantages which the United Kingdom has derived from its membership of the Community, e.g. that its trade with the EEC has increased by 75 % and so on. But in the same document, it was also stated — Commissioner Burke will perhaps remember this — that there was still a lot to be done to bring the Community closer to the man in the street. When I read this, I thought to myself: it's nice to see that the Commission has now come round to a view I have been defending here for years. It seems to me that the Commission is beginning to understand the idea that so long as the large undertakings don't succeed, then we must turn to the small undertakings. In this respect, this last week before the summer recess is perhaps a good week, since my beloved European passport is on the agenda again.

I should like first to ask the Commission if it does not look upon the union of the United Kingdom with the Continent above all as a symbol for the ordinary man, who can then go with his car from the Continent to Great Britain and also the ordinary man in Great Britain who can come in his little Austin Mini with his family to the Continent. At the moment, it still costs money if you want to go in any way at all from one side of the Channel to the other. That is why I am so delighted at the Commission's proposals.

I come now to a couple of technical and political arguments. The union of the United Kingdom with the Continent is naturally not the only one. We have connections with all sorts of coastal states on the southern shores of the Community and connections with countries on the other side of the Alps, etc. Now I should like to hear from the Commission whether it shares our view that this is not pre-eminently a matter which is taken into consideration when we give Community support to specific projects, not to mention loans from the Investment Bank or the possibility of 'popular shares'. Our forefathers had shares in

the Suez Canal Company; they built the Suez Canal with shares. This Company still exists in Paris; it is doing other things now — very good things, what is more — why can we not do something similar: small shares of £ 25 per person? Let the Commission show some imagination for once! I have often proposed this in the past, and last year this notion received some favourable reaction from Mr Jenkins — whose absence I regret. I would like the Commission to say to the countries on both sides of the Channel that this could now be an opportunity to apply in practice the ideal we are trying to establish here. For it is not a matter for the United Kingdom and France alone. The whole of Belgium is concerned, the whole Delta region, the Ruhr, Denmark, the Paris basin, in short the whole of North-Western Europe. The European Investment Bank financed the bridge joining Europe to Asia, the bridge over the Bosphorus. This is a long way away, Mr President.

(The speaker continues in English)

It may be many bridges too far, not just one bridge, but all the same I am not against it. I am in favour of it, Mr President. So why not this bridge — so near and not too far?

(NL) Mr President, it would be incredible and stupid if nothing were done here. I made contact last time with the British railway unions, thanks to Mr Evans. And I found that what the people from the British railway unions had to say to me was marvellous. They said: 'We must have a tunnel as soon as possible'. And then I said: 'Yes, but I've always heard that people in England say: but then we'll get congestion in South-East England and the North will be jealous'. The North can naturally never be jealous, since Dover is closer to Calais than Aberdeen, and nothing we can ever do will change that. It will never be economically justified to build a tunnel from, shall we say, somewhere in Jutland to Aberdeen. One can't say: the south of England may not have the tunnel, because what is in it for us? Such a comparison cannot be made. What counts is the fact that such a tunnel would create 4 000 jobs in Dover alone. The people from British Rail also said that the argument about the environment was not valid — that was also brought up again — since, they said, if we join the British Rail network to the continental network and send the containers by rail, then the number of lorries driving with all their smoke etc. through South-East England will be less. It will therefore have an enormous cleaning-up effect if we transport things by rail instead of in the dozens of lorries with all the diesel fumes which electric railways do not have.

You realize, Mr President, that we would be able one day to send containers by train from Inverness under the Channel to the Persian Gulf. Would that not be a performance which the whole world would look up to and above all, one which would bring the European

Berkhouwer

Economic Community closer to ordinary men and women who want to travel through the Community with as few papers as possible? Would that not also support the effort I have been pleading for years, namely to bring the Community home to the man in the street? I should like to hear from the Commission whether it is willing to stick its neck out and say yes or no, and not come up with all sorts of excuses.

I should like to thank you for the opportunity you have given me to speak about this matter which has been dear to me for many years.

(The speaker continues in English.)

Mr President, I suppose that our resolution will also be voted.

But that is a technical matter. I leave it to you, Mr President, but that is how I understand it.

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

Mrs Kellett-Bowman. — Mr President, it is a sheer delight to follow Mr Berkhouwer in his very robust advocacy of the Channel Tunnel, an ideal which I share with him. When the Commission first published these proposals a year ago my group welcomed them as a recognition of the fact that Member States can no longer plan their transport structure without reference to the Community as a whole, and that existing procedures for consultation between Member States and the Commission are clearly — to put it politely — wholly inadequate. We also welcome the interim report presented by Mr Nyborg at the end of last year and are happy to be able to endorse the more detailed report presented today.

There is quite clearly no need to remind this House that the transport sector is one in which there has been remarkably little progress in recent years. Some of the proposals put forward have been over-ambitious; some unworkable. But a few have been nothing more or less than commonsense, of which I am happy to say that the report here before us today is one example. The rapporteur is to be very much congratulated. I particularly welcome his emphasis on the need for speed in implementation referred to in paragraph 3. It is surely right that this proposal for a new consultation procedure for transport projects should be presented together with one opening up new possibilities for Community aid to projects of Community interest. We hope, too, that the Council will take careful note of the points raised in paragraphs 1 and 2 of the motion. That is, that the definition of what is meant by 'transport infrastructure' should embrace seaports and airports, and even more important, that whatever consultative bodies are set up in the transport sector are required to work in conjunction with those responsible for regional policy generally, since it is of vital importance that no action should be taken in this field which could in any way exacerbate the already serious problems of the disadvantaged regions.

Finally, I should like to add a word on the Channel Tunnel, and how happy I was to hear Mr Berkhouwer's strong support of this and his emphasis on the human aspects in two regards: the prospects for the man in the street to dump his family into the car and go straight over to the continent and — even more important, if I may say so — to have a chance of taking a financial stake in this European project. As the report points out this is not the only major project of this kind on the horizon. Indeed, I must emphasize that my group is very much in favour of the Christian-Democrat amendment, referred to in his speech by Mr Noè, calling attention to the importance to the Community of the low-level rail tunnel across the Alps. But the Channel Tunnel — as the long and complicated history of the project will show — is a most useful test-case for the effectiveness with which the Commission might be able to encourage the British and French governments to undertake the construction of the tunnel in earnest. However, as I have said before, the real implications of the project are of great importance in that they illustrate what I was saying previously about coordination with regional policy.

Perhaps the Commissioner in his reply to the debate could outline very briefly his view on the regional planning aspect of the tunnel. In my country I believe that we have heard far too much about the extent to which the tunnel will attract still more investment to the South-East of England. I believe that we must presumably set against this the dynamic effect on the relatively poor area of North-West France, and I by no means share the anxiety which the rapporteur believes exists in the North and North-West of England regarding possible adverse effects of the Channel tunnel on their prospects. I'm convinced that North-West England, in particular, has excellent motorway and rail links with South-East England and will benefit very substantially from the extension of the links with the Continent. From our contact with the European railway organizations, we understand that a tunnel linking the continental countries of the Community with the British Isles, which contain, after all, between one fifth and one quarter of the Community's population, would be of inestimable advantage, not least for the environmental reasons stressed by Mr Berkhouwer, because we are very much against these juggernauts chugging through our towns, and indeed our countryside. If the Commission, with these proposals, can put this tunnel project once more back on its feet, that would indeed be an achievement, and one which I believe the Community itself would never regret.

President. — I call Mr Evans.

Mr Evans, Chairman of the Committee on Regional Policy, Regional Planning and Transport. — Could I

Evans

say at the outset that I and my committee welcome the proposals from the Commission, and welcome the work that Mr Nyborg has done as rapporteur. We feel that it will be a modest contribution to work in the transport field.

I think that most Members recognize now that it is one thing to pass resolutions, it is one thing to make emotional speeches on any subject under the sun, but it is an entirely different matter to put those resolutions and those motions into practice. Nowhere is that more obvious than in the very, very difficult field of transport, because I am sure everyone appreciates there are conflicts within the transport field; there is road versus rail versus air, versus sea; there are different methods in different member countries; two of the member countries are cut off from the Community by the sea — the United Kingdom and Ireland. It is often lost sight of that Great Britain is not the only country which is separated from the Community by the sea; Ireland is equally cut off from the Community, and I am quite sure that Mr Burke will have thought long on that during the course of this discussion that we have had today.

The other thing I feel that is important, and that I stress now, is that whilst we recognize the value of setting up such an organization as the Commission have suggested, at the end of the day it would be a question of whether or not the member countries in fact voted the funds to put into practice all these wonderful ideas which have come forward in this and other debates that we have had on the question of infrastructure. I think everyone must bear that in mind. One of the contradictions we have today is that we have rather concentrated upon the Channel Tunnel, which obviously would have some value for my country and France, and possibly Belgium, and the Ruhr, but there is an amendment which points out that an equally important Community project could take place under these proposals between Italy and Germany, and I am quite sure that many Members will be now starting to wonder whether or not they should not rush in and put forward their pet project to benefit their region, their area, their country. I think in that context, Mr President, we have to be somewhat careful.

But the main reason why I wish to take the floor tonight, is to urge Parliament, in fact, not to discuss the merits or the demerits of the Channel Tunnel. I think in that respect it is rather important that I say to this Assembly what I said to my committee two weeks ago. I will repeat it here :

A number of members of my committee and other Members of the European Parliament had a chance to have a meeting with representatives of the British National Union of Railwaymen in Strasbourg last week, when the union representatives were able to put to us their case in favour of the Channel Tunnel project. I have asked the secretariat of the committee to prepare a summary of what took place at that meeting and to circu-

late to all members of the committee the statement of position put forward by the union representatives. When you have received these documents, we can consider at a future meeting, the whole question of the Channel Tunnel and decide whether we wish to make an own-initiative report on it, or what steps we should take next.

I would hope today that the committee will avoid getting into any discussion of the merits or otherwise of the Channel Tunnel project, because I think Mr Nyborg has deliberately tried in this report to avoid doing this, and has tried to confine himself to the question of whether a project such as the Channel Tunnel would be one eligible for aid under the Commission's proposals.

It is in that context Mr President, that I ask Mr Berkhouwer not to press this evening his motion for a resolution which was tabled so long ago and referred to my committee, but to accept my word that we will, in the next month or two, be giving deep and detailed consideration to the Channel Tunnel and the effects that it would have on the environment as well as the regional impact that it may have in the United Kingdom. I want to be absolutely non-controversial and make it quite clear that there is a large body of opinion in the United Kingdom which is wholly in favour of the tunnel. There is an equally large body of opinion which is utterly opposed to the tunnel, so, in that respect I would ask Parliament to appreciate that my committee has not yet had the opportunity of discussing in detail the original motion for a resolution which Mr Berkhouwer proposed so long ago.

Could I just make one point, Mr President, because it is an important point. It is, of course, always good to hear the enthusiasm which Mr Berkhouwer generates, not only in this subject, but in any subject on which he speaks. But there are occasions when Mr Berkhouwer does allow his enthusiasm to run slightly ahead of facts. Can I say with due humility to Mr Berkhouwer, that whereas he paints a very nice picture of the man getting into his Mini in England with his family and driving across into France, unfortunately, whatever proposals are put forward for a tunnel under the English Channel, I can assure Mr Berkhouwer that the man will not be able to jump into his Mini and drive across, because that is not the proposal and never has been the proposal. What we are talking about is a rail link and not a motor-car link. I say that simply to put the record straight...

Mr Berkhouwer. — You drive the car onto the train !

Mr Evans. — ... Could I turn very briefly to the amendments, Mr President, because I think it needs to be said with regard to Mr Noë's amendment that there is nothing wrong with it in any way whatsoever. The only snag is that the committee has not yet discussed the Channel Tunnel as a viable project in the light of the Commission's proposals. Could I therefore ask him to remit it? If necessary he can raise that particular issue in the committee where he is a member.

Evans

With regard to the amendments proposed by Mr Nyborg, I think it is only proper that as chairman of the committee I inform the Assembly that in fact Mr Nyborg's original amendments on these lines were rejected overwhelmingly by the committee. I can very briefly, Mr President, give the reasons why. This is a new proposal. We welcome the setting up of this committee but we do not think it would make good sense to attempt to tie the committee's or the Commission's hands behind their back before they have even started. Whilst we understand the political philosophy of Mr Nyborg, which would seek to delete the word 'subsidies', the committee felt that in the context of a new Commission proposal we should leave all the options open in this respect. We have stressed that it will be essential for Parliament to be consulted on any proposal which is brought forth by the committee at any stage, and surely that would be the time when we could look at a Commission proposal and say yea or nay as a Parliament as to whether there should be a subsidy or a grant or a remission of interest rates or whatever. For that reason, if Mr Nyborg is obviously determined to press this amendment, I would ask Parliament to stand by the committee and reject the amendments proposed by Mr Nyborg and adopt the committee document as printed.

President. — I call Mr Durieux.

Mr Durieux. — (*F*) Mr President, this Assembly will not be surprised if a Member from the Nord/Pas de Calais region speaks in the debate on a Channel tunnel; it is obvious that the construction of a tunnel is important for certain regions, and indeed for the Community as a whole, as Mr Berkhouwer has so rightly pointed out. The improvement of the means of communication is an essential for the European Economic Community, and bottlenecks must be eliminated. This applies also to the Straits of Messina — to look further afield than the Channel to communications with the Faroe Islands, and the pass between Germany and Italy.

The building of this tunnel seems to have a symbolic importance for us; it would connect England, Scotland and Wales directly with the main motorway network on the continent. There is no need to draw attention to the importance of this project as regards communications with the other Member States and with all the other countries in Europe.

As a representative for this region I can assure you that apart from its general interest for the Community, the tunnel will be an unparalleled centre of development for all the regions through which the motorway extension of the tunnel passes. And the request contained in the motion for a resolution on which we are to vote that the Commission should the possibility of building a tunnel with Community funds and financial guarantees, will, you can be sure Mr President, receive my full support.

It is highly desirable that the citizens of Europe should participate as fully as possible in this project, and in this connection I should like to draw attention to the decision taken by the Nord/Pas de Calais public and regional authority, at its meeting in Lille this morning, to support the project and to send us a telegram endorsing the motion for a resolution. That shows the extent to which the Nord/Pas de Calais region, which numbers several million inhabitants, considers itself to be directly affected by the project.

The suspension of work on the tunnel caused considerable disappointment in France, particularly in our region, where the building of the tunnel was to be combined with the construction of new roads, which has thus also had to be suspended. Strong disappointment was felt on the British side too, and this is another factor to be taken into consideration.

As usual, Mr Berkhouwer has spoken with great enthusiasm on this project, pointing out that the building of a tunnel would be a way of bringing nations closer together. I myself, unlike the chairman of the Transport Committee share this enthusiasm because, although many British families are prepared to travel through the tunnel by rail, I, in common with many French people, would be happy to be able to take my family to Britain in my own car.

We hope, therefore, that after today's debate the Commission will take steps to turn this grandiose dream — though is it really so grandiose in this day and age? — of linking Britain to the Continent into a reality. The Liberal and Democratic Group will vote unequivocally for the resolution that has been submitted to us. However, if we have to comply with the proposal by the President of the Commission, we would also perhaps be prepared to endorse it, relying on the promise he has made to carry out a study of the matter. I hope that this study can be initiated without delay, for I think that we are all now convinced of the need to link the United Kingdom to the other Member States of the Community and to the rest of Europe.

President. — I call Mr Ripamonti.

Mr Ripamonti. — (*I*) Mr President, honourable Members, I regard the Commission's communication on action in the field of transport infrastructures, and on proposals from the Commission to the Council for a decision instituting a consultation procedure and creating a committee in the field of transport infrastructure and a regulation concerning aid to projects of Community interest in the field of transport infrastructure as a clear indication on the part of the Commission and the Council of their determination to proceed to an effective policy of land use planning in order to restore a proper balance between fundamental regional factors, such as population, natural resources and area, so as to counteract the inequalities which have arisen.

Ripamonti

These inequalities are represented by high concentrations of population and productive resources in areas characterized by high levels of economic development and high average per capita incomes : by the phenomenon of developmental congestion side by side with the existence of areas which are depressed and underdeveloped. There are still closed circuits of wealth side by side with poverty tracks from which there is no escape.

Regional planning is the only method capable of removing such imbalances. For its success it requires, as Mr Nyborg, the rapporteur, rightly pointed out, a mechanism for the planning of the entire transport system. He is right to stress that the regional aspect of transport development must no longer be a subsector of the Community's overall transport policy.

Only through a joint policy can regional transformation and mobility of the population be achieved, only in this way can we strengthen economic, social and cultural inter-relationships within our continent. The planning of which I speak must not merely be the sum of individual national or bilateral projects which may be regarded as being of Community interest.

If this is what we want politically, then to assess the true value of large projects, such as that for a Channel tunnel or for tunnels across the Alps, we must plan in a wide territorial context, try to visualize in a broad regional context the long-term consequences of regional planning measures. Only in this way shall we be able to estimate how individual infrastructure plans fit into the overall objectives of regional planning.

Unless we do this we shall go on accumulating nationally — or multinationally-inspired projects without ever getting an overall view either of the process of regional development or of how we should restore economic and social equilibrium.

In closing, Mr President, I should like to stress that we should review the Community's transport policy in terms of a cost-benefit analysis of each project. And it is by the method of cost-benefit analysis that we should determine our priorities and ascertain whether the decisions taken by the Community correspond to our overall objectives — or merely to sectoral and short-term aims.

(Applause)

President. — I call Mr Osborn.

Mr Osborn. — Mr President, I well accept that I was not here at the opening of this debate, because I have just come in from Britain. But I intervene at this late hour because I supported Mr Berkhouver in the original motion which we are discussing in connection with the Commission report. This morning in London, I was looking through my notes on the Channel Tunnel, notes that were at their peak in the period 1970/74, and although I am well aware we are not talking about the Channel tunnel only but about

improving communications, primarily between the member countries of the Community, I find that the original sponsors and enthusiasts for the Channel-tunnel project perhaps have gone into cold storage at the present time, and I asked the simple question of a number of my original advisors, whether they could update the case from 1972 and 1973. Well, the fact that the project was started and then abandoned, mainly by a British government and to the chagrin of the French, is perhaps the reason for Mr Berkhouver's original motion and my support of it a year ago.

This afternoon in London I happened to meet some French deputies and senators, one of whom at least came from the Calais-Boulogne area, and we discussed the importance of this project. My impression from a brief discussion is that the will for a link between Britain and France still exists at back-bench level, even if the certainty of its existence at government level is not quite so strong. I wish I had more time to discuss an issue which I have discussed perhaps for ten years with French deputies and their attitude to the fact that this project was abandoned some two-and-a-half years ago.

The purpose of this Commission report is to set up a committee and set up a procedure outlined in document 244/76. I quote the original document :

One of the reasons why the Member States must accept action at Community level on transport infrastructure problems is the increase in the relative importance of international traffic and, in particular, of traffic between the member countries of the Community ; this growth means that each State will be more and more affected by the imperfections which may appear in the communication systems of another Member State or even of certain non-Community countries.

Each of us looks at this problem of communication in his own way. The Italian Christian-Democrats and Senator Noè in particular, are obviously concerned about the link between Italy and the rest of the Community through the Alps. You, Mr Commissioner, coming from a country that is even further away from the bulk of the Community, will be concerned with good links between your country, Eire, and the rest of the Community. Denmark has its problems because it is split into a number of islands where there has been some development. The important issue is to look at the means of improving passenger and freight communications between our respective countries.

Infrastructure, whether at the national or the international level, is vital, and, of course, I, naturally, coming from Yorkshire, in Britain, have to bear in mind that there are other alternatives for passengers — air traffic from aerodromes in the north of England, ferries from Hull and perhaps Yarmouth, Lowestoft, and other countries across the North Sea as well as shorter links using conventional ferries, hovercraft and perhaps the hydrofoil, which for passengers certainly has come

Osborn

into its own. But I very much hope that this House will not balk the importance issue of looking at where communication is difficult and I suggest, Mr President, that one of the barriers that must be overcome is obviously the one across the Channel. Here I would like to take to task Mr Evans, who has put forward the point of view we heard in Strasbourg last month, the case put by the NUR for a rail-link only across the Channel. I very much hope this House will look at all the alternatives, whether it be a land-link or a sea-link, and that the proposal made in committee that we extend our interests to air communications and sea communications in this infrastructure review will not be overlooked.

Mr President, I support the views already expressed by my colleague Mrs Kellett-Bowman and very much hope that action will be taken on this very excellent proposal put forward by the Commission.

President. — I call Mr Burke.

Mr Burke, Member of the Commission. — You will recall that the Commission, in its communication of October, 1973, envisaged the establishment of a system of transport involving, in addition to the organization of the market as specified in the past, action also in the field of infrastructure. This proposal, therefore, may be seen as an attempt by the Commission to get the Council to implement part of the policy of that communication. The European Parliament gave a favourable reception to this approach in its resolution of 18 November 1976, welcoming the initiative taken by the Commission while reserving the right to express a more detailed opinion. I should like to recall to Parliament that the budget for 1977 approved by Parliament includes an item, No 373, relating to aid in the field of transport infrastructure.

The Commission considers that there is a very close connection between the decision instituting a consultation procedure and creating a committee in the field of transport infrastructure, and the regulation concerning aid to projects of Community interest in the field of transport infrastructure.

First of all, let's take the decision. The decision instituting a consultation procedure and, most importantly, creating a committee in the field of transport infrastructure, constitutes, as an initial step, a direct answer to numerous requests, including in particular those of this Parliament, which has for years been demanding a means of coordinating investments in the field of transport infrastructure more effectively than under the consultation procedure instituted by the Council decision of 28 February 1966.

The regulation concerning aid to projects of Community interest in the field of transport infrastructure constitutes the second instrument for the proposed action, and it has two main features. The Commission, wishing to concentrate aid on a limited number of

projects that are particularly important from the Community's point of view, has preferred not to have recourse to a fund, or the use of a fund, but has provided for a novel system which makes effective action possible by using the most appropriate method of financing and by providing for decisions to be taken under a procedure which corresponds to the balance of power in the Community. Secondly, the criteria for the selection of projects have been established taking into account real needs and avoiding overlap with other financial instruments such as the Regional Development Fund.

I would like to thank the rapporteur, Mr Nyborg and the Committee on Regional Policy, Regional Planning and Transport which has adopted the motion before us. This motion is completely in accord with the spirit of our proposal, and it contains a number of proposed modifications which the Commission is happy to adopt and give effect to in accordance with the procedure laid down in the second paragraph of Article 149 of the Treaty.

Nevertheless, Mr President, as a meeting of the committee has been told, the Commission is reluctant to accept one modification, which is the one intended to subsume ports and airports under transport infrastructure. From the legal point of view, the inclusion of ports and airports is open to discussion in the context of the possible application of Article 84(2). However, legal considerations were not the deciding factor for the Commission. Political aspects deserve equal attention. The subject of port infrastructure is particularly delicate. As you know, ports lay claim to considerable autonomy in this field. It was feared that in discussions with the Council the debate would concentrate on this point. In view of its highly controversial character, we might even have endangered the proposal itself. For this reason, we prefer not to mention this subject. However, we believe that while the ports in the strict sense are excluded, there remains a whole range of infrastructure activity, which directly involves the ports and which is covered by our proposal for a regulation.

If I may now turn briefly to the subject of the motion for a resolution tabled by Mr Berkhouwer and others: this motion follows a question asked by Mr Berkhouwer and others on the subject of a channel tunnel. In 1976, as Members of Parliament will recall, it was decided to adjourn the discussion and refer the motion to the committee responsible. The Commission has not ceased to recognize the interest of the Channel Tunnel project for the Community, but it should be remembered that, until now, it has not been possible to take any action on this question, except within the framework of the consultation procedure initiated by the Council in 1976; and I shall return to this matter in just a moment. This procedure can only be put into effect after notification by the interested

Burke

governments of the project in question. However, no initiative has been taken by the governments concerned since the abandonment of the Channel Tunnel project by the British Government. A solution to this problem should be sought within the framework of the committee for transport infrastructure proposed by the Commission. Indeed, this committee will not only serve as a basis for consultation with Member States on requests for financial aid, but will also be able to make a detailed examination of any question relative to the development of a Community network of transport links.

If I may now turn briefly to the amendments before the House and, if I may, link amendments 2 and 3: the Commission would advise Parliament that the word *subsidies* should be kept in Article 2. I noticed that in his contributions, Mr Evans, the chairman of the committee, urged us to keep our options open; I would echo that. Similarly, in amendment number 3, where it is suggested that a new paragraph 2a should be included, we would advise that if this new paragraph is included, the word *subsidies* should be included as well as *guarantees* and *loans*.

I think one of our reasons for saying this would be that the Commission, as indeed, I think, the committee of Parliament itself, would attach importance to the power to grant direct subsidies. Parliament may wish to recall that small projects, such as marshalling yards, could be greatly aided if subsidies were to be included. Insofar as such projects are financed by budgetary appropriations and not by borrowing, the Community should be able to intervene positively on their behalf.

If I may now turn briefly to some of the remarks made by the ten speakers in the debate, although it will be impossible, in the short time allowed, to cover all of them adequately: I have noted with interest, and have already congratulated Mr Nyborg on, the balanced presentation of the report to us. I noted too, with some pleasure, that Mr Seefeld said that the Commission never fails to find ways and means to implement — or to try to implement — its transports policy. I noted too, with interest, that he intends, at some future date, to address questions directly to the Council of Ministers. I would hope to be present for this interesting exchange of views. I would just offer this point though — that I wouldn't be as pessimistic about the outcome of the recent Council meeting as the wording of the communiqué might perhaps indicate. And indeed, to Mr Noè, who also referred to this communiqué, I would offer the thought that the problem with the Council, if there is a problem, is not so much that the meetings are not efficiently and properly prepared. I think that they are, but I think it is that ministerial authority is not, in fact, transmitted to the working transport group, and to Coreper, to deal effectively with the questions

before it. So that, in the Council, we sometimes find ourselves doing the work which in fact is of such a technical nature that it should have been cleared in advance by these committees. So what's really lacking here, in my judgment, is a political authority to the committees to get on with work in which there is a clear political mandate for success. I know that I could develop this a greater length, and perhaps we will await a further occasion so to do.

Turning to the contribution of Mr Berkhouwer: he puts me personally in a very difficult position, because what I may feel personally about the Channel Tunnel — or, indeed, what many Europeans feel about the Channel Tunnel in a personal capacity — is one thing, but what I may say on behalf of the Commission, as the Commissioner responsible for this general area, is another. I would concede to him, in response to his first question, that everybody can accept — and this point has been made by a number of speakers — that the Channel Tunnel would be a symbol, a token for the man in the street, drawing attention to the European Community. As the Member of the Commission responsible for consumer affairs, I would also offer Parliament the thought that advancing consumer legislation and consumer affairs would also be another way of showing a certain human face, to use the phrase that was used by President Jenkins earlier this year. And there are other ways in which this could be done, so I would say: yes, it is a symbol or token.

The second question he asked me was: Does the Commission believe that if we are going to aid certain projects, this is a good way of doing it? I would point out, first of all, that the Commission has, on a number of occasions — and I have done so here again this evening — expressed its interest in infrastructure projects, including the project which he mentions particularly.

I would recall that the Commission recognized the importance of the Channel Tunnel project by organizing the consultation meeting immediately, in February 1973, when the project was notified. I would also draw the attention of the House to the expression of regrets by the Commission on the occasion of the abandonment of the project. In regard to the difficulties of the project, I would remind the House that 1973 costings were estimated at 2.03 billion u.a. I suppose a conservative estimate now would be that the cost would be somewhere in excess of 3 billion u.a. Now that's just by way of giving some detail in the matter. I would say to Mr Berkhouwer and to other Members of Parliament; yes, I can give a general statement of support to the Channel Tunnel project if we in the Commission and the Communities can get that most important infrastructure committee which I have mentioned twice already this evening. This is the instrument we need, this is the instrument we must

Burke

get, and this is the instrument which, if we get it, will enable us to talk with some effect in regard to the construction, not only of tunnels, but of other projects mentioned so persuasively here this evening by various Members of Parliament.

In regard to his point about shares, it doesn't fall to my responsibility to indicate a position on this, except to say that if such a project were to be undertaken it would be a very useful way of assessing the amount of public support for the Channel Tunnel project.

I take his point, about the environment benefits of such a project. I would to say to him generally, that on a personal basis, I could support him fully, but he must realize that I have to make my reservations, having regard to the responsibilities which I hold in the Commission.

Mrs Kellett-Bowman asked me, among other things, if it was my belief that the tunnel would draw away industry and development from the North of England and from regions further away from the Channel. I would say that, on the contrary — and I speak here again personally, because I don't want to commit my Commissioner colleague who deals with regional policy — that in my judgment the development of the regions near the tunnel on both sides obviously would be favoured. But I don't think personally that development of the North of England and other regions would be interfered with detrimentally by the institution of such a link. In any event, even if it were, there always falls to the Community the use of the regional policy instruments to counterbalance any detrimental effects there might be; I'm not conceding that there would be, but if there were, such policies could in fact be implemented by a Community which gave its proper emphasis to that most important part of our development, regional development. As a final thought on this, I would think that the Members of Parliament and the committee dealing with these questions would be in a better position, even than the Commissioner, to answer this question, in that they have the opportunity of dealing, not only with regional policy but also regional planning and transport, all in one global activity. I think then that the members of this committee are in a good position to make their own deductions in this regard.

I noted with some interest Mr Evans's point about the new developments and the meetings with the National Union of Railwaymen. Might I ask him on a personal basis if, when he makes the document available to other Member of Parliament, he might send me a copy too, because I would be interested? I accept the tenor of his remarks that one should proceed in this matter with a certain amount of caution, but if the action being taken now can in fact result in some important initiatives, we will all sit back and await these with interest.

I wouldn't place too much difficulty on whether it's a road tunnel or a railway link, because we all know

there are developments such as platforms whereby one can have easy access to trains which would minimise the difficulty for cars in getting from one side to the other. In addition to that, I would presume that any good business venture would ensure that there would be frequent links, so that the delays would be very infrequent indeed.

I have noted, indeed with interest, Mr Durieux's point about the resolution which was passed today in Lille and the points made by Mr Ripamonti and Mr Osborn. I would therefore thank again Parliament for its acceptance of the main points of our policy in this regard; I would reiterate that we have a little difficulty in regard to the inclusion and the subsuming of ports, as I have already outlined, and with that, I thank Members of Parliament for their kind reception.

President. — Mr Dalyell, if you want to ask a question of the Commissioner, I will allow you to do so, but will you make it short and sweet.

Mr Dalyell. — Well the question is merely that some of us misheard, or may have misheard. We heard what we thought was an astonishing statement, namely that ministerial authority was somehow not transferred to Coreper. Now as it came over — Mr Burke may want to explain things rather differently — this in a sense sounded as if Coreper had defied ministerial will. Now I may have got it wrong, but if that is the situation it is obviously very serious. Secondly, the Commissioner referred to a procedure which reflects the balance of power in the Community. Precisely what was that in reference to? Because again it is rather an important issue in relation to the tunnel and other matters.

President. — I call Mr Burke.

Mr Burke, Member of the Commission. — Mr President, in regard of the first question, there was no question of Coreper refusing in any sense to accept ministerial authority. I was outlining this aspect in response to Mr Noè's point about greater efficiency on the part of Coreper resulting in a greater degree of success at Transport Council meetings. The point I made was — and this is widely understood by Members of Parliament when they refer to the lack of progress in regard to transport policy over the years — that ministers found it possible to give a greater degree of authority to the technical committees to carry out their work, then it would not be necessary for Transport Council meetings to be so taken up with technical details, which is the point, I think, that the honourable Member misunderstood. I obviously have no reflection to cast on Coreper. I regard it as very efficient, but I would like to appeal to all our countries to give us all a greater chance to implement the transport policy by giving a greater degree of authority to the various groups to get on with the job.

Burke

On the other point about the balance of power I had in mind that what we are emphasizing is that the final decision in regard to these matters is left to the budgetary authority, that is, Parliament. That is what I wanted to convey in my statement in that regard.

President. — The debate is closed.

Before considering the motion for a resolution, we first have to vote on the amendment tabled to the proposal for a regulation.

On Article 2 I have Amendment No 2 tabled by Mr Nyborg seeking to delete the word 'subsidies'.

I put Amendment No 2 to the vote.

Amendment No 2 is rejected.

We shall now consider the motion for a resolution.

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 3 tabled by Mr Nyborg aimed at the insertion of the following new paragraph :

- '2a. Considers that the Community aid for such projects should as far as possible be confined to loan guarantees and loans and that interest rate reductions should be used only for projects which are clearly of Community interest ;'

I call Mr Nyborg.

Mr Nyborg, rapporteur. — (DK) Mr President, as my Amendment No 2 has been rejected, I withdraw Amendment No 3.

President. — Amendment No 3 is accordingly withdrawn. I put paragraphs 3 and 4 to the vote.

Paragraphs 3 and 4 are adopted.

On paragraph 5 I have Amendment No 1 tabled by Mr Noè :

This paragraph to read as follows :

- '5. Points out that the governments of France and the United Kingdom will have the opportunity to apply for assistance for the Channel Tunnel project and the governments of the Federal Republic of Germany and Italy will be able to apply for assistance for a low-lying rail tunnel across the Alps under the provisions of the Regulation concerning aid to projects of Community interest in the field of transport infrastructure when that regulation is adopted ;'

I call Mr Noè.

Mr Noè. — (I) I rise only to ask Mr Evans not to persist in his opposition to this amendment, for the following reasons: on 4 June 1973 a document, for which I was the rapporteur, was placed before this House and adopted unanimously. For consistency,

therefore, we should bear in mind that this Parliament has already expressed its opinion on this problem. Secondly, I have not tabled the amendment because I fear that once the Channel tunnel is constructed, the one through the Alps will go by default. I tabled it because I am convinced that the two major infrastructure projects that are so important that they stand out from all the rest, are the Channel tunnel and the low-lying tunnel across the Alps. For the sake of brevity I did not indicate earlier what 'low-lying' means. It means an altitude of 500 metres above sea-level, instead of the 1 000 metres as at present. One problem is that, just as the winter fogs referred to by Mr Berkhouwer can block traffic in the English Channel, in the Alps winter avalanches can block the existing railway line for up to two days at a time.

It is for these reasons, and for those explained earlier, that I would ask Mr Evans not to oppose this amendment. It is not inspired by regional self-interest; even if tunnels under the Alps were not to be built, I should be as happy as Mr Berkhouwer to see the Channel tunnel constructed, because I am convinced it would be a factor for bringing our peoples together.

President. — What is Mr Nyborg's position ?

Mr Nyborg, rapporteur. — (DK) Mr President, I am afraid I cannot agree with Mr Noè here. I quite understand his reasons, but if we, echoing the committee, have spoken here only about the Channel tunnel project, it is because that project is part of the report; but we cannot start listing all the places in the Community where there might be reasonable and compelling grounds for initiating projects eligible for Community support. If we were to do so we would have to mention plans for bridges between two Danish islands, Zealand and Funen, and between Denmark and Sweden, and so on. There would be so many items on a list of this kind that I must ask this House to reject this amendment.

President. — I put Amendment No 1 to the vote.

Amendment No 1 is adopted.

I put paragraph 6 to the vote.

Paragraph 6 is adopted.

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

The resolution is adopted.¹

The motion for a resolution tabled by Mr Berkhouwer has already been subsumed and is actually in the preamble of the resolution which we have just voted now. Therefore it is not necessary to vote on it.

¹ OJ C 183 of 1. 8. 1977.

14. *Decision on a European project
in the field of transport*

President. — The next item is the report (Doc. 186/77) by Mr Nyborg, on behalf of the Committee on Regional Policy, Regional Planning and Transport, on the

proposal from the Commission to the Council for a decision subscribing, on behalf of the Community, to a joint declaration of intent to implement a European project in the field of transport on the subject: 'Electronic traffic aids on major roads' (COST Project 30).

As there has been an amendment tabled by Mr Ripamonti, we are not taking the report without debate as originally intended.

I call Mr Nyborg.

Mr Nyborg, rapporteur. — (DK) Mr President, I should simply like to speak on the amendment. As you yourself said, the intention was to vote on the report without debate, but we now have before us an amendment, which has emerged in a slightly misleading form, as it clearly seems to fall under the subject we have just finished discussing.

I regard Mr Ripamonti's amendment as superfluous, as the Commission is responsible for secretariat expenditure for all COST schemes. Moreover, participation in COST schemes does not involve Community funds, as it is work carried out as part of the normal work of the secretariat in the Commission, and therefore does not place an additional burden on the budget. The fact that there is no provision for Community responsibility for secretariat expenditure is irrelevant, as the Commission assures me that there would be no change in practice, and I therefore recommend rejection of this amendment.

President. — I call Mr Ripamonti.

Mr Ripamonti. — (I) Mr President, my amendment is fully in line with the provisions of a whole series of agreements between groups of countries among the 19 European countries which have been supporting the project from 1971. Each of these agreements stipulates that, at the request of the signatories, the secretariat of the Committee shall be provided by the Commission of the European Communities. We should remember that it was to the Commission's initiative that the conclusion of these agreements, which have proved so worthwhile, was largely due, and I am sorry to see Parliament wasting hours on partial projects and then refusing to deal with the question of the applied research which is carried out by the COST group, a successful example of cooperation among groups of European nations in the research field. I believe it is essential for the Commission to continue to manage

this secretariat. If anyone does not agree with my views, I should like to remind them that it is identical with that expressed by CREST on 16 April 1975, when it was stressed that the Commission should be closely associated with all the stages of the project, and particularly with the drafting of the recommendations for European standards for electronic traffic aids on major roads.

The Committee, which has drawn up a programme for European scientific and technological cooperation, emphasized the need for continuity of Commission involvement in these projects, even where they did not concern solely countries of the Community, but also countries external to it. The promotion of applied research projects by new methods, which have already produced good results, is an important objective, and by the use of cooperation and radical innovation it has been possible to overcome the kind of difficulties with which many research programmes have had to contend in the past.

The same approach should therefore be used in other sectors of Community research. Hence, in this case the Commission should take charge of the secretariat services of the management committees, should watch over, coordinate and seek to obtain the cooperation of other countries, and check the progress of the projects.

This is why, Mr President, I maintain the amendment and hope that the House will vote for it.

President. — I call Mr Burke.

Mr Burke, Member of the Commission. — I would like to point out that the Commission can in fact accept this amendment, although it may present administrative problems. As we know, the Council gives its agreement in principle to proposals of this kind only when the action envisaged arises from an existing Community programme, and this is not the case at present: the Commission has not got a programme of this kind at the moment. Therefore, the Commission has proposed to entrust this task of running the secretariat to national experts who would be seconded to the Commission services for this assignment. In fact, the Commission and the Community are associated in all the phases of participation in such activities as that of CREST, so we would then in a sense prefer that the work should be done by national experts seconded to the Commission for the assignment.

President. — We shall now consider the motion for a resolution.

I put the preamble and paragraphs 1, 2 and 3 to the vote.

The preamble and paragraphs 1, 2 and 3 are adopted.

President

After paragraph 3, I have Amendment No 1, tabled and moved by Mr Ripamonti, adding the following new paragraph :

- 3a. Believes that the Community should be responsible for the running of the secretariat of the project's management committee ;¹

I put Amendment No 1 to the vote.

Amendment No 1 is adopted.

I put paragraph 4 to the vote.

Paragraph 4 is adopted.

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

The resolution is adopted.¹

15. *Tabling of a motion for a resolution*

President. — I have received from Mr Klepsch, on behalf of the Christian-Democratic Group, a motion for a resolution with a request for urgent debate pursuant to Rule 14 of the Rules of Procedure, on the Additional Protocol and the Financial Protocol concluded on 20 September 1976 between the EEC and Portugal (Doc. 212/77).

I shall consult Parliament on the adoption of urgency procedures at the opening of tomorrow's proceedings.

16. *Agenda for the next sitting*

President. — The next sitting will be held tomorrow, Tuesday, 5 July 1977, at 9.30 a.m. and 3 p.m., with the following agenda :

- Vote on the urgency of the motion for a resolution on Spain ;
- Vote on the urgency of the motion for a resolution on Portugal ;
- Decision on the inclusion of questions relating to fisheries ;
- Cousté report on the crisis in the Community's iron-and-steel industry (presentation and debate) ;
- Oral question, with debate, to the Commission on dumping ;
- Oral question, with debate, to the Commission on the pharmaceutical industry in Europe ;
- Kaspereit report on economic and trade relations between the EEC and China ;
- Maigaard report on relations between the EEC and the Nordic countries not members of the EEC ,
- Lord Bruce report on amending budget No 1 for 1977 (presentation and debate) ;

at 3 p.m.

— *Question-time*

at 4.30 p.m.

- Vote on the Cousté report on the crisis in the Community's iron-and-steel industry.

The sitting is closed.

(The sitting was closed at 8.30 p.m.)

¹ OJ C 183 of 1. 8. 1977.

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IN THE CHAIR : MR COLOMBO

President

(The sitting was opened at 9.30 a.m.)

President. — The sitting is open.

1. *Approval of the minutes*

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

Since there are no objections, the minutes of proceedings are approved.

2. *Decision on the urgency of two motions for resolutions*

President. — The next item is the vote on the urgency of two motions for resolutions:

- on the political situation in Spain following the recent elections, tabled by Mr A. Bertrand on behalf of the Political Affairs Committee (Doc. 208/77)
- on the Additional Protocol and the Financial Protocol concluded on 20 September 1976 between the EEC and Portugal, tabled by Mr Klepsch on behalf of the Christian-Democratic Group (Doc. 212/76).

I consult the Assembly on the adoption of urgent procedure for the first of these motions for resolutions.

The adoption of urgent procedure is agreed.

I propose to the House that this motion for a resolution is entered as the last item on the agenda for tomorrow, Wednesday, 6 July 1977.

Since there are no objections, that is agreed.

I now consult the Assembly on the adoption of urgent procedure for the second motion for a resolution.

Adoption of urgent procedure is agreed.

I propose that this motion for a resolution is placed on today's agenda instead of the report by Mr Bayerl on economic and trade relations between the European Community and Portugal.

Since there are no objections, that is agreed.

3. *Decision as to whether to place on the agenda two questions relating to fisheries*

President. — We now have to decide whether to include on the agenda for this part-session the oral questions with debate to the Commission tabled by Mr Müller-Hermann and Mr Klepsch on behalf of the Christian-Democratic Group on fisheries policy (Doc. 210/77) and by Mr Kofoed on behalf of the Liberal and Democratic Group on Community fisheries policy (Doc. 211/77).

In view of yesterday's discussions, it would be expedient to place these two questions at the end of the agenda for tomorrow, Wednesday.

President

Are there any objections?

I call Mr Klepsch.

Mr Klepsch. — (D) Mr President, I have no objection to your proposal, provided all the Members who wish to put questions also agree. But I am afraid that we will not finish our proceedings until eleven p.m. or midnight. I think we should bear that in mind, and perhaps consider whether it would not be better to hold to debate on fisheries on Thursday, when the agenda will be relatively light. I only think that we should bear that in mind, Mr President, because looking at the agenda for tomorrow, we will not get to the fisheries debate until very late in the evening.

President. — I call Mr Durieux.

Mr Durieux. — (F) I think your proposal is excellent and I see no reason not to hold this debate tomorrow afternoon. I also think Mr Gundelach would prefer it then. In any case, the agenda for Thursday is also quite heavy. I would therefore ask Mr Klepsch to see the logic of your proposal.

President. — Mr Klepsch, on Thursday morning there is the debate on the budget; holding up or postponing that debate would therefore cause inconvenience. Furthermore, when approving the order of business we had the impression that the Commission would prefer to reply on Wednesday rather than Thursday, since the Commissioner responsible has to leave for the United States. Therefore it would be better if Mr Klepsch could accept this proposal.

I call Mr Klepsch.

Mr Klepsch. — (D) I agree, Mr President, but I would ask you to make preparations immediately for a night sitting. It is quite clear that we shall have to have one tomorrow.

President. — We shall decide in due course whether to arrange a night sitting.

4. *Crisis in the Community's iron and steel industry (presentation and debate)*

President. — The next item is the debate on the report by Mr Cousté (Doc. 198/77) on behalf of the Committee on Economic and Monetary Affairs on the crisis in the Community's iron and steel industry.

I call Mr Cousté.

Mr Cousté. — Before submitting my report I should like to know whether, in view of the proposed order of business, the motion for a resolution will be discussed and adopted this afternoon as planned and whether we shall take the eight amendments that have been tabled at that point. It is a question of method, Mr President, and I should like to know the answer before presenting my report.

President. — As decided yesterday, the amendments will be taken in the course of the general debate. The rapporteur will state his position very briefly, for or against, before they are put to the vote.

I call Mr Cousté.

Mr Cousté, rapporteur. — (F) Mr President, honourable Members, today's debate on the iron and steel industry in the Community involves more than a purely economic problem in that it has a clear social and political dimension. The crisis has affected or could affect thousands of workers in the steel industry and make itself felt in local, business and industrial life. The debate is also concerned — and this illustrates how important and serious it is — with what the Community has already achieved, in other words, a single iron and steel market, and with the Community's ability to weather a crisis in a sector in which it has real powers and responsibilities under the ECSC Treaty.

I should like to point out that the report before you is the outcome of protracted discussions in the Committee on Economic and Monetary Affairs since November 1976 and I should like to mention here, and again thank him for it, the most valuable contribution made throughout by Commissioner Davignon. You will no doubt remember that in November 1976, the Committee on Economic and Monetary Affairs had tabled an Oral Question on policy before and during the steel crisis, which raised some of the problems before us today.

Following a motion by Mr Suck on the crisis in the iron and steel sector the Committee on Economic and Monetary Affairs was authorized in December 1976 to submit a report on the subject so that the Commission could put forward an initial package of measures. This was done by Mr Simonet in December 1976 and was followed by the announcement of a second package last May under the responsibility of Commissioner Davignon. Parliament also discussed — and this is an important point — the Oral Question with debate by Mr Fellermaier, Mr Notenboom and Mr Bangemann adopting at the close of the debate a resolution which is naturally reflected in my report.

When this Oral Question came up for discussion, both the Commission and this House called for a full-scale debate and this, Mr President, is what we are finally having today.

Having given you the background, I shall now turn to the report proper. Following a brief review of the situation and the difficulties with which the iron and steel industry is faced, I shall take the various points in the motion for a resolution to be voted this afternoon and discuss the short-term and structural measures contained in the various proposals and projects that have been or are about to be produced by the Commission.

Couste

However, before discussing the situation in the Community and the threats hanging over the future of the Community market, I should first like to make a brief review of the world market.

The world iron and steel market has felt the effects of the uncertain economic situation over the past few years; as a result of the fourfold increase in oil prices made in 1973, there has been a speed-up in investment plans in the areas of research, transport, stockpiling and even in the processing of hydrocarbons. This has led to a heavy demand for large-diameter welded pipeline sections, heavy steel plating for reservoirs and platforms and also to the construction of supertankers.

1974 was a particularly good year but the trend was reserved in 1975. Capacity utilization rates fell to 60, 70, 80 and 85 %, production levels were 20 % lower and prices in the Community plummeted by 35 % and even by 50 % on the world market.

The latest statistics continue to give clear cause for concern, as shown by the draft preliminary programme for the third and fourth quarters of 1977 which points to a substantial fall in orders in comparison with the month of April. Crude steel production in the Community countries during the second half of 1977 will total 68 million tonnes as against 66 million in 1976. This figure should be compared with the 40 million tonnes produced by the Community in the first quarter of 1974, giving a total of approximately 70-80 million tonnes for a full year! Thus the price situation remains serious and this is one of the points which we shall have to include in our resolution.

Another point which we shall have to mention is that, as recorded in the recent report on the situation on the steel market discussed a few days ago by the 'steel' Working Party of the UN Economic Commission for Europe, the steel industry in the countries of Eastern Europe continues to expand production of crude steel is more than 3 % up — and the same holds good for the developing countries whose crude steel output will rise from 33 million tonnes in 1976 to 37.5 million tonnes. In India and the Republic of Korea, for example, the growth rate in the industry may still be higher than 25 %. So much for the world situation.

The steel industry in the Community continues to suffer from the general symptoms I have mentioned and world demand is so low that imports, however negligible, cause a slump in prices. Except for a number of highly integrated companies, the vast majority are in difficulties and are suffering financial losses on a drastic scale. In these circumstances, the least modern iron and steel undertakings, which can find a market for their products in normal times, are naturally the hardest hit.

With regard to the debt position of the steel industry with the possible exception of Germany, I would point out that the debts of companies in France amounted to 33 thousand million francs in 1976, which is higher than the industry's turnover at 32 500 million francs. The debts of the French iron and steel industry in relation to turnover are much the same as in the Italian industry, but are twice as high as in the UK and six times as high as in Germany.

I need hardly say that these figures are high even when related, as they should be, to the ratio of investment to the level of output.

Finally, our Community steel industry is faced with a number of serious threats. I shall take only two, Mr President, in order to bring out the seriousness of the situation.

First there is the risk that cartels will reappear. I made this point to the Committee on Economic and Monetary Affairs. Naturally enough, companies faced with difficulties have been tempted to form new cartels. The Community realized the danger early in 1976 when the so-called Benelux Group was formed. The formation of new cartels would run completely counter to the ECSC Treaty for they mean an end to the single market and the free play of competition, both of which are fundamental to Community policy.

There is also the risk that the steel industry itself will go into decline. As Mr Davignon pointed out on numerous occasions, the Community cannot, both for social and political reasons, allow such a vital sector, even if its importance is less fundamental than it was one hundred years ago, to go into decline, given not only the human and social consequences but also the economic dependence to which the Community would necessarily be reduced as a result.

What I have been saying about the world market and the steel industry in the Community and the threats with which it is faced creates responsibilities for the Commission and these are specifically covered in Paragraphs 1, 2 and 3 of the motion for a resolution.

Short-term Community measures are essential, Mr President, and even if some of them are viewed with misgivings, even in my own Group, they are, as emphasized in Paragraph 8 of the resolution, a necessary preliminary to the implementation of restructuring measures. This link between short-term and structural measures, ladies and gentlemen, must be clearly understood. During the meetings of the Committee on Economic and Monetary Affairs, Mr Davignon made it absolutely clear on several occasions that these short-term measures had to be viewed in the larger context of the general programme for the iron and steel industry which the Commission is drawing up and has even begun to introduce. Short-term measures, commercial measures and structural measures form an indivisible whole.

Couste

As you will be aware, the Commission has pursued several lines of short-term action which I should like to mention briefly.

The first of these concerned delivery quotas. In December 1976, Mr Simonet for the Commission submitted an initial anti-crisis plan providing for a joint procedure involving 70 groups of iron and steel undertakings with a view to implementing delivery programmes for individual products, originally for a period of four months. Introduced on 1 January 1977, this plan was extended to the end of the second quarter of 1977. Apart from certain minor difficulties with independent producers in the United Kingdom and Northern Italy, the procedure was satisfactorily implemented in a genuinely disciplined manner.

Last May, crude steel production in the Community was 11 million tonnes, 876 000 tonnes higher than in April although still 1 042 000 tonnes lower than in May 1976. Output on the whole has remained fairly low which confirms that on the whole, the steel industry has kept to the output levels agreed at the beginning of the year. This is why I said that the procedure had been implemented in a genuinely disciplined manner.

Furthermore, the Commission is making every effort to ensure that the rules are observed and that those who observe them are not put at a disadvantage in relation to those who do not. A control system has been set up and the Commissioner has reported to us on its effectiveness.

I shall now turn to the series of measures, mainly designed to act on prices, which were taken on completion of the action to regulate the level of output last May.

The Commission's price measures are of two kinds. The specific binding decision on the fixing of minimum prices for concrete reinforcement bars, pursuant to Article 61 of the ECSC Treaty, is intended to remedy the lack of rigour in laying down delivery programmes in this area. This measure is one of those which came in for the greatest criticism. Objections were raised in the Federal Republic of Germany, Italy and even the UK and the truth is that minimum prices for concrete reinforcement bars adversely affect small steel manufacturers in Northern Italy as well as certain non-integrated manufacturers in the Federal Republic whose prices are below the minima. These manufacturers work with electric steel and are helped by low scrap prices. It is also clear that in the manufacture of concrete reinforcement bars, small factories working with electric steel are at present the most competitive. Minimum prices are therefore an obstacle to the restructuring measures required in the Community steel industry. But we must refine this argument, Mr President, and here we come to the crux of the debate on this motion for a resolution. We must refine the argument by making allowance for the low price of scrap at the present time for, in the event of a

market recovery, the price of scrap might well shoot up, cutting back the cost advantage currently enjoyed by small factories. We should also ask ourselves whether it is in the Community's interests to expand a method of production based entirely on electrical energy, a sector in which long-term requirements may well be difficult to meet.

Those few remarks will show how complex the problem is and it seems altogether too easy to refuse to accept the decision on minimum prices for concrete reinforcement bars by reading into it a threat of dirigisme on the part of the Commission.

The Committee on Economic and Monetary Affairs came out by a large majority in favour of minimum prices. Its reasoning was that the Commission's decision has a legal basis Article 61 of the ECSC Treaty, that it was made necessary by the lack of rigour in the delivery programme and that it is subject to review and, I stress this point, is a temporary measure as indicated in Paragraph 5 of the motion for a resolution.

The guide price for a number of laminated products is intended to combat the extremely depressed state of the iron and steel market. These target prices are lower than the list prices published by the undertakings, which because of the need for alignment are not adhered to and are slightly higher than the present uneconomic market prices.

For technical reasons, the Commission has now decided to include coils and strip steel in the list of the products for which it fixes delivery quotas and guide prices every quarter.

The Commission also intends to consult the Council and the ECSC Consultative Committee on the second series of guide prices which are likely to be higher than those previously published. These higher prices would allow for the fact that prices have risen in some countries, particularly the United States, and have remained unchanged in Japan. In this way, greater consistency would be secured between the UK and the Continental market.

I now turn to trade policy. Price measures would serve no purpose whatsoever unless accompanied by trade measures to protect the Community steel market against outside influence. The Commission has therefore decided to introduce Community surveillance of imports of certain iron and steel products through a system of automatic licences. This system will give the Commission an instant picture of transactions and help it to act against speculation. With better market information the Commission will be in a position to open bilateral negotiations with exporting countries where necessary in the event of distortion of trade and to call on them to exercise self-restraint in a similar manner to Community manufacturers.

Pursuant to Article 74 of the ECSC Treaty, the Commission therefore adopted a number of measures to combat dumping or the granting of subsidies by third countries and it was right to do so.

Cousté

The Commission has informed us that it will rely on the provisions in GATT to uphold the position of the Community iron and steel industry *vis-à-vis* the United States and the consequences of the voluntary restraint agreement which, as we know, is to be signed between the United States and Japan.

The Commission is also holding talks with the Republic of Korea and South Africa. Finally at world level, the Commission is associated with the work being done by the OECD and Mr Davignon made it clear that the Commission would adopt a position ensuring that the reorganization of the world steel market did not ultimately work out to the detriment of the European Community.

The Committee on Economic and Monetary Affairs as a whole approves those short-term measures. It also approves the voluntary restraint favoured by the Commission.

That brings me to the structural aspect of the problem. The Commission has set out to achieve what are basic objectives. Its intention is to restructure the iron and steel industry. It will do so by reviewing the general targets for steel in the period 1980-1985 on the basis that output in 1976 was no higher than 134 million tonnes compared with the 1980 target of 183 million.

The present recession has affected not only the structure of demand but also patterns of world trade in steel products.

Mr Davignon was therefore right to say that it was too soon to submit a detailed plan for the restructuring of the industry but that this would be done at the end of the year. We take note of this and look forward to that time. The measures that have been proposed on the basis of the ECSC Treaty suggest that the means specified by the Commission are reasonable. I shall not speak of the legal means involved since these are dealt with in the motion for a resolution but I shall say a word or two about the financial means required since considerable sums are involved.

The money is to come from the social funds, the Regional Fund and Article 56 of the ECSC Treaty; it is to be spent on loans to undertakings to help them carry out the investment programme and also on reemployment aids. As I said, a considerable amount of money is involved, 750 million u.a. for restructuring, 500 or 600 million u.a. of which is to be spent during the second half of 1977.

The situation requires still further means of persuasion and I should like to say that the Commission is right to use them, for we are moving towards a truly sectoral policy of restructuring which must be carefully implemented with a constant concern for the men and women it affects.

My concluding remarks will be brief. This debate on the crisis in the iron and steel industry must not be

academic with the arguments for interventionism set against those for liberalism. Like other industrial sectors, the iron and steel industry has to cope with the profound changes through which the entire world economy is passing and the Community must be capable of pursuing a coherent industrial policy in this sector as in all others, without protectionism but through the proper organization of free trade.

But although it must not become academic, this debate is of great human and political importance. We are convinced that the serious crisis in the Community iron and steel industry can only be overcome if we preserve a single market, a coherent policy and the means which the Commission has at its disposal. We are confident that the Commission will succeed in this policy which reaches beyond the spoken word to the deeper realities behind the Community and the men who make up that Community.

(Applause)

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

Mr Prescott. — Mr President, we apologize for coming late to the debate, owing, as always, to discussions in our group at a particularly crucial time which involved my being away for the opening remarks of Mr Cousté. I would congratulate him on his presentation of his arguments to the House this morning and I do not wish to repeat the technical arguments he has produced a great many of which are concerned with the facts of the case which the measures prepared by the Commission are designed to deal with. There are many other technical matters which could be brought up, and some of my comrades who will be speaking for the group will no doubt pursue that line. What I wish to do in my presentation on behalf of the group is to deal with the problems that are posed for us in this particular sphere.

Like the Christian Deomocrats, we as a group put down a resolution in April concerned with what was a clearly developing crisis and what some have called a 'manifest crisis' — a term which has not necessarily been taken in its strictest sense by the Commission, because under the Treaty they could have declared it as such and taken considerably greater measures than they have to handle this particular problem. I pass no criticism of that point but I think it is fundamental to bear it in mind when we come to making an assessment such as that embodied in the conclusion of Mr Cousté's report. It is quite clear from his presentation, from the report itself and from all our own individual experiences that the crisis has manifested itself in a very fundamental way in each one of the Community countries. The redundancies imposed on each one of our nations' steel industries are considerable, at a time when unemployment in the Community is over 5 million and when the prospects of improving that

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situation are, quite frankly, very, very limited, as anyone who attended the Tripartite Conference in this Chamber some weeks ago will be fully aware. We recognize the nature of the problem in that we have here in Europe, as, indeed, in most of the steel-producing countries, an excess capacity which in Europe is averaged at something like 60 % : this reflects the slump in demand on a world scale and a decline in demand all round. But, of course, the problem for us is whether this fall in demand in itself is purely cyclical or reflects a much more fundamental change in the world order of production. I wish to say a little more about that later.

We are aware that the industry itself has been something obsessed with the argument that these problems in the last decade or so have rather been of a cyclical nature and that eventually things will change as soon as the economies begin to recover. But that has not come about, and the industry is now particularly faced with the criticism that when times were a little better some years ago it failed to effectuate the kind of changes which are envisaged now — in other words, there is too much capacity in steel production in Europe, quite apart from the arguments about whether to maintain the most efficient units. Therefore the problem we face now is how to deal with an excessive world capacity in steel production, which reflects exactly the position in Europe, with the consequential and important effect that steel produced in areas outside Europe can, for one reason or another — and I do not feel it is simply a matter of dumping — be produced cheaper and sold cheaper in Europe, with consequential effects for the European steel industry.

We therefore must accept, and it is, of course, generally accepted, that some form of intervention is required. It will be noted that there are some amendments from my group that will be moved at a later stage, one of which takes into account the fact that we wish to note rather than approve the measures of the Commission in as much as we have no power as an institution here either to deny that approval or to give it, only in these circumstances to note that they are a number of measures embarked upon. Of course, there are differing views about whether such measures go far enough, or indeed interfere too much ; but quite frankly, whatever the views of the competing parties in this matter, it is certain that some form of intervention is needed, because clearly the industry is not in a position to deal with the problem itself. That, I think, is largely due to the fact, pointed out by Mr Cousté, that the problem is a world problem imported into the European scene, in which we pursue the objective of free trade, with all its consequences within our own Community boundaries.

The analysis of the crisis is well documented, I think, by the Commission and is reflected in Mr Cousté's report. Imports from outside are a matter of concern — I shall say something about this in a minute — for this is an important and fundamental industry in the

Community. The figures given by the Community show something like three quarters of a million people directly employed in the steel industry, but, of course, many more industries are dependent upon this particular industry and its success.

The cause of concern is that the demand has fallen, and therefore the problem lies in the utilization of existing capacities. It is interesting to consider some of the information given by the Commission in regard to this, because the reduction in the utilization of capacity in our steel industry has varied considerably from one country to another within the Community.

If, in the document given to us by the Commission, we take Germany and Britain in 1974 as an example, we find that the German utilization of capacity was 83 % but has now fallen to 62 %, while in Britain it was lower in 1974, at an average of about 81 %, and has now fallen to 77 %, the European average having fallen from 82 % to 66 %.

I think it is important to consider why that should have happened. Certain industries — in this case, the German industry — are more dependent on what happens to exports of particular products. Germany has developed a very important share of the market in all areas of exports, and clearly that is of some consequence whenever you take action to protect an internal market or to restrict trade. My group is considerably concerned that measures that may offer some form of protection may be discriminatory and have a counter-effect in the form of discrimination against European industries which are involved in exports. Nevertheless, imports present a considerable problem. If we again take the Commission's figures and measure imports as a proportion of consumption in the Community, we see that they have risen in this short period of time — in the last two or three years — by almost 100 %. They are twice what they were, and present us with a considerable problem. The Commission's proposal to introduce an import notification procedure is therefore something that is welcome, though resisted, I believe, even by supplies in my own country, and I would encourage the Commission to do all they can, as with my own government, to force these people who are resisting to give notification. The first step quite clearly is to understand from where imports are coming if you are to embark upon a policy — which I think is somewhat limited — of approaching those countries and asking them to reduce their exports to use or raise the price of their steel products in order that our industries may have a chance to compete with them. I think that is an unsatisfactory approach. It is a first step forward, but I think the inevitable conclusion of that is further steps towards further protection in a kind of import control, perhaps by quota, about which I shall say something in a minute.

I think the real point that this House has to recognize is that we are dealing — and not only in steel — with

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the emergence of a new world economic order. The industrialization processes now taking place in other parts of the world involve products like steel. It is in these sectors that many countries are now beginning to take their first steps in the process of industrialization from which many of our countries have proceeded. Steel is inevitably one of those sectors and we need only look at the countries that are sending steel to the Community: Spain, South Korea, Brazil and Japan, although Japan clearly is a developed industrialized country of considerable consequence.

I would like to make one or two comments about the Japanese situation which, I think, reflects this new order. If we bear in mind that Japan is now concerned about the unfair competition she feels she faces from South Korea and Brazil, whether in shipbuilding or steel, we begin to see the continuing argument changing as the industrialization of each country's economy begins to take effect. But I think it does pose for us a fundamental point. If we look at Japanese steel growth from 1960 to 1976, we find that Japan has now become the second largest steel producer and she has agreed, in negotiations with the Commission, to reduce her exports to the Community, though the agreed level has been surpassed already, primarily because the agreement was reached with the large steel companies, but now this, I believe, is a matter of negotiation and agreement with the Community.

But it is not solely a question of steel; the same economic argument applies to shipbuilding, ballbearings, cars. In all these areas the Commission has been almost pleading with Japan not to send us too many goods. We are not saying they are dumping. Indeed there are procedures available to the Community and individual nations if they can prove that dumping is taking place, but we all know too well that it is very difficult to justify those procedures and to show that dumping in fact is taking place. I presume that is the reason why we are embarked, as a Community, on negotiating with Japan to change the situation where Japan sends 85% of her exports in capital goods to the EEC, whereas the EEC's exports of similar goods to Japan are in the region of 30%.

It is interesting to note the Japan is a highly developed industrialized country that imports only 21% of its requirements in manufactured goods, whereas most developed countries import something like 50%. There are no doubt reasons for this, but it reflects a fundamentally different international economic order, and this is having considerable effects in the Community. If you accept, therefore, that goods can come in — whether it's steel or anything else — in circumstances that by nature, if not by definition, amount to dumping, you are presented with a very real and difficult problem. Because if you profess to believe in free competition and free trade, you are then faced with the reality of that — of other countries manufacturing products

which jobs in many of your fundamental industries depend on. Under the rules of fair competition your competitors are able to compete in a way much to their advantage. This is a result — although I do not have time to develop this here — of the early stages of industrialization, which clearly give economic advantages to these countries. This is evident from the history of development in all industrialized countries. If we can accept that, then, clearly, we are presented with an entirely different argument. We have to consider whether free trade is the acceptable norm to be followed, or whether we should embark on some form of protection.

Can I ask this House to consider the logic in the argument given by the Commission? I understand the case they make: you negotiate with powerful countries like Japan, who can make major inroads into your markets, as the facts have shown, and Japan says, as with shipbuilding and steel: I agree to reduce my exports to your country. The Community then comes away and says that we now have got 50% of that market. How is it then proposed that that 50% share is to be distributed between the nine nations? Is it to be distributed on the basis of efficiency? Will the most efficient steel-producing industries or the most efficient ship-building industries in the Community be given all the orders, to the detriment of those areas which may not be as efficient in the production of that particular commodity? You are then faced on the European level with the same argument you had on the international level; the nine nations in the Community may then wish to argue for a negotiated share of these agreements.

That poses for us an extremely difficult problem — though not for myself personally, because I don't personally believe in the idea of free competition. Can anybody really believe, with the cartelization that has always dominated the steel industry, that free competition ever existed in the liberal sense? The cartelization mentioned as a fear in Mr Cousté's report has always dominated this particular industry, and I think that is one of the realities that you are faced with in the proposals the Commission is now presenting. I do not wish to repeat, in view of the time, the various proposals brought in under the first stage, called the Simonet plan, and the second stage, now called the Davignon plan; I don't know whether the third or fourth stages will be called after other Commissioners, but I think we identify them all with some form of intervention and control. It is true that these measures that have been imposed, which are a combination of some form of price controls and market controls, all enlist, by the very nature of their voluntary application, the power and control and agreement that exists among the cartels. In fact, the agreement we are asked to discuss this morning is one agreed with the cartels — a voluntary agreement which they, in their own interests, wish to implement. Mr Cousté shows in section II of his explanatory statement that he is

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considerably concerned about the growth of cartelization. Therefore this is a matter which I think we are bound to give considerable attention to. The Commission says — and the document reaffirms it to the committee — that they have no intention of giving up their powers to the companies or the States. That's an intention, I presume, that one could welcome. But frankly I don't really think it's the reality. Because on the one hand the report requires us to work hand-in-hand with the cartels — that is proposed in the measures. The Commission do not have the kind of secretariat with which they can control these industries so it's a recognition of the reality. Well, we shall wait for the Commissioner's reply. On the other hand, the political power involved in reducing capacity in the industry, which we are embarked upon doing, means a kind of authority that the Commission, I believe, doesn't have. The state in my country has agreed to reduce capacity in the steel industry, but it is not able to enforce this in any one particular steel plant, such as Shotton. Whatever the argument, it does not have the political authority to close it down. I'm not arguing the case of Shotton, I am trying to show the difficulties, particularly as a lot of these steel plants are registered in areas of high unemployment. That's where my group are concerned about the Regional and Social Funds being used to offset the effects of reductions in capacity, though I'm bound to say that the resources available, or indeed envisaged, for the Regional and Social Funds are somewhat limited, to say the least. Indeed, if anything, they feed the illusion that once you've reduced the capacity, then somehow new technology will be brought in, new jobs will be created, and the Regional and Social Funds will be the mechanisms by which that is achieved. Frankly I can't believe that that will happen, neither are the resources there to do it. Nevertheless, it is necessary that we should make the point, and if it has to be made in this way, so be it.

I would particularly like to put one point to the Commissioner. I note that we talk of a reduction in capacity, and we clearly state that the monies available to industry will be somewhat conditional on their showing that they are reducing their capacity in certain areas — as I understand the proposals. What I find a little difficult to understand is that it is estimated that in 1980 tonnage will have increased from the 134 million tonnes of 1976 to 183 million tonnes. Now the increase there is approximately 36 % and capacity utilization at the moment is 60 %. My rather simple way of looking at this is that if 183 million tonnes represents approximately 100 % capacity utilization on the present system, why are we embarked upon cutting back, unless we believe that 183 million tonnes will not be achieved in 1980? It may well be that that could be explained, but it's a curious point.

So, Mr President, I have tried to state the problem for the House that if we are embarked upon protecting a

market — which I think will be the position — the real argument is not so much whether you reinforce free competition but how you supervise. The Commission has now brought in 25 inspectors, I think, concerned in particular with import controls. We are concerned at allegations that one may well be able to get round these controls by importing through Switzerland and using that as a back door: I hope the Commissioner will say something about that, because it does very much reflect upon the Switzerland-Community Association Agreement, of which I have said things before, particularly in regard to Hoffmann-La Roche, which is another matter. I hope the Commissioner can give us some assurances about that particular point. But if we are embarked upon a protected market of some form, it is not our job, certainly as Socialists, to give over to the cartels the control of this mechanism but to suggest how we subject it to proper public scrutiny and accountability. We hope to ask you, as the amendments will show later when we deal with them, to give us some report within twelve months about these matters.

Therefore we do not believe that this problem in the steel industry, as in other areas, is purely temporary; it is a major fundamental change, not only in Europe but in the world itself. We are now embarked upon a world trading system which has more to do with barter and political trade agreements than with free trade. If that is the case and we are embarked upon a policy to protect our markets, jobs and industries, then we should begin to pay attention to the control mechanisms we have in our hands rather than just leaving industry to the private sector to perpetuate.

(Applause)

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 begin with a word of thanks to the rapporteur, Mr Cousté, for his report, in which he has invested an extraordinary store of knowledge. I should also like to thank him for his fairness and spirit of cooperation in dealing with the differences of opinion that arose in committee, which prompts the hope that at the end of this debate, we shall achieve a fairly considerable measure of agreement — with the Commission too, I trust — on a subject in which conflicts of interest are a factor that cannot simply be overlooked.

There can be no doubt that the situation in the Community iron and steel industry gives cause for concern. I should nevertheless like to sound a short note of warning against overdramatization for if we do that, we run the risk of making things even worse. But we have to note the fact that the Community's steel industry is working to only 50-60 % of capacity and that many jobs have been lost and others are in danger of being lost.

Müller-Hermann

On the other hand we should not entirely forget that we are clearly involved in a process with a kind of tidal effect. This is not the first but I believe the sixth steel crisis since the war. Both external and internal circumstances certainly conspire to make the situation in the steel industry particularly acute. We find ourselves in the midst of a world-wide recession which has forced down the demand for iron and steel to an unusually low level following a time — particularly during the last few years — when steel production capacity had been built up not in the Community but also, and to a greater degree, in other parts of the world. And we in the Community are feeling the effects of this imbalance and a flood of imports which under pressure from without within in a situation of low demand, have caused or are threatening to cause a slump in prices.

A second cause which we must bear in mind is the undoubted distortion of competition on a world scale with which the Community steel industry has to contend and to which we must find an answer. It is striking to note that as recently as in 1970, 70 % of the steel exported to the third world came from the European Community as against approximately 30 % from Japan and that the position today has been almost completely reversed, two thirds of the steel exported coming from Japan. Naturally we must look at the reasons for this state of affairs. Mr Prescott raised the question of dumping by the Japanese. I believe that we must tread carefully here. We cannot prove that dumping is being carried out and the yen manipulated, but it is astonishing that, if what I am told is correct, heavy steel plating from Japan is being offered in the Community at the equivalent of DM 420 per tonne, with an estimated DM 100 freight costs, while Community industry has to charge at least DM 600.

There is no doubt that wage costs play a considerable part here and this, Mr Cousté, is a point that I must raise in connection with your report, and with the development of productivity in Japan and the Community.

We must certainly reckon with rising wage costs in the scrap metal, coking coal, heavy heating oil and transport sectors. You yourself in your oral introduction again pointed out that the steel industry today is capital intensive to a high degree and that the burden of debt has grown to considerable proportions, especially in France. But in your explanatory statement, Mr Couste, you unfortunately quote figures which, if correct, would really certify the poverty of the Community steel industry; you say that in 1976, 30 man-hours were required in the UK to produce one tonne, 18 in the Federal Republic of Germany and 4 in Japan. If these figures were correct, they would prove that the performance of Japanese industry is very

much higher and that all our arguments about alleged dumping practices are wrong.

I therefore took the trouble of having these figures checked once more and I must say they look quite different, Mr Cousté. My information is that it takes about six man-hours to produce a tonne of steel in Japan and — again I quote the figures given to me — approximately 7 1/2 hours in the Federal Republic of Germany and the Netherlands; at all events, they point to a quite different relationship than those given in your report and I think perhaps that it would have been in our own interests to have left out those figures. I did ask you to do so but you did not meet my request.

A further problem is the new distribution pattern that has emerged in the Community during the last few years. It makes a difference if production is based on crude steel or scrap, and you rightly pointed out that during the last few years it is precisely the small steel works that have performed extremely well in the manufacture of certain products and this can only be welcomed. But if we wish to take a sober view then we must also note that in the matter of competition, there are differences between Community undertakings that are in State hands and those that are privately run. This to my mind is a factor that deserves serious consideration, for nationalized undertakings can obviously operate much more easily in that they need not aim at a reasonable level of return but can count on State support or subsidies to cover deficits. I feel that we must bear this point in mind in our discussions. But, quite apart from the ownership question, we must see to it that steel undertakings within the Community can start from more or less the same position and more or less the same conditions of competition.

Is the situation in which we find ourselves today permanent or temporary? I feel that we must not deceive ourselves on this point. Quite apart from cyclical influences, the situation, as we have already seen, is dominated by extremely difficult problems of structural policy which we must not overlook but must tackle and master. But I do take the view — and I am fairly optimistic on this score — that at some stage, we shall climb back out of the present world-wide recession. No matter what view we take of the forecasts that are being made, they do point firmly and demonstrably to a world steel demand of a full one thousand million tonnes in the mid-eighties, and I am altogether inclined to go by these pointers. The question we must ask therefore is what we can do in the present situation and how we can set about restructuring the Community's steel industry on the proper lines. This is the point at which opinions diverge. We have Commissioner Davignon with us today and we all know that the ECSC Treaty gives the Commission a carefully considered range of possibilities for dealing

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with difficult situations. But the instruments available vary in the dept of effect they produce. The question is which instruments should be applied and when.

Articles 60, 65 and 66 give the Commission ample scope for banning discrimination and cartels. The point made by Mr Prescott that the issue facing us is largely one of cartels deserves to be taken quite seriously but it must also be realized that competition takes place even among cartels. Article 66 allows the Commission to control mergers. On top of this, I feel that the Commission has by no means insignificant opportunities to influence investment development without exercising any direct form of control. By using the reporting system and the instruments of credit policy it can seek to influence investment trends with quite a fair chance of success.

In addition to those more liberal instruments of market policy, the Commission has been given a whole range of opportunities to intervene in a more specific, dirigist manner to deal with emergencies. The question is whether the time has come to make use of these opportunities — in practice they are provided by Articles 58, 61 and 74 — and if so, to what extent. Here again opinions diverge. I would say here, and I speak for my political friends, that we largely support the Commission in its efforts and agree with it whenever there is a need first to negotiate some kind of voluntary restraint with third countries that are 'in breach of the peace' as it were, secondly to take action against clear-cut cases of dumping and thirdly to achieve a certain measure of self-discipline through voluntary measures. I believe that it has been the avowed aim of the Commission to ensure through voluntary agreements and indirect influence that supply is curtailed on the rough basis of 60 % of 1974 output. Insofar as this is the intention, I can only say once again that we support the recommendations for curtailed supplies based on reference periods for the introduction of guide prices for rolling mill products and for the introduction of automatic import licences; and perhaps Mr Davignon will tell us how much progress has since been made in negotiations, particularly with Japan. But we are not only concerned with Japan for we also have to think of South Africa, Korea and now, more recently, of Spain. There are a good many countries that seek to avail themselves of every opportunity to sell on the European market, to the detriment of course of our own steel industry.

This brings me to the point on which there is controversy and which we shall have to discuss very frankly. We have already done so in committee. My political friends and I do not view those points as matters of dogma. We can see, and all of us are deeply concerned, that it is no longer a breeze of protectionism that is blowing through the world but a wind that may very soon become a whirlwind. We as a

Community must necessarily take an exceptionally high interest in world trade, meaning both imports and also exports, and should therefore be the last to adopt a course that must lead to the beginnings at least of protectionism, not knowing, despite their inevitability, what consequences will follow. In this connection, we heard criticisms with regard to the introduction of minimum prices for concrete reinforcement bars, but that is not the only thing. Mr Prescott raised the problem of controls, rightly pointing out that when you apply dirigist measures, you immediately have controls. I have been told that there are now 28 controllers who are going about controlling. They do not come up with much because the reporting system obviously does not work properly; and it cannot work properly for most of what is done to counter market forces proves impractical and untenable, and that is also likely to apply in the case of minimum prices.

If my information is correct, supplies to the trade and consumers are not coming from production but from stocks. Concrete reinforcement bars coming out of production are not being sold. Besides this, Mr President, the minimum prices are quite some way above the market prices, which is a piece of nonsense in itself. Ultimately it is the consumer who pays and the fact that the minimum prices are higher than the market prices is, when you look at it, an indirect incentive to third countries to take advantage of the situation and to expand their sales efforts. And the call for some form of control here is absolutely logical and this too is a point that disturbs me in your motion for a resolution Mr Cousté. If the system of minimum prices for concrete reinforcement bars does not work, then we must introduce minimum prices for all steel products together, of course, with import quotas. That is a completely logical consequence. If you once start out on this task then you will probably be forced to continue on it. But that leads us deeper and deeper into dirigisme and protectionism, and that is what we are seriously worried about. There is one thing we cannot afford to do, although it would perhaps be the most convenient course at the present time, and that is to freeze unproductive structures with the help of a dirigist system.

What we must try to do — and I take it that this also lies behind the Commission's thinking — is to allow some breathing space to the undertakings concerned so that they can complete the long overdue process of restructuring, for we cannot of course deceive ourselves into thinking that we can stand up to competition from, say, Japan if their productivity is so much higher than our own. I have two further basic objections to make on minimum prices. I believe that if we work with instruments like these, they may very soon turn out to have a boomerang effect. In this highly charged situation fraught with world-scale problems

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with which all countries and economies have to contend, the European Community as an important economic and industrial entity will, by introducing regulatory mechanisms of this sort, encourage others to do likewise. For a Community that depends so heavily on exports, that might well prove to be a highly dangerous development and we would be well advised to consider this.

I come to my second objection: we are engaged in what is known as the North-South dialogue on the policy to be followed with regard to raw materials, and here the Community, the Commission and the Council argue firmly against the demands for minimum prices made by the third world. But what will happen to our credibility if we reach for such instruments in order to preserve our own interests but seek to impose a much broader criterion on the countries of the third world or recommend them not to do what we ourselves are doing.

It is for those reasons that we have tabled a series of amendments to the motion for a resolution, since we are concerned lest a course be adopted that is not in the best interests of the Community or the steel industry. I will take up another point made by Mr Prescott who said that he could not fully subscribe to the principle of free competition in any case since in his view, competition did not work. My friends and I have more faith in the principle of free competition since we hold that whenever attempts are made to operate against the market they do not turn to the advantage of the consumer or of the Community's competitive position on world markets. I will not explain here the reasons for each of the amendments tabled by my Group but simply draw attention to what I consider to be their basic significance. Our concern is to see a broad front of support in Parliament for everything the Commission intends doing apart from the arrangements on minimum prices. Our understanding of Paragraphs 5 and 6 of your motion for a resolution, Mr Cousté, is that following this first step to introduce minimum prices for concrete reinforcement bars, further similar steps should be considered or that the Commission should be urged to apply, on its own initiative or at the instigation of a member country, the whole range of emergency measures at its disposal. We take the opposite view and argue that we should allow the Commission every opportunity to arrange for voluntary restraint measures and to negotiate with non-member countries, who, as I said earlier, are 'in breach of the peace' in order precisely to avoid the need for highly dirigist measures. That is the philosophy behind our proposed amendments and some of the amendments tabled by the Socialist Group seem to be similarly inspired so that we shall perhaps find common ground in the course of the debate.

Allow me to wind up, Mr President, by saying that the process of restructuring cannot of course be carried

out overnight but I believe that if we wish to be realistic, we must rid ourselves of certain preconceived notions that belong to the past. We cannot in the long run continue to be the world's supplier of ordinary steel. After all, we must create certain opportunities for other countries. We shall therefore have to concentrate increasingly on high-technology products and this will require research. This has already been proposed by the Commission and we shall simply have to hope and encourage the steel works and rolling mills to make the transition to greater and, wherever possible, structured diversification, thus ensuring the full use of capacity to produce high-quality products for the international market and at the same time to safeguard employment. As for the rest, even if we are forced to make restrictions, in other words to scale down surplus capacity in our own industry, what we need are carefully planned and adequately endowed programmes. This too is called for in a motion from the Socialist Group and to my mind, it deserves our full support.

I shall sum up by saying that we in this House must look soberly at those matters and encourage the Commission to do what must be done but — and perhaps we shall agree on this point, Mr Cousté — in a way that does not lead us onto a protectionist and dirigist course which, I am convinced, would benefit no one in the Community, least of all the workers concerned. As I said a moment ago, I hope that the House will reach a fairly broad consensus at the close of this debate.

(Applause)

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

Mr Durieux. — *(F)* Mr President, ladies and gentlemen, after congratulating Mr Cousté on an excellent report I wished to make two remarks that are full justification in themselves for today's debate.

First, I am sure that no one will contradict me when I say that alongside the agricultural policy, the iron and steel industry is one of the pillars of a United Europe. How then could we fail to manifest our concern when one of those pillars shows weaknesses which, unless corrected, will inevitably make themselves felt on the Community as a whole?

Secondly — and this is a vital point — the Commission has genuine and extensive authority in this field. It is now exercising this authority in a bid to restore the European iron and steel industry as a viable and competitive force so that we shall never again need an anti-crisis plan.

There is therefore much at stake for the Community. We have many close observers who will doubtless pass a final verdict on our political credibility. The debate we are engaged in today will therefore serve as an

Durieux

example and I should like each and everyone of us to realize this.

It will serve as an example by offering striking proof that faced with the introduction of a series of measures that are designed to guide the welfare of Europe, we cannot dispense with democratic control. The European Parliament, as the instigator of this debate, today accepts its share of responsibility but it is even clearer that tomorrow, we shall be incapable of dispensing with the advice of a directly elected Parliament which, strong in the knowledge that it is fully representative, will be in a position to pass much more effective judgement on Community action.

It has already been said that the crisis of the iron and steel industry is a world crisis. The fourfold increase in the price of petroleum and the need to combat inflation on a world scale led to a slackening of activity that began in 1974 and left no country unscathed. Demand for iron and steel is lower than in any other industry and the effects of the world-wide crisis were most keenly felt in the European Coal and Steel Community.

It must be realized that if we are to find the right way out of this crisis, everyone must play his part. At a time of world-wide falling demand, production capacity was installed as a result of decisions taken several years previously in the light of the economic situation at the time, marked by a strong increase in national requirements and the opening of new markets thanks to the development of international trade during the previous 20 years. While these investments were being made, the steel industry kept obsolete plant in operation instead of making plans for modernization in the medium term. This was acceptable for as long as the level of activity remained high but since the onset of the crisis, steel works have been operating at two thirds of capacity and there has been an extremely serious fall in productivity. This situation was exacerbated by competition from abroad.

The Commission began by underestimating the extent of the crisis despite the authority and responsibilities assigned to it under the ECSC Treaty. In December 1976 it finally adopted the course outlined in the Treaty by introducing, as Mr Cousté's report reminds us, a first anti-crisis plan providing for concerted action with the various groups of steel undertakings and the implementation of delivery programs for individual products.

The Simonet plan was clearly inadequate to cope with a serious crisis. At the instigation of Mr Davignon, the

Commission has now adopted much more forceful arrangements that include short-term market measures; these will lay the foundations for further action to restructure the industry as this is clearly a vital requirement. The plan forms a single whole as was pointed out by Mr Cousté.

The Liberal and Democratic Group gives full support to the anti-crisis measures decided by the Commission. We also approve all of the recitals in the motion for a resolution submitted by Mr Cousté on behalf of the Committee on Economic and Monetary Affairs.

The Commission at long last is applying the Treaty and we can only welcome this. However, we should like to add a few comments of our own.

The first has to do with the short-term measures adopted for all but one product (concrete reinforcement bars) for which it was quite rightly decided to introduce binding minimum prices. The Commission has taken steps to restore the level of Community prices without introducing constraints. It has preferred to seek a consensus as a means of inducing undertakings to pledge themselves voluntarily to comply with the delivery quotas, the measures taken over from the Simonet Plan and the minimum prices that are designed to raise selling prices on the domestic market.

We believe that efforts must be continued along those lines, a view which is borne out by an initial survey of the results obtained by the anti-crisis plan. This shows that undertakings accounting for 90 % of total output have given a commitment to comply with the guide prices and have modified their price lists accordingly. Their number is increasing as Mr Davignon will no doubt be able to confirm in a moment.

The Commission also noted that the recommended guide prices determined price levels on the steel market in most parts of the Community. It would also appear that the undertakings are following the Commission's recommendation as regards the quantitative limitations with which manufacturers were requested to comply. We therefore agree with the Commission that the requirements have now been met for the introduction of a further stage with a second set of guide prices higher than the first series, as the rapporteur pointed out.

But if the measures adopted subsequently prove inadequate or are not properly observed, we shall have no reason to hesitate.

Durieux

We shall have to go a stage further and make them binding by invoking the stricter provisions of the Paris Treaty, i.e. Articles 58 and 61. The motion for a resolution before the House makes this point clearly and it has our entire support.

How can we call on the community, the industry and the people concerned to make sacrifices in order to help the steel sector if at the same time the Community shows that it is incapable of providing the solidarity it is there to provide and of making full use of the authority conferred on it by the Member States?

We also approve the introduction of a system of import licences as a necessary corollary to those measures. The recovery on the internal market that we hope to achieve may well lead to an increase in imports from third countries. There would therefore seem to be a special need for the Commission to have an accurate picture of the market as a basis for negotiations with steel-exporting countries so that, if trade is distorted, they can be asked, as Mr Cousté points out in his report, to make a voluntary effort to restrict their sales on the Community market. This prompts us to express the hope — the same hope that we expressed last April when the resolution we submitted jointly with the Socialist Groups and the Christian Democratic Group was adopted — that efforts will be made to seek a better balance at world level by the reduction of surplus capacity both by the Community and its main partners such as Japan and Korea, and we particularly recommend for this purpose the convening of a tripartite conference under the auspices of OECD.

By refusing to take a protectionist course while taking, on the basis of Article 74 of the Treaty, a number of forceful measures to combat dumping — which are no more than a necessary corollary to free trade as Mr Davignon has already pointed out — the Commission has made the only choice that could be made and we should like to stress this point.

If those who are directly and severely affected by the crisis are tempted to call for trade restrictions, we should like to draw their attention to the disastrous consequences of such a course. Protectionism would only make the structural crisis worse. Unrestricted world trade is one of the conditions of economic growth and the Community cannot curb trade or restrict imports.

As a steel exporter, the Community would be drawn into a trade war. Do we really believe that countries to which we closed our frontiers would stand by and do nothing? They too would introduce protectionist measures, putting at risk another category of Community exports and another source of employment. Last April, during the debate in the National Assembly on the iron and steel crisis, the French Prime Minister, Mr Raymond Barre, had this to say:

In an economy like ours that relies heavily on imports of energy and raw materials and now works more than one day in four for the export market, trade restrictions constitute the most dangerous course of all and the most contrary to the interests of our country and our workers. It is a course which, advocated on the grounds that it protects employment in a given sector, places it in the most serious jeopardy for the community as a whole.

If you will allow me, Mr President, I shall again quote Mr Barre for what he says tallies completely with the Commission's present attitude which has our entire support:

Let there be no misunderstanding on this point: if, in this and in other fields, the government takes an absolutely firm stand against protectionism, that does not in any way mean that it is resigned to sacrificing our industries and our jobs to unbridled international competition. The liberalization of trade such as we have known it for over 20 years has been one of the mainsprings of our country's development. But we cannot accept certain practices in international trade which abuse the liberal attitude of the European Community which is the most open of the major markets in the world. The Government is resolved to do everything in its power to win acceptance for an ordered and equitable concept of international trade.

Those few words sum up our own attitude and, we are glad to say, that of the Commission.

I should like to say a few final words about the structural measures which the Commission is considering in order to make our steel industry competitive. Steel manufacture must remain an essential economic activity in the regions concerned. Recovery must not be at the expense of the industry's capacity. We cannot of course hope to increase our productive capacity but it must be maintained in every region. We must be frankly realistic! The modernization of our steel industry is an absolute necessity. It requires an overhaul of our means of production which are obsolete and unsuited to their task. It implies the closure of certain factories. Our steel industry is neither profitable nor competitive and now stands in need of reconversion requiring both investment and disinvestment. Restructurization implies a reduced labour force but lost jobs will only be acceptable if those maintained are genuinely consolidated and if substantial funds are spent on the creation of alternative jobs in the regions affected by rationalization measures and if social funds are specifically earmarked for manpower conversion.

None of the possibilities offered by Article 56 of the ECSC Treaty should be neglected. This is the way in which the Commission is moving and we shall give our full support when we come to discuss the budgetary implications in the near future. I hope that no one in this House will refuse to consider the budgetary requirements so that social reconversion within the Community can figure prominently in the programme of Community measures.

Durieux

National measures must be coordinated and incorporated in a Community reconversion and restructuring programme. This is the only recipe for success. The Member States must help to mobilize the necessary resources and the Community must be particularly careful to ensure that national aids are coherent from a Community point of view. The Commission has the means at its disposal to carry out this sort of policy and it will have to use them whenever the need arises. It will also have to coordinate them with the other instruments at its disposal, whether it be the Social Fund or the Regional Fund, and integrate them in an overall plan.

Perhaps I might digress at this point to say that there can be no room for any doubts on the way funds are allocated by the State or public bodies. Each of our countries must pay particular attention to this point as abuses have occurred which we must strongly condemn. In this connection — and the example might perhaps be followed — I recently tabled in France, with two other colleagues, a motion for a resolution to set up a parliamentary committee of enquiry into the terms on which the SDES granted loans to the steel industry. In future, funds from whatever source must be allocated in a way that ensures that workers in the steel industry and the regions concerned reap the benefits. We also welcome the fact that the Commission is to help this process of restructuring by making a major contribution of between 500 and 600 million u.a. in the second half of 1977 to company investment in the form of Community loans and will also spend some 20 million u.a. in the form of interest rebates during the same period.

Finally it should be stressed that the intention is not to overcome the crisis in the steel industry by creating serious difficulties in other sectors of industry. This is the idea behind paragraphs 14 and 15 of the motion for a resolution. The Commission must develop an industrial strategy by taking coherent measures in threatened industrial sectors.

Mr President, I shall conclude by saying on behalf of the Liberal and Democratic Group that we have high hopes for the European solution. The Commission's plan has our support. We take the view that the single market and coherent policies are the only way to end the crisis affecting the steel industry in Europe. Here as in other essential industrial sectors in the Community, it is the social situation, the economic future and hence the very independence of Europe which are at stake. Faced with choices such as those, the European Parliament, of this we may be sure, will not fail in its task and, in other debates like today's, will be successful in keeping watch over the Commission and the implementation of the measures that have now been decided in order to restore a viable and competitive European steel industry.

(Applause)

IN THE CHAIR : MR ADAMS

Vice-President

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

Mr Normanton. — Mr President, on behalf of my group, it is my pleasure to offer our congratulations to Mr Cousté on the substance of the report which has his name attached to it, and we particularly would like to compliment him on the inimitable manner in which he presented it to the House.

It may, at first sight, appear somewhat ironic that the major industrial sector of steel, which formed the keystone of the political bridge which carried Europe across the Rubicon, across the Great Divide from the age of individual nation-States and all that was associated with them — conflict, war and commercial fratricide — should now be the very first major industrial sector to be facing serious commercial and human problems. How we, the Community, resolve these serious problems will be the acid test of whether there has been real constructive progress as a Community — and in this connection I include the European Coal and Steel Community — in getting away from those fratricidal follies of the past, or whether we have all these 26 long years been deceiving ourselves into believing we were achieving the progress and success we all so earnestly want. Was it the Treaty and its implementation to which credit should go? Or was it the 26 years of almost uninterrupted favourable economic climate and economic growth which gave rise to the continuous and growing demand for steel? As only too frequently happens, simple questions cannot be resolved by simple answers. But deceiving ourselves politically, Mr President, we most certainly have been doing and, I maintain, are still doing today.

The first cold, icy blast of economic recession some two or three years ago sent the mental actions of steel firms scuttling black, at least thinking of scuttling back, to the disastrous and totally counter-productive practices of the past: disastrous because, as history can prove irrefutably, these practices were based on the principle of *saute qui peut* and devil take the hindmost, and counter-productive because price-cutting and subsidization, whether of companies, products, production-lines, workers or the actual capital investment in an industry, do not cure the complaint: they do not promote greater competitive capability, they do not win and do not keep customers. Subsidies and aids of that kind are a drug, a dope and a depressant, and in the long term a debilitating. There is only one remedy — if indeed one dare use the term 'remedy' — and that is generally the principle of modernization or restructuring — but as an ongoing process, not as one short exercise. There is no single panacea other than to change and respond to the climate of the market in which you operate, to sharpen one's technical and commercial competitive capability.

Normanton

So long as these steel producers and their national governments in particular are prepared to accept and take for granted the vast statistics of productive efficiencies as epitomized in the international statistics of comparisons of productivity, where we have, for example, at one end of the scale a figure of 1 800 tonnes' output per man year and at the other end of the scale — I believe, in the United Kingdom — a figure of 100 tonnes a year — Mr Osborn, my honourable friend, will be enlarging no doubt on this, in the course of his address — so long as we are satisfied with that situation, we are justified in asking the Commission, the Coal and Steel Community and the governments of the Member States just when they are going to wake up to the stark reality that the Community, in industrial policy terms, is a charade. It is a charade and a disastrously expensive one at that. We have not got an industrial policy for the Community, and until we do, we are inevitably and going to go down this road, the road which the steel industry is currently taking. And yet the declared aims of the Treaty of Rome and the Treaty of Paris have as much validity today as when they were drafted 21 and 26 years ago respectively. In fact I suggest to the House that the present critical situation of the Community's steel industry reinforces even more the need for a Community approach to Community problems: only on a Community basis will a satisfactory answer be found.

As members of the European Conservative Group, we are quite naturally, almost instinctively, in principle hostile to the political philosophy of *dirigisme* and interventionism in the form in which we are normally accustomed to think of it, or, should I say, to the principle that the State — or, in this context, the Community — knows best how to organize and manage the affairs of industry. In a closed economy insulated fully from world trade it may theoretically — and I repeat, only theoretically — be appropriate, but that conception of a closed economy, an inward-looking, introspective isolationist Europe, this House has consistently rejected, and I trust we shall continue to do so in the future. The 26 years of self-deception, partly by industry but mostly by the governments of Member States, have left the European steel industry in a sick and critically vulnerable state of efficiency. We are therefore bound, I suggest, to agree, however reluctantly we may do so, that a critical complaint calls for unpalatable measures to set the patient up again and enable him to undertake a difficult course of treatment for recovery to full health with a good prospect of long life ahead. It is in these terms and in this spirit that we, the Conservative Group, see the proposals of the Commission, the plan and programme of action, and we pass judgment on them accordingly.

Of course there must be a major review of the industry, of its capacity, its capability or its efficiency, its competitiveness, its ability to meet the requirements of the Community of which it is a part and of

the consumers. Of course we have to be able to compete reasonably in world markets when trading conditions are, so to speak, normal and where the prices of products are at a level which has some relationship to the cost of production. Of course we have to be able to absorb some imports at genuine prices free from subsidies, dumping and distortions. So long as steel is entering into world trade — and inevitably it must and should do so — and therefore our home market, at phoney price levels, we must as a Community have some mechanism to avoid total dislocation. The suggestion of licensing is an example of the way in which some movement may be made to deal with this particular problem. We do not in principle, though, welcome price-fixing with or without Community benediction: in that trade a minimum price becomes at best a fixed price, and at worst it becomes a level at which phoney shipment documentation, hidden credits and bonuses and the keeping of double sets of books of accounts begin to operate. The Davignon plan proposes to apply this minimum price procedure only to reinforcing powers, but can we be sure that it will not extend to other categories? We, the Conservative Group, earnestly hope that it will not. Most of the plan centres on dealing with State aids and subsidies, both overt and covert. In principle, we support Commissioner Davignon in this commitment, but will we, as members of national parliaments, here for once be consistent and support these measures in our own parliaments when opposition is voiced in those parliaments against the Davignon proposals? I doubt it, but until we do there can be no solution to the Community steel industry except progressive pauperization.

We shall be debating dumping, or rather anti-dumping, in our next item on the order-paper. We, the European Conservative Group, welcome the Commission's display of courage to act expeditiously in this particular field, for which it, the Community, has sole responsibility as from 1 July this year, while hoping, though, that we shall not be laying ourselves open to the indictment of adopting the same malpractices ourselves abroad. At the end of this debate we must be quite clear and unequivocal in our opinion, as a Parliament, that the Davignon plan is basically an emergency measure, an emergency measure to deal with a very serious and critical situation, rather like a blood transfusion to a seriously wounded person. It carries with it, though, a binding obligation, binding on the Commission, on the Coal and Steel Community, and on industry alike throughout the Community, to go through to the next stage, which is spelt out by Mr Davignon — namely, curing the real cause by restructuring steel production on a Community basis, a point made very eloquently by Mr Durieux. With assurances from the Commission of its unequivocal commitment to progress towards restructuring and development, the European Conservative Group will support the Cousté report and go a long way with many — though maybe not every one — of the

Normanton

points of principle enunciated by Mr Müller-Hermann on behalf of the Christian-Democratic Group.

(Applause)

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

Mr Ansart. — *(F)* Mr President, ladies and gentlemen, this is the third time in six months that the European Parliament has been holding a debate on the crisis in the steel industry.

A number of reasons have been cited to explain this crisis and justify the policy pursued by the Commission and the Member States. But are these the real reasons; technological shortcomings, unbridled competition, need for rationalization and modernization?

Let us look more closely at the present situation. In 1977 steel production in the Community will be little higher than the 1968 level. The reduction in working hours will continue with over six million hours of short time. More than 160 000 of the 740 000 workers in this sector, in other words more than one in five, will continue to be victims of short time arrangements, while more factories will close and tens of thousands of steel-workers will be queueing up in the labour exchanges — according to the Commission's own forecasts. The economic conditions are serious. The social situation is even worse and I must say I was astonished that the rapporteur paid so little attention to it.

On the pretext of fighting inflation, the Community governments have instituted a policy of austerity. The result is that unemployment has again become a major problem throughout the Community: there are close on 1 500 000 unemployed in France, more than half of them under the age of 25 and over 6 000 000 unemployed in the Community as a whole. We are now being told that unemployment is a necessary evil to break out of the crisis in the steel industry and in most other sectors. We refuse to accept unemployment just as we reject the idea of closing factories and scaling down activities in the steel industry which is so vital to the life and independence of our country. We were familiar with unemployment in our youth; it is a bane of our society and unworthy of the era in which we now live. It is an attack on the dignity of men and a serious threat to the morale and future of our younger generation. Work is the most important of all freedoms because there can be no freedom in a state of misery. Unemployment is in no way inevitable — nor is it the ransom of progress as has sometimes been claimed. Such explanations merely paper over the genuine reasons for the present crisis — the refusal by our governments to attack the root causes of the situation.

In reality the crisis of the Community steel industry and unemployment are simply the results of a policy

of social regression which has precipitated economic regression. The crisis and unemployment are also the result of the policy of a few big steel companies which, impelled by their desire to make the highest possible profits in the short term, are investing only in a few production units and sacrificing factories which are still viable and, with them, whole regions previously dependent on a single industry, thus making the situation even worse. In pursuing this policy, these big companies which call the tune are enjoying the benefit of high subsidies from the Member States and from the Community itself in a variety of forms: export aids, loans on extremely advantageous terms, tax exemption etc. It is true to say that in the past twenty-five years or more, tens of thousands of millions of public funds at both national and Community level have been paid over to these few groups which have thus accumulated immense wealth and built up real empires.

The French steel industry alone has received 11 thousand million French francs in ten years. The groups concerned have now gained the power of life and death over entire regions, as is shown by the example of the Lorraine and northern France where tens of thousands of jobs are now threatened. The Thionville factory only a few kilometres away from Luxembourg where attempts are now being made to close, was considered a viable, modern plant only last year by experts from the steel industry. The fact is that these groups, without consulting anybody apart from their boards of directors, decide the fate of hundreds of thousands of men who are moved about like pawns on a chessboard. They act with the ingrained inhumanity of those for whom only cold profit and cold economics count. That too is an intolerable situation.

The ECSC Treaty specifically provided for the development of production and employment and an increase in standards of living; it prohibited the reconstitution of the old 'konzerns' and cartels. How has the Commission, the guardian of the treaties, ensured respect for these objectives? What is Eurofer if not a powerful cartel dominated by the giants of the steel industry like the Krupps and Thyssens?

What is the plan to overcome the crisis if not a coordinated arrangement between the nine countries to organize the regression of production, thus leading to the liquidation of whole areas of the national steel industries? I shall quote two recent examples. Is not the Commission trying to prevent Italy from building a steelworks in Calabria on the pretext that the Italian plan should conform to the general steel production targets for the period 1980/85? Has the Council itself not only recently granted a loan of twenty million dollars to a European group for the construction of a plant in Brazil? In my own country, Usinor, with the benefit of state subsidies, is buying coal mines in the USA and planning to set up in Brazil at the very time when it is closing its factories in France

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The crisis in the steel industry confirms that the construction of Europe as it exists at present is simply the work of the multinational companies which impose a redeployment of production above the interests of the people and beyond national frontiers. The rapporteur has spoken of the risk of cartels being formed. It is more than a risk — it is a fact. The cartel which has been reconstituted under West German leadership is even more powerful than the pre-war cartels. The European Commission stands idly by while the Treaty of Paris is violated. By its policy it is deliberately promoting concentrations and mergers within each country and across national frontiers. Those concentrations and mergers are always detrimental to the interests of workers.

The present developments thus legitimately lead us to fear a serious aggravation of the evils of recession, unemployment and inflation which have not been halted and threaten the lives of workers who live in a society of great anxiety. To bring the European steel industry out of the crisis, the ECSC is proposing a worldwide restructuring operation based on the following division of labour: primary processing of steel by the third world which is rich in raw materials, but above all rich in underpaid labour, and fabrication of more complicated products by the European Community countries. While fostering with the developing countries relations of exploitation which resemble all too closely those of the colonial era, this strategy would imply for all the Member States, the abandoning of whole sectors of production while the internationalization of finance and production would forge ahead.

It is of course unnecessary to point out that the implementation of such a plan would seriously endanger the independence of our countries. It would nullify any policy of progress of the nations whose essential basic wealth would be placed in the hands of the big companies. It would force each of our countries still deeper into the crisis. Organizing and financing the regression in Europe and redeployment outside simply serves the interests of the big steel combines.

We are told in Paris and Brussels that the regions concerned, those affected by the recession, must reconvert to other activities. The workers must accept mobility and agree to take different jobs. That is the conventional refrain with which we are all familiar. Whenever the withdrawal of a long-established activity from a major industrial region is decided, an attempt is made to allay anxieties by promising rapid industrial reconversion. However, nobody can deny that in the steel industry tens of thousands of jobs are threatened in the short term by decisions taken at the summit, jobs are at risk in Luxembourg, Belgium, France, Italy, Germany and the UK alike.

To these tens of thousands of jobs must be added further tens of thousands of jobs ancillary to the steel industry. The experts consider that at this level no form of industrial reconversion is capable of providing an equivalent number of new jobs. Industrial development of the big regions concerned by the recession must be based first of all on consolidation of the activities which already exist. This holds particularly true in the case of a basic industry like the steel industry. France for example does not produce too much steel. Its needs are estimated at between 33 and 35 million tonnes per year, whereas current production is only 23 million tonnes. It is thus true to say that a different steel policy is not only necessary but also feasible. At Community level we therefore recommend the following immediate measures, similar to those we are advocating in our own country. First of all, account must be taken of social needs — human needs. All dismantling of the steel industry's potential must be halted. We must abandon without delay all these redundancy measures which take no account of readaptation and the future lives of the workers concerned. We must improve the lot of the workers, first by reviewing the work cycle and introducing a fifth shift for workers in steelworks which operate round the clock. In the space of a few years, the percentage of workers engaged in round the clock operation, that is eight hours per day seven days per week, without rest, has increased considerably, leading to a substantial rise in industrial accidents and illness. The big modern production units are also those in which the workers pay the greatest tribute in sickness and accidents. 83 persons have died at work in the modern Dunkerque plant in northern France. Remembering that the life expectancy of a steel worker in our country is 59 years, it is legitimate to ask for the retirement age to be set at 60 for men in general and 55 for those working under strenuous conditions.

Finally detailed accounts must be given of the use of Community funds since the deflection of national wealth for the sole benefit of the big banks and industrial companies is altogether unacceptable. In a recent debate in the French National Assembly I asked for a parliamentary committee of enquiry to be set up to ascertain how the public funds generously allocated to the big steel companies had been used. I put a written question on this subject to the Commission on 18 April last to determine the overall amount of Community loans to the steel industry. I hope that our Assembly will soon receive detailed information on this subject.

It is no longer acceptable for public funds to be used to close factories and transfer plants outside the Community. It would in fact already be possible to put an end to unemployment, transfers, the loss of skilled jobs and wages by stepping up public consumption, meeting national and social needs and satisfying

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the legitimate claims of workers. The level of steel production can and must now be increased to meet the genuine needs of the peoples and countries. Far from amputating whole production units, the steel industry — like the coal-mining sector — must be used to create tens of thousands of new jobs. Remember how many coal mines were closed before it was realized that coal is a great asset of our age. Is the same error now to be made with such a basic industry as steel? I would add that today no nation can be truly strong without a strong steel industry, and without strong nations there can be no genuinely valid European construction. This is confirmed by the present crisis.

That is why it must be a priority task to make the steel sector a great and dynamic industry in the service of each country and of the entire European Community. But a dynamic industry cannot continue to be bogged down in recession. The millionaire steel bosses are not equal to the task. That is why we think the time has come for our country to nationalize its steel industry. Many people consider, like the President of the French employers federation, that the idea of nationalizing the steel industry is based on ideological prejudice. We for our part do not make a religion of nationalization but we note that nationalization makes for economic efficiency and social justice — aims dear to us.

Nationalization provides a guarantee that production will be developed according to a plan decided by the State with a board of directors on which both the executive staff and the workers will be represented. It is also an instrument of social progress and a guarantee of employment for workers who enjoy the benefit of a special statute. Finally it is the essential material basis of national independence, the cornerstone of broad and stable cooperation throughout the Community. We maintain that European unification cannot progress if the substance of our national economies is eroded. On the contrary it presupposes the development of our industries and the strengthening of the sovereignty and national dependence of the Community countries. In our view decisions taken will be effectively applied from the base of sovereign nations. The programme which we have jointly adopted with other forces of the left in our country is a genuine programme of government for France which will, I hope, soon in fact become the programme of government. It is my hope that the French government will have a twofold aim as regards the Community: firstly, to participate in the construction of the Community, its institutions and common policies with a determination to act in order to ensure our freedom from the domination of capital, to democratize its institutions, support the claims of its workers and direct Community achievements in line with their interests. Secondly, this programme maintains that the freedom of action of the French government to achieve its

political, economic and social programme must at all times be safeguarded within the common market.

This leads us to believe that what our peoples need is a democratic Europe, a Europe of the workers free from domination by the big capitalist combines. We want to see a Europe based on cooperation between the peoples and nations, on respect for the independence of each Community State. This in our view will be the guarantee of genuine cooperation — stable and equitable cooperation. What solid basis could there in fact be for European construction unless each of its component parts is based on a firm commercial, industrial and monetary foundation? How could popular enthusiasm for Europe be aroused if its brand image is one of unemployment, restrictions on consumption and unemployment for hundreds of thousands of young people? How can we speak of European construction unless we develop as a matter of urgency a bold social policy and renewed economic activity which would help to absorb unemployment and improve the lot of the workers? That is how cooperation can be developed, based on full utilization of men, wealth and the capacities of each of our countries and on the needs of our people.

That is the concept of the Community and of European construction which we have always defended and which we still defend today in this Assembly in this debate.

Applause)

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

Mr Hunault. — (*F*) Mr President, ladies and gentlemen, the European steel industry is passing through the gravest crisis in its history.

The ECSC steel industry has been much harder hit by the crisis than steel industries elsewhere in the world. The collapse of prices in the Community has been very serious whereas prices in the United States and Japan have only been slightly affected. We are therefore disturbed by the consequences of this situation. The drop in the rate of utilization of production capacities has led in several of our countries to reductions in activity added to the measures of short-time working. The sudden announcement of the elimination of a great many jobs, especially in the Lorraine steel industry, shows the scale of the crisis and the serious consequences it may well have for local, regional, national and European economies.

This crisis of employment in the steel industry is serious. The world market for steel has of course been badly disturbed by the slackening of economic growth, but competition has become intense because of the appearance of new producer countries and the

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aggressive marketing techniques of certain countries such as Japan, Spain and the State-trading nations of the Eastern bloc. Mr Cousté was right to stress the gravity of this situation in the excellent report he has presented to us.

The present situation makes three lines of action essential. Firstly a genuine policy for the steel industry must be defined at Community level including in particular more complete measures to counter the crisis. In substance there is a need to jointly define precise and better conceived criteria to prevent and put an end to the distortions of trade in steel which protect in effect certain markets. In the climate of economic depression which we are experiencing the demand for steel products is particularly low. Large-scale offer from at home or abroad thus causes prices to fall and leads to a loss of added value which is so vital in this sector. We must at all costs prevent these movements by extending the procedure of minimum prices to products other than concrete reinforcing rods. Protection is particularly necessary for long and rolled products which are severely hit by the crisis. The intervention prices have a purely optional character. We consider that the minimum prices laid down by the Commission should be extended since they contribute to stabilization, although of course for a limited period of time.

The steel industry needs a break to recover its strength. Moreover, the Commission should see to it that these minimum prices are respected. The same holds good for production quotas. The principle of these quotas is embodied in the crisis provisions since the Commission has so far only applied the quantitative principle by fixing delivery quotas for the various enterprises which have voluntarily undertaken to respect them. The Commission must set up a team of controllers with the task of verifying whether the producers respect all the provisions laid down. Rigorous application of the production quotas and minimum prices will facilitate the appearance of a better climate more propitious to the restructuring of the steel industry and necessary to guarantee its productivity. But restructuring is a long term affair.

In the meantime, we cannot sacrifice our economic independence. The crisis we are experiencing is also the problem of our independence. Europe cannot, in the name of the international division of labour, allow other countries to be responsible for supplying the steel products it needs. We therefore consider that internal measures cannot be fully effective unless they are supplemented by international negotiations. We maintain equally firmly that world agreements are no more than the appendage to an independent European policy. We greatly regret that the Commission is not proposing to extend the principle of production quotas by fixing import quotas as well. We consider

its system of automatic import licences far too liberal. It leaves the door open to all kinds of abuses. This would no doubt enable the Community institutions to engage in bilateral negotiations with the third countries concerned but that is not enough, as the aggressive marketing methods of the Japanese show. Without taking the path of protectionism — and let us not forget that our common external tariff is as low as it can be — some restrictions on imports are necessary. We consider that minimum prices and production quotas are a kind of justification for low price exports from third countries to Europe. In this context, we can make an important effort of productivity and reorganization which is now vital.

This is the area in which our political role must be asserted. Let us not forget that the problem of the European steel industry is first and foremost that of the employment of one worker in seven; it is therefore a political problem. Bearing the stakes in mind, the Nine must now jointly examine the conditions for recovery in the steel sector. The basic objective must of course be to make the enterprises in this sector genuinely competitive. Reorganization of the means of production implies the closure of some of the oldest installations and the implementation of a major investment programme ensuring the maintenance of the existing production capacity. If such a programme of reorganization must inevitably lead to the elimination of jobs, the social objective must be viewed on the same footing as the economic objective. Redundancies and the number of persons who become unemployed as a result of the negotiations must therefore be kept to a minimum. At the same time substitute jobs must be created outside the steel industry. This modernization, synchronized with regional reconversion and readaptation of the workers, is conceivable only in a Community framework which will guarantee its cohesion and hence its lower cost while still ensuring the essential unity of the market. In this context, the Community institutions must take the essential accompanying measures to safeguard the economic equilibrium of the regions experiencing difficulties and implement the social measures necessitated by the rationalization programme. In this whole programme the duty of the Commission is to see to it that the national restructuring programmes now being worked out or already applied in individual Member States coincide with the Community objectives. But above all it must instil a new Community momentum into this process as part of the common industrial policy. No possibility may be disregarded, particularly intervention by the Social Fund, to finance a number of measures which have become essential in the short term.

Once again we place our confidence in the Commission and would ask it to be particularly vigilant. In the present conditions, the crisis will at least have had the advantage of creating an awareness of the need — not always recognized — of attacking the real problem of

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the steel market on the European scale. The success of the action undertaken is subject to proper regulation of the Community market in conformity with the Treaty of Paris. The recovery of our steel industry must therefore be part of a European programme which we still hope to see implemented.

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

Mr Haase. — *(D)* Mr President, ladies and gentlemen, it is the human aspect which causes us to place such emphasis on this debate and treat it with such great importance. We are only concerned with production quotas to the extent that they have an impact on human beings.

In the post-war years millions of people earned their living directly or indirectly in the iron and steel industry in Europe. It played a decisive role in the reconstruction of Europe and those workers merit concern for their fate and problems. The situation today is that thousands of families are affected in many areas of Europe and may have to leave their local environment to find work elsewhere or retrain for different activities. We must be well aware of that reality and not seek to hide it. I felt it necessary to make that point however highly I regard the report by Mr Cousté and however much I wish to thank him for the effort he has made in drafting it.

The Socialist Group and I myself would, however, have welcomed a word about the workers in this report. I think that is a point which needs to be made clear in our debate today. May I make one other thing particularly clear too: those companies which showed no foresight but acted only after the event, sometimes after whole branches of their activity had collapsed, with a simple reaction, an appeal to the state and to the European Community for assistance, still have a responsibility. Are they quite simply to be relieved of that responsibility altogether?

I want you to consider that point because I believe we must act, the European Commission must take steps and the national governments must draw up plans to escape from this crisis which the big companies simply said did not exist for year after year. We are faced with a situation for which we ourselves are not to blame. The situation is due quite clearly to the misguided investment policy on the part of the big companies. Clearly they miscalculated the market prospects and demand levels, and we now seem to be held responsible if the aid measures we are now trying to arrange do not have the desired impact. The consequence is — and I would put this conclusion on behalf of the Socialist Group both to the Commission and to the rapporteur — that we should grant financial aid to the parties concerned only on very stringent conditions. These stringent conditions must ensure that we are not merely granting subsidies for

the continuance of mistaken planning programmes to keep in business production capacities which are not relevant to demand; on the contrary we must above all pursue strongly the necessary restructuring in the most varied sectors of the steel industry.

Allow me also to outline our basic assessment of the situation. There are no objections to intervention by the Commission, but the question arises as to whether the Commission has correctly judged its current actions in the light of the real situation. That seems to me to be the real point at issue today when it comes to actual aid. We must consider how great the demand for steel in the Community will be and the extent to which our production capacity will be utilized. Assuming an 85% utilization of available capacity, 187 million tonnes will be needed in 1980. According to the Commission's estimate — which I strongly question — the maximum attainable steel production is 183 million tonnes. That is the Commission's most optimistic assessment. Then there is a median line at 170 million tonnes and finally what is probably a realistic estimate: 162 million tonnes. On that basis, looking at the reference year of 1980 which the Commission has taken, I am obliged to conclude that by 1980 we must indeed expect heavy cutbacks in the iron and steel industry if we are to maintain even in very broad terms the level of capacity utilization which will secure for us a reasonably competitive position.

Now I wonder what the effect of the minimum price recommendation is from this angle? Imports will become more expensive in every country except the United Kingdom. This means higher profits for the Spaniards, the Koreans and the Japanese who have hitherto supplied the European market at cheaper prices and now want to sell at higher rates because of the minimum price recommendations. This means at the same time that competition outside the European market is becoming keener in third countries where the Japanese and Korean companies strengthened by the prices earned by them on the European market, are able to sell still cheaper thus creating serious problems for the European steelworks. This goes to show that the minimum price recommendation is in fact a two-edged sword. And of course there is the further undeniable point that minimum prices are not always respected.

Ladies and gentlemen, look what is happening in Switzerland, look what is happening in Austria. They can build their roads and houses with steel without having to resort to building materials of a different quality! Please do not imagine that Swiss or Austrian consumption of steel has really risen so sharply as the statistics now suggest. No, I will tell you what is happening: companies are avoiding the minimum price recommendations.

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The French, German, Belgian and other steelworks are supplying their big customers through Switzerland and Austria or through other countries — we even know the names of some of the big dealers — and they are getting the same prices as before. Everyone who is at all interested knows that this is going on and the 28 inspectors are just not sufficient to plug this loophole. The loophole can only be plugged by erecting barriers, which is a perfectly feasible step; but until it is taken the big steel customers will find ways of evading the rules. In other words the minimum price recommendations do not work because the producers who are pressurized by their clients cannot afford to lose those clients and therefore have to engage in reimport operations — despite the minimum price rules — via Switzerland, Austria and other countries. This means that the competitiveness of the small and medium-sized customers is being weakened because they cannot take measures of this kind: they have to pay the higher minimum prices and are thus placed at an enormous disadvantage in relation to the big works when it comes to production costs.

A second point is the artificial maintenance of capacities and prices at high levels. This is a point which leads to an unofficial price cartel. Fifteen managers of the big steel producing companies get together and say to the steel Commissioner: this is our price, now see if it is correct or not and then a single, European steel concern will be established. I doubt whether this is a good solution. It is certainly two-edged. The next stage is that consumer prices will rise and the slowing down of rationalization is also something to be considered. If the minimum price recommendations and the minimum prices fixed for concrete reinforcing steel are to be valid for only one or two years, all well and good. But if they are extended beyond that period it will amount to a subsidy with the result that capacities will be still further reduced and a misguided structural policy pursued.

Thirdly, there is a prejudicial effect on other steel products. What is right for structural steel is also right for the producers of rolled steel or tinplate. I see from newspaper reports that the French industry is demanding protection against imports. A spokesman for the shipbuilding industry has criticized as strongly as the president of the steel industry the lack of readiness of the European Community to take protective action. And so it goes on. This means that other sectors will try to follow suit with this minimum price rule, and once the first step has been taken it is more difficult to resist. The shipbuilding and textile industries are also in difficulties. Why should they not be helped too? Considering the dumping methods of the Japanese in the shipbuilding sector, a similar reaction would be possible there and in the next two years we

shall certainly be seeing surprising developments in shipbuilding. Why then should similar measures not be taken in the shipbuilding and textile industries? There is no need for us to discuss the matter further: that is the situation and that is why these measures are two-edged.

On a more positive note, may I say that the Socialist Group supports the Commission in its aim of providing planned, short-term aid in the social sector for the workers in this industry. The representative of the Communist party said just now — and I want to comment briefly on his words, although this may not be usual here — that a cartel led by the West Germans was manipulating steel prices. I am one of those who advocate in the strongest possible terms the need for open competition to prevent such things from happening, especially at the cost of the worker. That cannot be the intention — and it is not the intention — of the German government, let alone of the social-democrats here and in the Federal Republic. Short-term specific aids in the social sector mean — as is made clear by one of our proposed amendments — that the Social and Regional Funds must play a part in the restructuring programme, in retraining measures, social plans, retirement plans, wage compensation for short-time working and so on.

This has certainly become an area in which European solidarity is essential. In the medium-term structural renewal of the iron and steel industry must be the aim. Cheap mass production will no longer be possible for the Europeans — we all agree on that. It is all a question of differing production cost levels. In granting its financial aid the European Commission must therefore place great importance on this restructuring of the iron and steel industry.

Further mergers in this sector would be out of place. They would simply create still further distortions. I am not saying that the Commission's own aim is further mergers but simply that they would be a risky proposition. In future then the Commissioner responsible for competition must deal with these problems as carefully and intensively as Mr Davignon used to do.

That then is the point. We must see to it that competition is not disturbed by these developments leading to a state of chaos in European industry. In that respect, Article 58 is probably not a suitable instrument to bring about a remedy. The time has come for the European Community to show its strength. It will be judged by the success achieved. That is inevitable. This success is limited by the circumstances facing us which are not of our making and we must see to it that the right measures are now taken. We have tabled certain amendments to the motion for a resolution introducing Mr Cousté's report, and there is little need for me to expand on them. We consider that para-

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graph 4 in the wording proposed by us makes it clear that it is the Commission which has acted in this instance; we note the fact and consider that the question of success will arise in one or two decades. By the end of the year it may become clear how the market will be structured — that is possible but such things cannot be prejudged.

There is one final point which we consider highly important: the possible effects of worldwide protectionism on the EEC; a quarter of all employees in Europe are working on exports to third countries and it is quite clear that if barriers are erected, risks and difficulties will be created which may have a much greater effect than the limited problems of one specific sector. If barriers are set up the motor industry will suffer as much as the chemical and other sectors which were not immediately — at least not directly — concerned by the crisis. Let me say that I personally — I say personally — consider it tragic that prices should be adjusted all the time as is happening now: in the space of three months the price of profile steel is to be reduced by DM 65 — I do not know what the figure is in francs — per tonne ex-works; from 1 July the price is DM 615 (allowing for the DM 65 reduction) but on 1 August there will be a rise of DM 15, making a price of DM 630 ex-works. What is the point of playing around with prices like this? Does anyone believe that the market could change so rapidly in the space of one month — considering stocks and related factors — for a measure such as this to be reasonable? I should like the Commission to say whether the prices I have quoted are correct or invented by the newspapers.

Finally I want to stress that we are willing to support the Commission in its efforts to bring aid for structural improvements in the steel industry and especially in the social sector, by which I mean whole-hearted support from the Commission for the workers who have not merited these difficulties and deserve help right away; they deserve our undivided interest and solidarity and we hope that with our united forces European solidarity will be brought to bear under the leadership of the Commission and Parliament.

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

Mr Ripamonti. — *(I)* Mr President, ladies and gentlemen, I must first of all congratulate Mr Cousté, the rapporteur, on the work he has done and on the effective way in which he has presented his report. The elegance and clarity of his speech have certainly made his motion for a resolution even more convincing and dispelled any doubts about the transparency of his intentions.

This morning, Mr Cousté stated clearly that the present difficulties should be overcome without

recourse to protectionism. His analysis of the threats overhanging the iron and steel sector, the risk of the Community falling behind, and realization of the global nature of the interaction between short, medium and long-term measures are all facts on which we cannot fail to agree.

Mr Cousté also made the point that the producers have responded to the Community's recommendations since production of crude steel in the first 5 months of this year fell by 4.2% compared with last year and although it went up in May by about 876 000 tonnes, compared with April, it was still 1 million tonnes less than for the same month in 1976. Orders totalled 8 million tonnes for April this year which is lower than the figure for the preceding month (9.4 million tonnes) but higher than that for April 1976 when total orders amounted to about 7.5 million tonnes.

I would like to add that the forecast of the United Nations Economic Commission for Europe working party on the steel market is that there will be a moderate upswing in demand over the next few months due primarily to livelier sales at international level.

I am fully in agreement with Commissioner Davignon's plan which stands out as a new way of governing — a need that is greatly felt in my country — hinging on concerted relations with Parliament and consultation with the political forces in the search for a broad-based consensus on ways of administering the Treaty that governs the common market in coal and steel.

We need to introduce a voluntary policy in conformity with the Treaty and not to institute or resurrect a policy of control. This is the point that Commissioner Davignon made in his speeches in the Committee on Economic and Monetary Affairs and on which I agree absolutely. Since, however, directives, decisions and intervention are demanded of the Commission from several quarters, it is contradictory — to say the least — to propose coercive action based on the provisions of the Treaties, while at the same time calling for intervention in sectors that up to now have been characterized by the fullest freedom of initiative and in which it is found that the market mechanism, without guidance, does not allow the right answers to be given in solving the problems of development, production, productivity, and the protection of employment levels.

This extension that is to be expected in the sectors of Community intervention, whose structural crisis is manifest from the short-term difficulties of the period we are passing through, demands, in my view, a global, as opposed to a sectoral approach, and the introduction of a forward-looking structural policy and an organic framework of reference for industrial policy as part of the medium-term economic policy

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programme recently approved by Parliament. In the framework of this medium-term programme we should then identify the sectors requiring priority action and the conditions in which the necessary measures should be adopted.

In my view, a consensus on voluntary policy can and should be obtained in an outlook that takes a global approach to the problems of industrial policy, with the object, that is, of achieving the goals the programme sets itself: recovery in growth rate, containment of inflationary pressures, a general reduction in the balance of payments deficit, protection of employment levels and reductions in unemployment — all this in the framework of international cooperation carefully avoiding any possible protectionist complications.

There is another point in the information given to us in committee by Mr Davignon and that is that the measures which the Commission will be taking in the steel sector demand an active policy at international level. I believe, ladies and gentlemen, that in the debate on structural policy that I hope we shall be having in September the Commission and Commissioner Davignon will be telling us about the overall framework of Community industrial policy forming part of the medium-term programme.

The Commission's initiative in availing itself of the instruments provided by the Treaty cannot therefore, in my view, be ignored. We can change it, in accordance with a proposal for which my Group too is responsible and which is included in paragraph 6 of the motion for a resolution, but not ignore it. The moment of truth, as Commissioner Davignon stated in the Committee on Economic and Monetary Affairs, is indeed approaching and not just for the steel sector but also for others. The Committee on Energy and Research, for example, has, for some time now, been asking for a common policy to be introduced in the energy sector. In my view, Parliament's criticism should be directed at the causes that have brought about the present situation and forced upon us recourse to coercive measures, on some of which — Mr Davignon — I cannot fail to voice my reservations.

The minimum price question is a key problem. The decision taken for the reinforcing bar sector is explained as the result of the failure to carry out the plans regarding new scales of production and deliveries. On this point of fixing new production level or programming deliveries I feel that Community initiative should be extended and the agreement obtained of all the social partners, in particular the most representative trade union organizations. Of course, the trade union organizations cannot be asked to shoulder responsibilities in times of crisis and then be barred from the negotiating table when times improve. We ask them to find it in themselves to support the indus-

trial policy measures to be taken today to save — and tomorrow to revive development in — one of the basic sectors essential for the Community's economic growth.

This plan, this dialogue at Community level, is the prerequisite for full and effective implementation of a plan for new delivery quotas. In particular, for small and medium-size firms, this plan for new delivery quotas is closely related to limits on production. Small and medium-sized firms are not in a position to work from stocks and to bear the cost of financing storage facilities, that is to say the rates of short and medium-term borrowing that exist in some areas of our Community, and in my country in particular. I must say that the minimum prices applied in the reinforcement bar sector, and this undifferentiated approach to the situation of the steel industry in the various areas, penalizes, in my country, technologically advanced firms with high productivity levels permitting lower costs — and here I turn to Mr Cousté — than the minimum price that has been fixed. There are firms that — because of their high productivity levels — succeed in making up the cost of external diseconomies because of their geographical location. Come and see the Brescia valleys, Mr Cousté, and you will discover the reasons for this high productivity and hence for the active competition on the reinforcement bar market which we welcome because it is bound up with the process of recovery in the building industry and therefore with the solution of one of the most fearful social problems facing workers at the level of the European Community and, in particular, at the level of my national Community.

These minimum prices could therefore introduce distorting factors if these structural differences are not allowed for; other systems are needed, as is logical, for redeploying or restructuring the obsolete firms in this sector.

With the assurances given to us by Commissioner Davignon in his many speeches in committee, the repeated discussions with members of Parliament and the political forces, the concertation on the identification of problems and on the short-term programme regarding the adjustment of guide prices, plus the fact that the minimum price for reinforcement bars is not increased, I can approve part of the measures adopted and I note the decision on minimum prices as a specific measure to deal with the present situation one which will be abolished as soon as it is possible to achieve a reprogramming of deliveries and therefore of production which allows for the structural differences in the various areas concerned and does not privilege obsolete plants or, conversely, penalize those which, thanks to the inventiveness and constructive contribution of the workers, have established themselves in areas that are certainly not ideal from the viewpoint of geographical potential.

Ripamonti

I feel that the amendment I have tabled to paragraph 5 and which Parliament and the Commission wished to introduce to deal with the requirement to include the trade unions among the social partners can be absorbed in the fuller amendment by Mr Müller-Hermann, in which, in any case, the central point is still the recognition of this need for all the social forces to be jointly responsible in a process of concertation going beyond the problems of the iron and steel industry and extending into the broader field of the problems of our Community's economic and social development.

As regards the programme for restructuring and rationalizing these sectors, I consider that it cannot be neutral in relation to the need to overcome the regional disparities, and the territorial, economic, social and human imbalances that are still features of Europe of the seventies. Mr Cousté is right when he says that the possibility of restructuring the world steel industry at the expense of the Community steel industry is unthinkable. Let me say that, in this re-examination of the world steel industry, consideration should be given to the problem of the developing countries if we really want to arrive at that economic and monetary order that receives plenty of support in debates in Parliament and at election meetings, but is rarely translated into action.

Whilst it would be wrong, naturally, to restructure the world steel industry at the expense of the Community steel industry, neither can we permit the Community steel industry to be restructured at the expense of the industrial structures of the most disadvantaged and least developed areas of the Community itself as I thought I heard this morning during the course of the debate. There is a need for restructuring in industrial sectors, not for the sake of technological improvements alone, but with a view, in all cases, to the overall implementation of the indivisible and social economic objectives laid down and approved by Parliament in the development programme for the next four years. We cannot divorce sectoral objectives from global objectives and, for some areas of my country where there are unemployment situations like that in Naples that, with its 100 000 workless, might be called the capital of unemployment, it is impossible to think of restructuring the steel sector at their expense. In these areas, a kind of 'human rabies', to use an expression of Don Mazzolari's, could well explode in quite unpredictable ways and give an impetus to regional and national self-interest.

The costs and benefits of a rationalizing and restructuring plan must be worked out and quantified in relation to the general objectives to be followed and not exclusively in terms of typical geographical areas, but taking into account the limited scale of the regional

fund and the social fund, the coordination of which is indispensable and may increase their effectiveness but it certainly does not constitute the best way of increasing their qualitative and quantitative impact as regards reducing the imbalances which demand a far greater measure of solidarity and the mobilization of energies and resources of the public administration and the economic and social forces in an attack on the continuing existence of the cycles of underdevelopment and poverty alongside those of wealth.

In my view, Mr President, the contribution that Parliament should make, and which could well be decisive in the administration of the treaties and the rules they imply, should form part of a forward vision winning the concensus of public opinion and mobilizing its conscience in order to intensify European cooperation and meet the broader needs of international cooperation

(Applause)

President. — I call Mr Cifarelli.

Mr Cifarelli. — *(I)* Mr President, although the subject under discussion arouses considerable feeling I shall try to speak dispassionately. In any case, I am assuming that the thoughts put forward this morning by Mr Durieux on behalf of the Group to which I belong were heard by everyone.

I would like to indicate our approval to the rapporteur and repeat, for the sake of precision, our full agreement to paragraphs 4, 6, 7, 9, 16 and 17 of the motion for a resolution. In essence, when considering this subject, we should avoid any close attachment to the policies followed by national governments or, for that matter, the strategy adopted by the multinational firms. We should call on the only resources we have — our reason — and consider things for what they are. Generally, when the economic situation is good, no thought is given to restructuring a firm because the market is buoyant, but when the situation deteriorates the tendency is to restructure at higher cost in the face of an uncertain and sometimes critical situation.

But I would like to say, on behalf of my Group, that if — at Community level or, in any other way, at national level — there is a need to look carefully into the use made of Community aid by this or that group, we shall always be in agreement whenever it is a question of checking on the scrupulousness with which public funds and, in this case, Community funds are applied. And when it is said that we need to give teeth to the Community's present and future inspection capability, here too we are in agreement. Whether we need 28 or 280 inspectors, this is certainly not the kind of expenditure that will ruin the economic Community.

Cifarelli

In my opinion, the heart of the problem is this: the measures that have been adopted with regard to this crisis — which is part of the crisis in basic raw materials and in particular the oil crisis — came too late but above all they have not been complied with. In our view voluntarism may be a fine thing but we consider that observance of the Treaties, when circumstances permit, is utterly fair and, if any measure is not complied with, then compliance has to be enforced in appropriate ways. The Commission should bear in mind that we shall always be in full agreement with any action it takes aimed at full implementation of the Treaties. We should not give way to protectionism — with your permission I shall use an old Italian word: we should not give way to 'autarky' — but we should have no illusions, the crisis must be studied in all its varied aspects. There is the dumping problem and I repeat in this House what I said to the representatives of the Brussels Commission on other occasions during the meetings of the Committee, on Economic and Monetary Affairs: this is not just a matter of traditional dumping — that of tax concessions, or monetary manoeuvring — the most dangerous Community like ours regimes of exploitation or industrial improvisation based on low costs should not be allowed to compete with Community firms. As we well know, it is often the same firms who set themselves up in these countries where labour is cheaper.

The problem is serious and should be studied carefully. We agree with the tripartite conference. We believe, Commissioner Davignon, that this subject should be one of the basic themes in the tripartite conference. We may indeed bow to scientific research and say that we were wrong not to assist technological progress but we must also recognize that, at world level, many industrial complexes will certainly move from the Community to other countries. I have to admit that, when he was the Commissioner responsible for this sector, my old federalist friend Mr Spinelli put before this Parliament the problems bound up with the transfers that were inevitable in certain sectors. We are talking about the steel crisis. I am one of those who believe that steel merits special consideration precisely because it is connected with our defence potential and with the basic potential for an industrial complex. But will the present steel crisis not become worse the day that a little wisdom, perhaps, makes some headway and we begin to limit arms? How much of this steel is used for guns and tanks sold in large part to all the countries of the Third World to whom we are not bringing civilisation but 'mirages' transformed, that is, into war material — of course I am not referring to France alone, it was just that the French word best fitted the case.

Another comment I would like to make is that we consider that, if it is necessary to combat the emer-

gence of new cartels from the industrial standpoint we should also be careful to avoid a monopoly from the imports standpoint with all the manipulation it brings with it whether of news or of prices. Reference has been made to the steel transiting through Austria and Switzerland. This topic could take us even farther and I do not have the time to say more about it but, Mr President, the Commission must bear in mind that just as the scourge of protectionism and autarky exists and must be combatted there is also the scourge of commercial monopolization that can have a substantial influence on this crisis from which we need to extricate ourselves by industrial restructuring measures. The interventions need to be carefully weighed and their application closely monitored.

With your permission I would like to stress at this juncture two points that very closely concern my country, the Italian language area of the Community. In other countries, steel has a long history but in Italy the steel problem is different. The coastal steel industry came into being thanks to Italian engineering and Italian organizational ability and manpower but the ore comes from one direction and coal from another and they arrive by sea. All of which means that — with the exception of the Cogne steelworks and a few small firms like those of the Val Trompia, for example, which produce not only steel rod but also pistols and rifles — the big Italian firms are near the sea; steel is produced on the coast and that creates serious problems. Mr Ripamonti has referred to the Bagnoli plant where there is a problem of conversion — possibly to speciality steels. But it is clear, and this is an Italian saying so, that we cannot persist in the folly of the Gioia Tauro steelworks — a demagogic folly and a horrible example of a way to govern a country. Commissioner Davignon has asked the Italian government and the Ministry for Industry to reconsider the steelworks from this viewpoint and has assured them that the Community is ready to provide aid in creating jobs roughly equivalent to those that had been planned and would be lost if the steelworks were not completed. I, who have always been against this foolish plan, would like, among other things, to point out to Mr Ansart — who believes that nationalization, that is state intervention, leads to rationalization — that the Gioia Tauro problem was caused by state intervention because no private person would ever have dreamed of embarking on such a crazy venture.

I wish to make these two comments, that is to point out that Italian steel production is different from that in other countries and cannot be treated in the same way as them is as much as it does not need a policy changing coal and steel areas over to other activities, but it does need to obtain the appropriate assistance to go ahead with its own restructuring policy which is bound up with various steps to gear it to the world markets.

Cifarelli

I shall therefore conclude, Mr President, by saying that we are in the presence of an attempt by the Commission to cope with the current crisis through short-term measures as provided by the ECSC Treaty. Other industries are going through a crisis as well but saying so should not be a reason for forgetting the sector we are concerned with, neither is it sufficient to lump them all together in an attempt to solve the whole problem. We consider that these measures deserve to be regarded favourably. We consider that some of them have a special significance in as much as they are temporary and therefore subject to review and reconsideration. But we feel that, in the overall view, the Commission must be asked to keep faith with the Treaty. If circumstances should unfortunately make it necessary to implement the democratic courage and the political foresight to agree that the Commission is in the right and to support it in its efforts.

President. — I call Mr Osbron.

Mr Osborn. — Mr President, I have not had the advantage of the discussions in the Committee on Economic and Monetary Affairs on Mr Cousté's report, nor have I had the advantage of close knowledge of the industrial meetings on the steel industry, probably taken separately from Commissioner Davignon, but I would like to make a personal observation one whose constituency is a steel constituency, who has worked in the steel industry, which I first entered 50 years ago, and has faced rationalization of major proportions in the last 10 to 15 years.

First of all, it is right that we should have this debate: I have read with interest the Commission's proposals and Mr Cousté's report and I congratulate him on that and his speech. The hard fact is that 60 % of European capacity, give or take a little, is unused today. I listened particularly to Mr Ansart's speech and others on the urgent need to preserve employment, but I think I must warn the Commissioner, our member government and Members in our national parliaments and here that the need to maintain employment must not have as a corollary low productivity in the steel industry or any other industry. The need to preserve employment must not be for keeping an out-of-date dinosaur of a steel industry in being, as it will be uncompetitive with its competitors elsewhere in the world. British productivity as a whole, over the last year, has dropped by one or two per cent. The steel industry has been no exception. Mr Ansart referred in his speech to the solution of nationalization in France. May I tell him the threat of nationalization delayed reorganization of the British steel industry by 30 or 40 years and was a cause of anguish to the recent chairman, Mr Finnieston. Whereas 10 years ago the target was 35 to 40 million tonnes of steel produced in a nationalized industry, we are lucky if we can get 22 or 23 million tonnes out of it at the present time. What are the ingredients for the statistics on productivity that we must use for comparison? Quite obvi-

ously absolute comparisons are impossible because the steel works producing larger billets, thicker bars or plate with less finishing is going to have better overall productivity figures than the steel works with much finish-rolling and final rolling to smaller sizes. Of course, capital investment and new capital investment is vital. When I visited the Nippon steel works I saw three modern blast furnaces producing 10 million tonnes of steel a year; ten or twelve furnaces would have been normal a decade previously. Automation with adequate safety — this is vital — and research and development have brought this about. One factor is the raw material: in the UK we set our steel works up with 28 or 30 % iron content in the ore. Now by modern flotation methods — and I have seen some in South America — it is possible to concentrate the iron ore to 90 % iron or more, and this gives an advantage in productivity and every other field.

But we must ask some questions. To what extent is the recession in the steel industry cyclical? This has been asked already. To what extent is it permanent, perhaps due to the use of aluminium, plastics, impregnated timber? I even saw a reinforced concrete structure for oil refining being made at Ardyne Point and another has gone out from Norway to the North Sea, showing that concrete is a rival to steel. I would add one rider here. The British steel industry originated in the Forest of Dean, and I did a survey of what happened 125 years ago. The know-how and engineering developed there moved to Birmingham and the Midlands, and brought the steel industry to Sheffield, where there was coal, iron ore, limestone, fluorspar and water. But those ingredients are now mainly to be found outside the Community, outside Europe, although by the use of steelworks at ports, we can import those ingredients. This has posed a problem for British and other steel industries: the unwillingness to close down factories sited in the wrong places. We have had debates in the UK about Irlam, Shotton and Consett; only the last few days I have been discussing the solutions and whether they are the right ones. But as regards productivity — and my colleague, Mr Normanton referred to this — when I visited the Nippon steelworks, I found that because they use a large number of contractors the output then was 1 800 tonnes per man per year. The average in Europe and the UK is below 100. Our best plants in Taranto, the Anchor project at Scunthorpe and Dunkirk might claim 400 to 500 tonnes per man per year.

To return to the report we have before us, Mr Normanton condemned price fixing, and I think he mentioned Mr Suck's report referring to the formation of cartels in the steel sector and urging the Commission to prevent industrial groupings. But the competition directorate has not endorsed Mr Simonet's or Mr Davignon's views and they have already been active. I would ask the Commissioner whether, in fact, the

Osborn

implications for competition have prevented steel-makers coming together. I raise this for one reason. In my early days in the steel industry the management had not forgotten the agonies of the 1920's and the 1930's. It was deliberate policy in Britain in the 1930's to set up trade associations and price-fixing, and when Britain passed its Restrictive Trade Practices Act on competition policy that was all right in the seller's market, but in a buyer's market it was disastrous, because manufacturers were forced to sell below cost of production in the 1930's. Trade associations did have their value and I saw it in Britain in the 1940's and 1950's. They had their value in retaining employment and preventing manufacturers selling at hazar-dously low prices. Let us not forget that the Iron and Steel Board was operative throughout the 1940's, 1950's and early 1960's setting steel prices, rightly or wrongly, in Britain.

Mr Müller-Hermann referred to protectionism and I would say that the UK has obviously wanted free trade and so has the Community. That is the purpose of the Economic Community. Cheap imports have flooded into the UK and Mr Ripamonti referred to the mob anger in his part of the world. I did a talk-in radio programme in my vicinity and the cynicism towards the UK Government, towards all MP's, irrespective of party, about the Commission or the Council of Ministers stopping these imports or threatening employment in that area, had to be heard to be believed.

But, Mr President, we have to face reality in the European steel industry. I have visited steel works in Venezuela, Australia, South Africa and India. Firstly, the raw materials are mainly outside the Community and are of better quality. Secondly, in many of these countries the cost of labour is much lower and therefore, although I shall be speaking on dumping, many of the cheap imports are genuinely competitive. I pointed this out in this Chamber when the ACP-EEC Consultative Assembly discussed the Lomé Convention early last month. We must accept as politicians that the demand for protectionism is growing, but I prefer this to be looked at as a Community issue and not by each member country on an individual basis.

This debate about steel, though, has tended to be about bulk steel. But my city is a special steels city and special steels, accounting for about 10 % of the tonnage but 35-40 % of the value, have an importance of their own. In Sheffield, merchants have imported cheap Japanese, Swedish and Austrian steel. I welcome the fact that there was a peace-pact announced in the local press. Austria has agreed to limit sales of high-speed steel and tool steel to the UK in a secret deal between the steel industries. This, in fact, has been a major concern in my own area.

To conclude, Mr President, I welcome the fact that we have had the Simonet and now the Davignon plan. I acknowledge, particularly on reinforced bar, the need

for minimum prices and the reference to orientation and reference prices, and would like to know more. I accept the need for restructuring and perhaps the delay in the UK was due to political interference.

Now to the future. There is a need for this debate, which has been impassioned today, to be more logical. I lived with the interface between management and shop floor, or employees and workers, that has been referred to, the management trade-union interface, and this year the Duke of Edinburgh is having a study conference at which young managers and young trade unionists come together. There have been colloquies in the Council of Western European Union. Would the Commissioner and the President not agree that this debate should be continued in the presence of ECOSOC, the trade union heads, the management heads of the industry and parliamentarians here, to work out a way ahead for the European steel industry, recognizing that there are real pitfalls ahead of anyone who has to work out their destiny.

(Applause)

President. — I call Mr Leonardi.

Mr Leonardi. — *(I)* As Italian representatives of the Communist and Allied Group we are not at all opposed to Community intervention in the iron and steel sector. On the contrary, we have, in the past, criticised the lack of such intervention in the long-term context and we believe that it is precisely this lack that is one of the basic reasons for the present crisis.

In the present situation we are concerned about the links between the short-term measures and the structural changes to be made in the interest of the Community as a whole and of its workers in particular, for we hope that the industry that comes out of the present crisis will be profoundly different from the industry that entered it.

We believe that this great task, this change, can be effected by the individual countries but we consider it is necessary to do it together on a Community basis.

We doubt whether the Commission, with its present short-term measures, can adequately respond to these needs. Probably the Commission will be able to cope with these major tasks when it is possible for it to have a constant dialogue with a different Parliament from the present one, which is precisely one of the objectives we are fighting for.

President. — I call Mr Hoffmann.

Mr Hoffmann. — *(D)* Mr President, ladies and gentlemen, in the very short time at my disposal there are few points I can discuss and I would like to comment on one of the speeches in which it was said that the situation of the steel industry should not be over-dramatized. Whoever says that sort of thing is probably very badly informed about the real situation

Hoffmann

in the steel sector because, at least for the steel workers themselves and for the unemployed affected by this situation, it is critical.

Secondly, our discussion has thrown up another aspect which I regard as critical: it is that, quite clearly, certain dimensions and causes of the crisis have really not been realized. I would like to demonstrate that the two alternatives — liberalistic and protectionist — that we have been discussing are, in principle, structurally the same.

The liberalistic alternative is based on the principle that the market will, sometime or other, be strong enough to establish itself again. This is what total liberalism, beginning with Manchester liberalism, teaches us. If, then, the situation arises that the markets cease to be strong enough then recourse is had to protectionism; this is the whole secret of this kind of government.

If we now look into the 'liberalistic' alternative it means being under the illusion that the cartel system can definitely be overcome after a certain transitional period. Anyone who says this kind of thing is dreaming, because the concentration processes are so far advanced and capital inter-involvement is so great that, whatever happens, this will prove to be an illusion.

The second, protectionist, alternative has the grave drawback that, in the present situation, we cannot forecast its effects on foreign trade, and the question of feasibility has already been discussed by Mr Haase.

The fact is however, ladies and gentlemen, that in both cases — whether protectionism or liberalism — it is the powerful that come out on top in the market with the workers having to bear the whole brunt of it and the taxpayers financing it. Those are the facts — and with them go the following economic absurdities:

First: of the savings that firms make through layoffs, 80 % of the cost is met by the State, that is taxpayers and workers. That means a 100 % saving on the one side and an 80 % loss on the other.

Second: capital is also lost through the concentration process.

Third: there is a considerable loss of public money in the steel sector in terms of the resources that have been used for the infrastructure in the steel sector, tax concessions, investment aids and other subsidies.

This policy principle is therefore (a) undemocratic, (b) harmful to employment policy and (c) economically illogical. What conclusions should we draw?

I cannot suggest any ways in which they might be applied at European level in this forum and with the powers of decision we have but they can be summarized as follows:

First: I would ask the Commissioner whether he is in a position to define these long-term problems and state the measures to be taken; I and the other

members of the Group are, of course, ready to support him as he has foreseen.

Second: public money that is given out must be released only on binding conditions.

Third: the powers in command of steel firms must be democratically supervised so that an end is finally put to the splitting of loss and profit in the same firm whereby, in practice, it is we who have to pay in the end.

Fourth: the capital side must pay compensation for jobs that are suppressed.

Fifth: we must introduce shorter working hours.

Sixth: social security for workers must be extended and,

Seventh: the whole conclusion from what I have said is this: the entire economic policy will be irrational and undemocratic as long as political economy and above all social policy criteria are not put before industrial economy yardsticks.

(Applause)

President. — I call Mr Ellis.

Mr Ellis. — Mr President, I believe I've got about 5 minutes, and while that's not long enough for me meaningfully to develop an argument, at the same time I suppose if I can't say anything good, neither can I say very much that bad in that time. What I would like to do briefly is to take up this issue of protectionism and liberal free trade, which has plagued some of us, and try to introduce a measure of realism into it. Mr Müller-Hermann, for example, spoke about a storm of protection that we were entering, and that the Community must therefore remain committed for free trade. Well, that's all right, although it is, I think, rather simplistic and gliding over a lot of things that we need to face realistically. I thought that Mr Prescott was more balanced, although I must say very briefly in passing that I am sorry my group has seen fit to propose the amendments it is doing—that is, to take note of certain things rather than to approve of them—because on what I think is a very profound issue, these are the first steps of a very big, potentially major policy. As the Bible says, if you are not with me, you are against me, and I think it is incumbent upon us to say that there is no middle road between good and bad. However, that's by the way.

On the question of protection and free trade, Mr Normanton had a phrase which I thought was rather interesting. He spoke about our returning to a period when trading conditions were, so to speak normal. But the trouble, Mr Normanton, is that the level of the conditions of normality is in the process of being altered. This is the profound fact: this is where the drama is really going to come from, not just with steel, but right across many of the industries that we in the developed world have based ourselves upon.

Ellis

When Mr Durieux says that the Economic Community has the most open market in the world, I could criticize him merely by referring to the CAP, which is blatantly protectionist within the ground rules of the developed world. But I could also criticize him at a much deeper level and cite the example that I gave at our last part-session, when I followed Mr Normanton. I pointed out then that in 1640 the British Government introduced certain laws—the Navigation Acts—such that goods being carried into Britain could be carried only in British ships—blatant protectionism, mercantilism of the worst kind. Two hundred years later the British Government adopted what it called a policy of free trade, but then the British Government had the largest merchant navy in the world. It was still blatant mercantilism, and it is in this context that we are finding we are having to do very serious things.

I conclude, although I would have liked to have developed this and talked about the realism of the Council of Ministers and all the rest of it, by pointing out that the new condition of normality can be in a sense measured by our inability to practice a covert mercantilism, thereby having to resort to an overt mercantilism. This essentially is at the root of the policy brought out by the Commission and the key to it is getting precisely the right balance.

President. — I call Mr Prescott for a procedural motion.

Mr Prescott. — Mr President, I note that the time now is five past one, and that a time-limit was set for this debate at the beginning, but I think there are factors—which I don't want to spell out—that the enlarged Bureau may not have seen in this debate, which have taken us over and above the time agreed. The Commissioner is now asked to reply, and in view of the many fundamental points that have been raised on the floor think he will require more than 10 or 15 minutes. I would have thought that he would need at least 20 minutes. Under those circumstances I would like to suggest that you consider that he reply just before the amendments are taken. There will be no debate about the amendments, because we have already decided that, and it will be a straight vote. It would be much better to have Mr Davignon's statement just before the amendments.

President. — Ladies and gentlemen, the plan was that the vote on Mr Cousté's report would take place at 4.30 p.m. My idea was that we should conclude the debate with the statement by Mr Davignon at this point and then at 4.30. only Mr Cousté, the rapporteur and the movers of amendments would speak so that things would run smoothly. I suggest to the House that we now hear Mr Davignon and then the debate will be complete.

I call Mr Davignon.

Mr Davignon, Member of the Commission. — (F) Mr President, I will of course fall in with whatever you decide but it seems to me that the discussion we are engaged in, which goes into very great depth, requires that the Commission — in view of all the points that have been made this morning — be allowed to speak at some length on this question.

I intentionally did not speak after the rapporteur — because the report was excellently presented — to state what the Commission's plans were, but now, Mr President, I must make clear what the Commission's policy is, reply to a number of questions and, if I understand correctly, give my view on a number of amendments.

I am in your hands, Mr President, but in view of the Commission's responsibility, and mine within the Commission, it would be out of the question for me not to say very clearly what I think about all this.

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

The House will rise.

(The sitting was suspended at 1.10 p.m. and resumed at 3.05 p.m.)

IN THE CHAIR: MR COLOMBO

President

5. Question Time

President. — The next item is Question Time (Doc. 197/77) with questions to the Council and Commission of the European Communities and to the foreign ministers meeting in political cooperation, pursuant to Rule 47 A of the Rules of Procedure.

I would ask Members to put their questions in strict conformity with these rules.

We shall begin with the questions addressed to the Commission. The Commissioner responsible is requested to answer these questions and any supplementary questions.

Question No 1 by Mr Nyborg:

Can the Commission state definitely whether work has begun on the promised assessment of research into new fishing techniques intended to promote more effective exploitation of our fishery resources?

I call Mr Howell for a procedural motion.

Mr Howell. — How is it, Mr President, that we can discuss a question on the technicalities of fishing when there is to be a later debate on this subject, and yet my question on green currencies has been disallowed because of a debate on the technicalities of the MCAs on Friday? There seems to be a great degree of

Howell

inconsistency in this matter and I would ask you if you could reconsider whether my question can be put in this Question time.

President. — I call Mr Scott-Hopkins.

Mr Scott-Hopkins. — It does seem to me that there is a certain inconsistency here and discrimination against my honourable friend. In point of fact his question could be termed technical as well, but it has been disallowed because of a debate coming on at a later stage. It would seem to me that if you are going to allow Mr Nyborg's question, my honourable friend Mr Howell's question should also be allowed. I would ask you to consider whether or not it could be reinstated as an oral question rather than receive a written answer.

President. — Mr Howell, would you allow this technical question to be answered and I will personally make sure that your question is dealt with.

Mr Howell. — Mr President, I would be very happy to help you in your task if you made it quite clear that my question will be called as the last question after all the others which have been printed have been called. If I can have that assurance, I shall be very happy.

President. — Is the Commission prepared to answer the question put by Mr Howell?

Mr Gundelach, Vice-President of the Commission. — Mr President, even if I haven't prepared myself, I am always ready and I shall agree to answer.

President. — I call Sir Derek Walker-Smith.

Sir Derek Walker-Smith. — Mr President, the question raised by my honourable friend Mr Howell does raise the wider question of the relationship between questions and oral questions with debate under Rule 47 (1). This was the matter on which I invited your comments some months ago and on which you were good enough to give a statement yesterday. Unfortunately I was not able to be present and had not been notified that you were going to give your statement yesterday, so I hope you will acquit me of any discourtesy in not being present to hear it. In that statement, Mr President, you say:

The enlarged Bureau agreed with me that oral questions with debate, once they have been placed on the agenda by Parliament, take precedence over questions on the same subject tabled for Question Time

As this is a matter of interpretation of the Rules, should it not properly be referred to the Committee on the Rules of Procedure with a subsequent opportunity for the Parliament as a whole to consider it?

President. — You will have heard or read what I said in yesterday's sitting. I should be grateful if you would consider what I said and if you have procedural objec-

tions to submit I have nothing against these being considered by the Committee on the Rules of Procedure and Petitions.

We have therefore settled the specific problem raised by Mr Howell and it only remains for me to call Mr Gundelach to reply to the question by Mr Nyborg.

Mr Gundelach, Vice-President of the Commission. — (DK) Mr President, research has begun into new fishing techniques and new types of catches to replace those that are disappearing as a result of fish conservation or lost fishing opportunities in third country waters. Most of the work will have to be done by the authorities responsible in the Member States because the Commission does not itself have the resources, but it has undertaken to encourage and coordinate this work and has already started to do so.

We will not be able to play a major role until the Council, when discussing the internal fisheries policy, adopts our proposal for a fisheries structures policy containing proposals on Community financing of research into new fishing methods and species of fish to replace those that can no longer be caught.

The work will thus be further speeded up when funds are made available under a fisheries structures policy. It is therefore to be welcomed that the Council is now seriously considering the internal fisheries policy.

Mr Nyborg. — (DK) Mr President, I would like to take this opportunity to thank Mr Gundelach for his answer. I understand that interest is now being taken in species that live in deeper waters than those previously fished, as I mentioned in a previous question, and that an attempt is now being made to open up prospects for existing fishing fleets. I would like the Commission to confirm this.

Mr Gundelach. — (DK) Mr Nyborg is correct. Careful consideration is being given to the possibility of deep sea fishing in zones where there is overfishing of shallow water fish.

Mr Dalyell. — Is progress being made in relation to blue whiting?

Mr Gundelach. — Yes, quite considerable progress is being made in regard to the use of blue whiting.

Mr Corrie. — Will the Commission encourage Member States to go over to fishing for new species of fish for industrial use, and use those rather than edible fish such as herring for industrial use?

Mr Gundelach. — (DK) Yes, that was implicit in my answer. One of the aims is quite clearly to reduce the catches of fish that are suitable for human consumption but are now being used for industrial purposes, and to encourage industrial fishing of other species of fish such as the blue whiting just mentioned.

President. — Question No 2 by Mr Brown :

Having regard to the high fire risk of flexible polyurethane foam when used for bedding and furnishings, and the dangers to life in the event of a fire in the home, will the Commission open discussions with the appropriate department of State in the United Kingdom about the recent development by that department of a safer flexible polyurethane foam designed to reduce the high burning rate and intense heat and thereby eliminating dense toxic smoke associated with the present generation of polyurethane foam, with the objective of producing a draft directive establishing a common standard throughout the Community for the manufacture of a safer polyurethane foam?

Mr Davignon, member of the Commission. — (F) The Commission has noted with great interest the information given by the honorable Member concerning the development of a safer type of polyurethane foam, and we will certainly be making contact with the British Government on this matter.

But, and this applies to all the Commission's work, it must be realized what the objectives are. The objective is to draw up directives which make it possible to verify that the performance or characteristics of a product do in fact correspond to claims made in respect of that product. In other words, in this particular case, we want to know if the foam reduces the fire risk, the aim then being to take safety measures as regards fire risks. That is what we base the directive on. Then, the product must conform to the general directives concerning safety. This is the way things proceed, not the other way round.

Mr Brown. — May I say to the Commissioner that the importance of the Commission's taking steps in this field lies in the very grave danger to all of our Member States that since we have now got trading between one state and another, one is not aware of the sort of polyurethane foam which is going from one state to another? Therefore, whilst in one Member State there may well be some controls over the type of polyurethane foam manufactured, if other states do not apply the same standard, then clearly persons using such foam will be misled. When an ordinary easy chair in a sitting-room catches fire, within 30 seconds the temperature in that room is 650° Centigrade and after about 3 minutes it is 1 000° centigrade; consequently, the lives of all those who are caught in that room are hopeless. Therefore it is of great urgency, in my view, that the Commission should now examine the situation and see whether they themselves cannot encourage more work on this field in order that they can produce a directive to make life safe for all persons in the Member States.

President. — Since Mr Liogier is not here, Question No 3 will be answered in writing.¹

Question No 4 by Sir Geoffrey de Freitas, for whom Lady Fisher of Rednal will deputize :

Whether, to save oil and lessen pollution, the Commission will encourage the development of an electrically driven small car suitable for use by the physically disabled.

Mr Davignon, member of the Commission. — (F) The point is that the industry which goes in for this type of vehicle is quite specialized. It is not an ordinary branch of industry. But it is clear that the problem is of considerable interest to the citizens of the Community, and we have set up a working party composed of government and industrial experts to see how, by saving energy, steps can be taken in this direction. Discussions with the European Road Vehicle Association have begun, and I believe that the work that will be done will make it possible to encourage the development of this type of vehicle, the Commission being determined to anticipate as best it can.

Lady Fisher of Rednal. — While I thank the Commissioner for what was, I must say, a heartening reply, would he make sure that he keeps the public informed of developments, because these developments are of paramount importance to the thousands of disabled in the Community and if we are to give a human face to this Community, it is on developments of this character that we shall be judged.

Mr Davignon. — (F) We will gladly keep Parliament informed of the progress we make in this field. The question that remains is a technical one. As we are agreed on the objectives, we will try to indicate what measures we are taking to achieve them, so that those directly affected, the handicapped, are aware of the arrangements and technical methods available to them.

Mr Osborn. — Mr President, there are two aspects to this question. First: assistance to the physically disabled — and there has been some pressure in Britain on this due to the failures or limitations of what we call the invalid car or the trike. I very much hope there will be social security funds to assist the disabled on a Community basis to enjoy mobility from using their own vehicles.

Secondly, there is a need to support an alternative to liquid fossil fuels, or petrol, as we call it, and to promote that alternative for the use of the disabled in our urban and city areas would be of value. I very much hope therefore that the Commission will coordinate the activities of governments in the Communities and devise a policy (a) to promote the vehicle and (b) to assist the disabled.

Mr Davignon. — (F) The first thing to do, as I said just now, is to make sure, at manufacturer level, that it is possible to produce a vehicle that runs on electricity and is safe for the physically handicapped. We shall be reporting on this, and we shall be encouraging governments to use this within the framework of their social security legislation. It would be unreasonable to

¹ See Annex.

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attempt more. That is why I wanted to state very clearly what we have been doing, without wishing to imply that we can undertake to define a global policy in this field. We do not at present have the means for that.

Mr Normanton. — May I remind the Commissioner that this is the fifth time my item has been raised on the agenda in the House, that it must be the fifth or sixth time, at least, that it has been raised in writing, and may I ask him whether he has taken any action on the written request from Members on all sides of this House for some topping-up operation to help those who are developing and designing a suitable prototype for use on a Community basis, instead of having nine different vehicles for nine different Member States?

Mr Davignon. — I just want to make quite clear that I did mention that in March I received personally the association manufacturers, so as to develop something of a practical nature. If the technical vehicle was so easy to develop, then it is quite clear that it would have been done already without the help of the Commission. We are trying to coordinate, so that we can state exactly what is happening. We are not engineers, and we can't go any faster than the engineers themselves.

President. — Question No 5 by Sir Derek Walker-Smith :

To ask what criteria are applied by the Commission in assessing whether draft Directives for the approximation of laws satisfy the requirements of Article 100 of the EEC Treaty; and whether the Commission will make a statement to clarify the position?

Mr Jenkins, President of the Commission. — Article 100 of the EEC Treaty provides for the approximation of national provisions which 'directly affect the establishment or functioning of the common market'. The Commission's policy is laid down in accordance with that requirement and in the light of changing social and economic conditions. The Commission has to balance two sometimes conflicting considerations. On the one hand, it seeks to reduce differences between national laws which in practice can affect the function of the Common Market as adversely as discriminatory practices which are specifically prohibited by the Treaty. On the other hand, it seeks to ensure that the aims of these national laws are themselves respected, particularly where they affect the needs of individuals, for example in relation to the protection of the environment or consumer affairs.

Sir Derek Walker-Smith — I wonder if the President would agree that under the Treaties harmonizing directives in law are restricted to those which are required for the functioning of the common market — not what is thought by the Commission to be desirable, but what is required. Will he see that this test is strictly adhered to, with a view to avoiding the sort of directive which gives the maximum offence to the

citizens of Member States with the minimum benefit to the common market? Will he seek to avoid what the *Guardian* newspaper recently called 'the more obvious lunacies proposed in the name of harmonization'? Finally, will he confirm that the policy of the Commission remains as stated by Commissioner Gundelach to this House on 12 February 1974:

there is no intention of carrying out harmonization for harmonization's sake, and total harmonization will only be proposed in the future where it is strictly necessary, or where no other possibilities are applicable?

Mr Jenkins. — I would like to assure the honourable Member that I am anxious not only to avoid the more obvious lunacies, but all lunacies, whether they be obvious or not, and certainly the policy of the Commission is in accordance with that which was proclaimed by Mr Gundelach, which I stand by entirely. One wants to have a free market, in which goods can be sold freely throughout the Community, but one does not want harmonization for harmonization's sake.

Mr Patijn. — (NL) Can the President of the Commission tell me whether the Commission regards the restriction imposed by Article 100, in that it refers only to the common market, as an obstacle to the work it must do in the field of harmonization, or whether it does not see this as a problem of any kind? I would also ask the Commission if it does not intend to do something about the caricature that is frequently drawn of the Communities' efforts to achieve harmonization. It is often said that harmonization occurs for harmonization's sake, and that is nonsense because it is frequently impossible to judge what effect the very technical measures that are taken have on what is happening in the European Community.

Mr Jenkins. — No, the Commission does not feel itself restricted by Article 100; I think it gives us the facility we need to do what we think is necessary. I think it is very important to keep a balance in this rather difficult field. It is not only a question of Community legislation; a lot of national legislation in its details can often be presented as occasionally somewhat ludicrous. There is no peculiarity to Community legislation so far as this is concerned. There is a real issue here. First, unless common standards are applied where they are necessary, it is a real obstacle to the movement of goods throughout the Community. There are many examples of this sort, in which goods could be sold if they only made a slight adjustment to conform with perfectly reasonable standards, and it is very much the duty of the Commission, in promoting a fully working Common Market, to see that that is done. Secondly I think it is desirable to protect the consumer, and I think, as I have said from the beginning, that the Commission and the Community has an important part to play here, by seeing that, broadly speaking, things are called what they are, and not what they are not.

Mrs Dunwoody. — Can we then take it from the President's remarks that we shall now see an instant end to the absurdities like the exclusive use recommendation and some of the suggestions in the food field, which really, not only make the Commission a complete laughing-stock, but actually produce precisely the sort of counter-productive view of the Commission that the President has himself been condemning.

Mr Jenkins. — I am certainly against any extremely detailed excesses. I am sure that the honourable lady is in favour of consumer protection, of things being called what they are, and against false labelling. There is another issue here, as well as the question of harmonization. I am not in favour of getting into enormously elaborate details where this is not necessary, but I am basically in favour of proper labelling of goods, so that the label has a meaning and not the reverse of the meaning.

President. — Question No 6 by Mrs Ewing :

In view of the disastrous situation facing the British pig-producing industry, particularly in Scotland, owing to a dramatic increase in the cost of feed of over 35 % last year, and the very serious competition suffered from several countries through the operation of Monetary Compensatory Amounts, what measures does the Commission intend to take to alleviate the situation ?

Mr Gundelach, Vice-President of the Commission. — (DK) Mr President, pig production in all the Member States of the Community has been in difficulties in the past eight to ten months. To use a trade term, we are at the bottom of the so-called pig cycle. The existing difficulties are common to all producer countries, with a few individual differences depending on the quality or special nature of the product.

The difficulties that have existed and that still exist, although to a limited extent, in the United Kingdom, including Scotland, are part of a larger problem. Thorough investigation has shown that the difficulties in the United Kingdom and Scotland have not been aggravated as a result of increased exports due to monetary compensatory amounts. Instead, exports have dropped almost as much as consumption and the ratio of British imports to total consumption has therefore increased only slightly. Given this situation the measures taken by the Commission have been aimed at the problem as a whole and an attempt has been made to find a balance between not limiting the number of sows, which would create a shortage next year, and not preventing a certain downward adjustment in the sow population, which is the only way of restoring a balance on the market.

We introduced a series of measures — I shall not mention them all — beginning in January and continuing in February. In April, aid was given for private stocks of pigmeat and export refunds were increased

along with other similar measures, and the result was that prices — including producer prices — reached their lowest point in March. There was a slight increase in April and again in June with some uncertainty around the time we introduced new proposals and had them implemented, but the increase continued and, in the last week of June culminated in a relatively high increase that brought us up to a higher figure than during the last ten months.

The measures that brought about the last important improvement were increased export refunds and when the situation in the UK proved to be worse than in other Community countries, i.e., the number of sows in farrow started to drop sharply, threatening to reduce production next year, the Commission proposed and put into operation the compensatory amounts provided for in the Act of Accession. British prices have so far not been adjusted to Community prices and exporters to the UK market therefore receive aid similar to monetary compensatory amounts. We have now adjusted British prices to Community prices and done away with that aid which was mainly paid to Danish and Irish producers and, as I have just said, that immediately resulted in a certain adjustment of prices which we expect will continue and gather speed in the autumn.

Mrs Ewing. — While noting that Mr Gundelach does appear to understand how serious the matter of depreciation of stocks is in Scotland, particularly as it affects the small-scale pig producer who cannot change to any other type of farming because of the special nature of his buildings, could I ask the Commissioner, bearing in mind that public intervention is virtually never used in the pigmeat market, if the Commission could not accept the UK argument that MCAs should not cover the difference in intervention prices? I understand this argument has been put forward very strongly to the Commission recently.

Lastly, would the Commission perhaps look at the unfairness involved in the extensive government campaigning done for Danish bacon? Is the advertising cost involved here not a breach of the Treaty?

Mr Gundelach. — (DK) To answer the last question first, unless the advertising campaigns are misleading, or in conflict with fair trading practices, they are scarcely in conflict with the Treaty. As I said to begin with, a thorough investigation has shown that in the present situation monetary compensatory amounts have not increased exports from Denmark or Ireland to any appreciable extent. Quite the contrary. The share of the market is slightly higher but there has been a drop in absolute figures. We could not therefore accept the argument that the present situation in Scotland or the UK is the result of the monetary compensatory mechanism. We have however tried to do away with accession compensatory amounts.

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Moreover, since there is always a risk of distortions of trade with such a large apparatus as the monetary compensatory mechanism, more than a month ago we submitted a proposal to the Council for a procedure under which the Commission and Management Committee could lay down amounts for monetary compensatory aid or taxes for certain products in which we made special mention of pigmeat. The proposal is currently before the Council and will be discussed on 18 July.

Although we have been unable to establish that there are distortions of trade, the risk still exists, and we have therefore proposed to the Council that we should be in a position to intervene if there is any suggestion or likelihood that the situation is being aggravated by the monetary compensatory mechanism.

Mr Spicer. — Can the Commissioner confirm that he was only too well aware of the severity of the crisis in the pig industry in the United Kingdom earlier this year and that, if the Government of the United Kingdom had not taken unilateral action at that time, some help would have been forthcoming from the Commission which might have alleviated, to a much greater extent, the position of the pig producer in the United Kingdom?

Mr Gundelach. — *(DK)* Without getting involved in a debate with a government that is not represented here, I would stress that I said to start with that we began to introduce measures in January and February and that in February we also considered taking certain measures with regard to the green pound. The opportunity was unfortunately not taken. The UK Government followed another course.

Mr Howell. — Does Mr Gundelach agree that the UK Government could do a great deal to help the British pig-producing industry if it were to adopt a more realistic realignment of the green pound — something of the nature of what the Irish Government has adopted — and that much of the difficulties being faced by the British pig-producer are entirely due to the stubbornness of the UK Government?

(Protests)

Mr Gundelach. — *(DK)* I understand the question to be whether devaluation of the green pound — which perhaps has other effects that can be discussed on another occasion — would ease the situation for the British pig producer. The answer is quite clearly yes.

Mr Scott-Hopkins. — Did I understand the Commissioner to say in his reply that his proposals before the Council mean that he has moved away from having the same system for monetary compensatory amounts for all the products in the agricultural field and is prepared to put forward separate solutions,

separate methods, such as the feed formula, for calculating them as far as pig imports into the United Kingdom and, indeed throughout the Community are concerned? If so, this is a welcome move; can he confirm that this is the way he is looking at this? Finally, would he accept what my honourable friends and everybody in the House knows — that you can't go on producing a product at a loss, and that somehow or another one has got to make it profitable to produce the product or, indeed, the breeding herds which produce that product will vanish to nothing?

Mr Gundelach. — *(DK)* I quite agree that you cannot go on producing at a loss. It would be gratifying if that view were more generally accepted in agricultural policy discussions. Fortunately, the measures we have taken have increased producer prices considerably in all the Community countries — especially in the UK. I therefore think that the worst of the crisis is just about over.

As regards the question of monetary compensatory amounts, I shall not enter into a long explanation because that would involve other problems. The Commission has proposed two sets of measures. The first is to try and limit compensatory taxes based on processing costs. The second is to try and reduce the basis for calculating compensatory amounts for a variety of products that are not the subject of direct intervention. If we have genuine intervention, it must be done through intervention prices. For other products such as pigmeat, where there is no genuine intervention — we have replaced it with aid for private stocks, but that is not real intervention — it might be possible to reduce the basis for calculating monetary compensatory amounts.

Those are the proposals currently before the Council.

Mrs Dunwoody. — Would the Commissioner confirm that what he is in fact saying is that it is the deliberate policy of the Commission to push up, by the realignment of monetary compensatory amounts, the cost to the British consumer, no matter what effect that has on sales, and, indeed, that he was only prepared to even consider a change to help the British pig industry at the cost of putting up every other single product to the British consumer? Because that is the meaning of his remarks, and he ought to have the courage to spell it out.

Mr Gundelach. — *(DK)* No, that is not what I meant. The Commission took steps to halt the fall in the number of sows in farrow in the UK. Otherwise, Mrs Dunwoody, you would have had to pay much more for pigmeat next year because there would have been a serious drop in production. The first sign of a serious drop in production is a serious drop in the number of sows in farrow. Since the number had fallen, longer term supplies at reasonable consumer prices were endangered. The means we used were

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neither artificial nor contrived. The aim was to adjust British pig prices to Community prices rather earlier than should have been the case under the Act of Accession. And I was talking only of pig prices. Half the prices had to be adjusted to the level they should have reached by 1 August at the latest and the other half to the level they should have reached this year. With this adjustment, which was necessary in any case, we avoid pigmeat prices increasing next year as a result of a drop in production because costs would not otherwise have been covered.

Mr van Aerssen. — (D) Since you, Mr Gundelach, have said that research results are available on this subject, I would ask you whether it can be concluded from the research results that the principle of the pig cycle still applies, or whether it should be assumed that it no longer applies in certain countries of the European Community as a result of changes in consumer habits? But if it does still apply, I would ask you what measures you are discussing with the UK Government so that there can be an adjustment from the outset to as normal an event as the pig cycle.

Mr Gundelach. — (DK) My answer was that we were on the way up from the bottom of a pig cycle. The next step we must consider, when fixing prices for next year for the relation between costs, grain prices and pig production, is how to avoid as sharp an upswing in pig production in the future as we have experienced in the last four to five years. We must put an end to these fluctuations. We are on the way out of the present cycle but we must avoid recurring wide fluctuations in pigmeat and beef production in the future.

President. — Question No 7 by Mr Spicer :

Are there any plans to update the regulation listing the national recipes for processed products in view of the fact that the original Regulation No 1060/69 has been amended by Regulation No 1231/70 which has never been printed in English?

Mr Davignon, member of the Commission. — (F) The Commission is at present preparing supplementary amendments to Regulation No 1060/69. It was thinking of drawing up all the amendments and at the same time publishing in Danish and English the amendments that have already been made to this regulation. If the new amendments are not ready for some time to come, I will give, as the honorable Member requests, the necessary instructions for the old text, which is very technical, to appear in English and Danish. It will then be available in all the languages of the Community.

Mr Spicer. — May I thank the Commissioner for that very satisfactory reply?

✓ **President.** — Question No 8 by Mr Patijn :

Following a recent visit of Mr Haferkamp to India, will the Commission state how it now views the future deve-

lopment of EEC — India relations, particularly as regards the strengthening of the Commercial Cooperation Agreement mentioned by Mr Haferkamp in his speech in New Delhi on 14 May 1977?

Mr Haferkamp, Vice-President of the Commission. — (D) In the Commission's view there are good prospects of strengthening the cooperation with India. Under the existing trade and cooperation agreements between the Community and India progress has already been made towards this end. The main thing is to create the conditions for cooperation between Indian and European firms in various sectors such as machine building, leather products, tobacco and feedingstuffs. The Commission is at present collaborating with Indian authorities in efforts to establish how this cooperation can be extended to other fields. We will be reporting to Parliament on the outcome of these investigations.

Mr Patijn. — (NL) I would first like to ask the Commissioner what period he is referring to, since there has been little development in relations between the Community and India in the last few years, and second whether the political situation in that part of the world, with particular reference to the events in Pakistan this morning and also the political difficulties surrounding the elections in India, has prompted the Commission to take a closer look at EEC-India relations.

Mr Haferkamp. — (D) With regard to the question about the period: we have not set any deadline. I consider it more important for us to make practical progress than to be subject to the pressure of deadlines. Secondly, we have recently intensified the discussions with the Indian Government and the consultations provided for in the agreements, particularly after the results of the elections in India, although the result of these elections is less important than the way in which it has been respected and the perfectly proper transition to a new government. I would recall in this context the debate we had several months ago in this House. It goes without saying that this democratic election, its respect and its democratic consequences have a considerable effect on the possibilities open to cooperation between the two parties.

Mr Cousté. — (F) Did Mr Haferkamp during his last visit to India hear suggestions, criticisms or remarks made by Indian leaders concerning the industrial policy of our Community and measures relating to trade and to a number of textile and other sectors?

Mr Haferkamp. — (D) The Indians with whom we hold discussions are too friendly to criticize us. They naturally regretted the fact that in a number of sectors that are of some importance for the Indian economy, particularly for industries that have not yet developed very far, for example, certain textiles and a number of

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other products, we have had to take very restrictive measures. It was not easy to explain what we had done in the sectors concerned. The Indians understand our situation and I believe that the most important thing is that we have the possibility to carry on a dialogue in which both sides can discuss their difficulties and do so in all frankness and with the aim of finding joint solutions. Both we and the Indian authorities now have this possibility.

President. — Question No 9 by Sir Brandon Rhys Williams :

What steps will the Commission now propose for the creation of a united community capital market with a view to bringing about a closer alignment of the interest rates charged for comparable loans in the Community's main financial centres ?

Mr Tugendhat, Member of the Commission. — The Commission shares the concern of the honourable Member. Obviously, however, the key to establishing a single capital market in the Community and a closer alignment of interest-rates is a reduction in the severity of, and in the divergences between, inflationary pressures in the different Member States. As the honourable Member knows, action is being taken both at Community and national level to secure these objectives. In the meantime, the Commission is also pressing ahead with proposals to change the rules affecting financial transactions in the Member States where these distort the free movement of capital.

Sir Brandon Rhys Williams. — May we place emphasis in the future, when considering the Community's progress towards economic and monetary union, not just on bringing the currencies together, but on harmonizing the other factors in economic and monetary union which are extremely important for the creation of wealth and employment, of which the creation of a united capital market, with wider opportunities for investment inside Western Europe, is bound to be one of the most important ?

Mr Tugendhat. — As the honourable Member knows, because we have exchanged views on these subjects many times before, I have a lot of sympathy with the opinions, but of course in this particular area I am not the responsible Member of the Commission and I will convey his views to Vice-President Ortoli.

Mr Dalyell. — What stage has been reached by the Commission in the discussion of the proposed European Export Bank, which is highly relevant to this question ?

Mr Tugendhat. — I think, if I may say so, Mr President, that the Export Bank is slightly removed from the question of the capital market. It is related but not perhaps central. I had the pleasure of dealing with this matter in Parliament, at the part session before last in Strasbourg, and we promised at that time that we

would present a report to Parliament as soon as possible. Since we gave a firm commitment I would prefer, if I may, to write to the honourable Member and give him the exact data, rather than talk off the top of my head and perhaps get it wrong now.

President. — Question No 10 by Mr Cousté :

Following the entry into force on 1 January 1977 of the directive concerning the freedom of establishment of doctors, can the Commission say whether all the enabling provisions have now been enacted and whether there have already been cases where the directive has been applied ?

Mr Davignon, member of the Commission. — (F) The decision was that the two directives concerning doctors' freedom of establishment and freedom to provide services were to come into effect in all Member States by 20 December 1976 at the latest.

The present situation is as follows : Denmark, France, Ireland and the United Kingdom have already adopted legislation permitting the application of this directive in its entirety. In Belgium, the Federal Republic of Germany, Luxembourg and the Netherlands votes have not yet been taken on the text, but the system is being applied *de facto*. The governmental authorities have a power of discretion to implement the directives before the national legal texts have been adopted, and the situation is therefore satisfactory. In Italy, a bill has been put before Parliament. This country faces a difficulty because the government does not yet have in its arsenal of legislative measures a means of implementing the directive. The Commission is keeping a close watch on this situation with the Italian Government and if the law is not adopted with the required speed, we have already advised the Italian Government that we will implement the procedures provided for in Article 169.

As regards the situation as it is, we know that several Member States have already implemented the directive and that they have admitted foreign doctors and recognized their freedom to provide services on their territory. However, there have been cases of doctors wanting to take advantage of the directive having difficulty. But with the Commission's assistance these difficulties have been overcome.

Mr Cousté. — (F) Having heard this satisfactory reply, it would interest me to know if many doctors have already benefited by this system. I know that there have been difficulties in Italy.

I should also like to know if this freedom of establishment will apply when a qualified doctor is being recruited for the Commission's services in Luxembourg, since here we have a case in point.

I feel that a competition should be opened to nationals of all the Member States of the Community. Does the Commissioner responsible agree with me on this ?

Mr Davignon. — (*F*) I shall pass on to the honourable Member a list, broken down by country, of the doctors who have already been approved. As regards the particular case cited, I will talk to the Commissioner responsible for administrative affairs. It would seem quite logical for us to do what we are asking others to do.

Mrs Dunwoody. — Is the Commissioner satisfied that the directive safeguards the interests of the patient sufficiently, since this particular Assembly is a classic example of how, even with simultaneous interpretation, the opportunities for misunderstanding are absolutely multitudinous? Is he completely satisfied that we are going to be able to talk to our doctors, no matter what language we employ?

Mr Davignon. — (*F*) I feel that the problem is somewhat different and that the number of patients who freely choose a doctor who does not speak their language while there are other doctors who do, will not be excessive.

Therefore, a doctor setting himself up in another country of the Community will take into account that to pursue his profession, he must be properly equipped. The functioning of the system implies this. These matters were the subject of a long discussion when the directive was being drawn up. The question was whether or not to include a requirement as regards language. We were afraid that by including this requirement we would be creating a discriminatory element in the form of a supplementary examination and that this would be an obstacle. We felt that the patient's common sense and the doctor's common sense would be sufficient. We remain convinced of this.

Mr Ellis. — Is the Commissioner aware that there are many areas in the UK where linguistic difficulties arise in respect of doctors who are unable to speak the language of the people of that particular area of the UK?

Mr Davignon. — (*F*) The specific problem to which the honourable Member refers and which I can appreciate is one for the national legislation of the country concerned. It is a matter not covered by the directive, which aims at giving all doctors the same opportunities.

President. — Question No 11 by Mr Broeks:

Can the Commission state what action the Italian Government has taken to comply with the judgment of the Court of Justice of 22 September 1976 (Case 10/76) in the matter of the award of public works contracts, which found that the Italian Government had failed to fulfil its obligations under the EEC Treaty or, alternatively, what steps the Commission envisages taking if the Italian Government has so far failed to comply with this judgment?

Mr Davignon, member of the Commission. — (*F*) The position in this particular case is as follows: the Court of Justice decided on 22 September 1976 that the situation in Italy did not conform to the directives of the Community. Following the discussions we had with the Italian Government, the Italian Parliament approved on 4 May of this year a bill which is satisfactory in every respect. This bill is now before the Senate, and we have every confidence that the Italian Government will do its duty. If it is not spontaneous in doing its duty, the Commission will ensure that it will be encouraged to do so.

Mr Broeks. — (*NL*) Does the Commissioner not find it strange that a country that has known for a number of years that certain obligations must be fulfilled, is only now putting forward proposals; and why were these proposals so long in coming that, since September of last year, nothing about them has appeared in the Official Journal of the European Communities?

Mr Davignon. — (*F*) Since the Court took its decision, the situation has been quite clear: we adopted this procedure in order to show that, contrary to what the Italian Government claimed, there was a contradiction between the Community system and the Italian system. It was then a question of Italy adopting the necessary legislation, and I truly believe that, if we consider the time that legislation takes in our respective countries, things are proceeding as rapidly as can logically be expected. That is my answer to the question, but I would point out that I have not said that I am satisfied with the situation, which is as the honourable Member has described, and is not satisfactory. Efforts are being made to correct the situation. When something is corrected, there is always inconvenience and delay. That is what is happening now.

Mr Evans. — Can the Commissioner tell the House how many public works contracts have been advertised by Italian municipalities and local authorities since the directive was first signed and how many public works contracts have been advertised on behalf of United Kingdom local authorities and municipalities since we joined the EEC? Will the Commissioner accept that, as long as there is this enormous disparity between the two countries, there are many people in the United Kingdom who will feel that whilst the United Kingdom is obeying some of the Community regulations, other countries appear prepared to sign them and then ignore them once they are signed?

Mr Davignon. — (*F*) I can supply figures for 1976 for the various countries of the Community so that everyone can see how many public works contracts have been advertised. It should be remembered that the directive on public works contracts does not yet cover all transactions falling into this category. Other-

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wise, I quite agree that in this, as in other fields, Community legislation will not be effective unless everyone applies it. Under the powers conferred on it by the Treaty, the Commission is responsible for ensuring universal application. In the present case we have a situation which, as we have all realized, is not satisfactory and which is being changed. That is the situation in the public works sector. It is perhaps different in other sectors.

Mr Aigner. — (D) Mr Davignon, would it be possible for you to pass on to the Control Subcommittee of this Parliament a list of all infringements against this directive established by the Commission, with an indication of the action you have taken and of the success achieved?

Mr Davignon. — (F) Of course.

President. — Question No 12 by Mr Cifarelli:

Since there are appreciable differences between the laws of the Member States governing nutritive protein substances produced by fermentation and intended for use as animal feed, does the Commission envisage adopting a Community regulation in this area? In particular, does it consider that the methods used for the treatment of wastes prior to their discharge into the atmosphere, soil or water afford adequate protection for people exposed to the dangers of environmental pollution?

Mr Gundelach, Vice-President of the Commission. — (DK) Mr President, there are really two questions here. The answer to the first, whether the Commission intends to submit a proposal on bioproteins, is yes; the proposal will be submitted this month and discussed by the Council on 18 July.

As regards the second question, the treatment of waste products that can pollute the atmosphere, soil and water, the Commission is of the opinion that the Council Directive of 15 July 1975 and the special committee set up by the Commission can be used as the working basis. Since these mechanisms were introduced, we have put forward a variety of proposals and will submit others on the various forms of waste products from agriculture which makes increasing use of chemical products that can pollute water supplies or the soil and thereby indirectly pollute other products. I will not reel off all the individual proposals now being drawn up, they are very technical, but I will willingly provide Mr Cifarelli with a list.

Mr Cifarelli. — (I) I should simply like to ask whether the Commission intends to submit a proposal for a directive or a regulation.

Mr Gundelach. — (DK) It is proposed as a directive but Parliament will obviously have the opportunity to deliver its opinion on both content and form, since the proposal must be submitted to Parliament before it is adopted by the Council.

Mrs Squarcialupi. — (I) As regards bioproteins, which have recently aroused particular concern in Italy, we should like to know the Commission's position and perhaps the contents of the directive which is to be issued in the very near future.

Mr Gundelach. — (DK) I will not summarize the content of the proposal which will, as I said, be submitted to the Council within a week. The Council will here send the document to Parliament and Parliament will therefore be able to get acquainted with it immediately. My view is that it is a proposal that is very comprehensive in preventing the use of substances which have on scientific investigation not been found to be definitively unharmed. But Parliament will have the opportunity to see the proposal quite soon, as I said. It is drawn up and will be submitted to the Council in the next few days and automatically forwarded to Parliament immediately after.

Mr Noè. — (I) Apart from the important characteristics of the liquid or gaseous effluents to which Mr Cifarelli referred, does the Commission not consider it worthwhile, on the basis of the work already carried out in a number of medical research institutes, to assess carcinogenic effects with a view to taking action against those foods and substances which prove to be carcinogenic and to removing doubts on the others?

Mr Gundelach. — (DK) The body I mentioned earlier was set up under the Council Directive of 15 July 1975 and is directly responsible to the Commission. It will deal with questions such as these and we will willingly provide Parliament with the results obtained.

President. — Question No 13 by Mr Inchauspé:

In view of Portugal's application for membership of the Communities, would the Commission not agree that the decision to nationalize the Portuguese banking sector conflicts with Article 90 (2) of the Treaty of Rome, which stipulates that 'the development of trade must not be affected to such an extent as would be contrary to the interests of the Community', bearing in mind that state-planning in the financial sector is most definitely contrary to these interests as well as the principle of the free movement of capital?

Mr Tugendhat, member of the Commission. — Article 222 of the Treaty requires that the Treaty 'shall in no way prejudice the rules in Member States governing the system of property ownership'. There are other provisions in the Treaty, however, which require that industries within the Community comport themselves in a specific manner regardless of how they are owned. The extent to which the Portuguese banking sector meets the requirements of the Treaty will be a topic for close examination during the negotiations about its membership.

Mr Inchauspé. — (F) Mr President, I should like to thank Mr Tugendhat for his reply, but I must say that I do not find it completely satisfactory. I should like to see him defining his position on what seems to be a fundamental point.

Is nationalization of the banking sector compatible with the Treaty? Today we are talking about Portugal, which has applied for membership of the Community. Tomorrow we may be talking about one of the Member States. It seems to me that nationalization of the banking sector, which is tantamount to nationalization of credit, does not permit the application of, in particular, Chapter 4 of Title III of the second part of the Treaty, which concerns the free movement of capital. Nor does it permit, as a consequence, the normal application of the obligations in respect of free competition, which is the subject of Chapter 1 of Title I of the third part of the Treaty.

I should therefore like to know if the Commission does not consider it essential for a country applying for accession to bring its economic organization into line with the Treaty rules, which that country is going to have to apply, and to do so before the Act of Accession is signed. Does the Commission feel that a derogation on this essential point can be granted to a country applying for membership? What would be its attitude if credit was nationalized in one of the Member States, with all that that implies in the way of restrictions and vetoes with regard to the capital of other Member States? In addition, is the present maintenance of nationalization of credit in a Member State not incompatible with Council Directive No 73/183 of 28 June 1973, which concerns the abolition of restrictions on the freedom of establishment of banks and financial institutions?

President. — Mr Inchauspé, I did not want to interrupt you, but I would point out that you were making a speech rather than asking a question.

(Applause from certain left-wing benches)

Mr Tugendhat. — Mr President, the honourable Member asked a number of questions, some of which are hypothetical and concern Member States while others are concerned with a state which is not a member of the Community, despite the fact that I agree, of course, that it has applied to become so. I think I can go no further than to repeat what I said in my earlier answer, that under Article 222 the Treaty shall in no way prejudice the rules in Member States governing the system of property ownership, and point out that in the existing nine Member States there is a very wide range of patterns within the financial sector. I think everything else that he said, as it refers to a state which is not a member of the Community and as that state is engaged in negotiations which will certainly be very detailed, ought not to be answered in the form of a response to a single ques-

tion but should be seen in a much, much wider context.

Mr Price. — Is the Commissioner aware that many of us feel that is supremely in the interests of the Community that Portugal develops its democracy and its institutions in the way it thinks best? It really is not up to us to dictate this sort of thing. Is he further aware that if it seemed good to the government of the United Kingdom to nationalize our banking system grave difficulties would come to exist between the Community and the United Kingdom if any attempt were made to intervene? Questions like this do not help the good developing relationship between the Community and Portugal.

(Applause from some left-wing benches)

Mr Tugendhat. — I take note of what the honourable Member has said.

Mr Evans. — Would the Commissioner confirm that if a Member State wishes to nationalize its banking industry, that is a decision for the Member State only and the Commission have no relevance whatsoever in those proceedings?

Mr Tugendhat. — Once again, I draw attention to Article 222, which, I think, could not possibly be clearer and which states so very definitely that the rules in Member States governing the system of property ownership shall in no way be prejudiced by the Treaty.

✓ **President.** — Question No 14 by Mrs Dunwoody:

Will the Commission state that representations they have received on the question of isoglucose, and what studies they have made of the cost of the Commission's proposals to the consumer?

Mr Gundelach, Vice-President of the Commission. — (DK) During its price discussions, when the question of the treatment of isoglucose in relation to sugar was discussed in Parliament, and a short time ago when the system of taxes on B sugar and isoglucose was to enter into force, the Commission received representations from producers of isoglucose and producers of sugar produced from beet or sugar cane. In a nutshell, their views were as follows: the isoglucose producers say that if they have to pay a producer tax they will have difficulty maintaining production let alone increasing it, whereas the producers of sugar from beet or sugar cane — including the trade unions involved — say that if isoglucose is not subjected to as high a tax as B sugar, it will obtain an unreasonably large share of the market.

After considering the costs and effects, the Commission reached the same conclusion as the Council and Parliament, namely that the production of isoglucose should be taxed at only half the rate levied on the production of B sugar, which is a maximum of 10

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units of account per 100 kg in the next year; it would thus be 5 for isoglucose. We are of the opinion that this is an economically fair result since it must be borne in mind that isoglucose is a direct substitute for sugar, that it is traded on the same market and that its market price is always in line with the normal sugar price. This limited B sugar tax will not increase consumer prices, but could influence the amount produced.

Since a new technique has been developed for producing foodstuffs, which the Commission certainly does not intend to halt, and since new calculations are involved, we do not claim that the result we have obtained is the right one. We will follow developments in coming months and should either of the two possibilities I have described prove to be right, we must intervene and remedy the situation. The isoglucose producers' arguments will in all probability prove to be the more tenable and we will then have to use the means available to us under the directive to remedy the situation. But for the time being I am of the opinion that in general we have found a fair balance. But I will not stubbornly stick to that view if other information should crop up.

Mrs Dunwoody. — Is the Commissioner aware that that is the normal negative and convoluted reply that we have come to expect in the agricultural sector? Is he not really saying that what the Commission are doing is putting a tax onto a cheap sugar substitute used entirely in manufacturing foods and sweet drinks? This will put up the price to the consumer. Is he not aware that at the present time the result of this, in the Tilbury constituency alone, is that at least 300 jobs in a manufacturing unit are in direct risk? Is this not typical of the kind of extraordinarily negative thinking that we have come to expect in the agricultural field?

Mr Gundelach. — (DK) No, I do not think it is negative thinking and I do not think that Mrs Dunwoody can have it both ways. One cannot call it a very cheap product that will be taken out of use because a tax of 5 u.a. is levied on it, because that is very little compared with the overall price, and at the same time say that there will be 300 jobless. Both arguments cannot be right. It is not a particularly cheap product; it is about the same price as V sugar so there is no question of increasing costs or the price to consumers. That is not true.

But what Mrs Dunwoody did touch on that is of concern to us is the employment aspect; if production cannot develop to a reasonable extent, there could be an employment problem and in that case we should look at the size of the tax. But we must also look at employment in the rest of the sugar industry. There is no point in always picking out just one

aspect and considering it in isolation. We cannot discuss isoglucose without discussing sugar as a whole. That moreover was the opinion Parliament delivered three months ago.

Mr Evans. — Would the Commissioner bear in mind that the problem of isoglucose and its cost to the consumer is only one aspect of a very, very complex problem? Will he bear in mind that the production of isoglucose is something that is being studied anxiously by cane-sugar workers in the United Kingdom, one thousand five hundred of whose jobs are threatened because of over-production of beet sugar within the Community? Would he appreciate that when he is looking at one aspect of the sugar market he should ensure that every aspect of the sugar and sweetener market is studied very carefully indeed?

Mr Gundelach. — (DK) It is clear from my previous answer that I agree with this: we cannot discuss one aspect of the isoglucose market in isolation; we must consider all aspects, consumption as well as employment. What worries me most is not this particular problem but the present excessive overproduction of sugar which is further aggravated by our obligations to the ACP countries. That is why I got the Council to agree two months ago that our sugar policy as a whole should be discussed in depth this Autumn. I look forward to Parliament's support then for a better controlled and better balanced sugar policy.

Mr Osborn. — Is it not a fact that the consumer has benefited from isoglucose or fructose sugar from maize in the United States of America? Whilst accepting the Commissioner's point of view that the production of sugar is complex, there is the hard fact that an investment has been made in the production of isoglucose from imported maize on criteria which were relevant when the investment was made.

Secondly, is it not a possibility that isoglucose from other forms of starch or carbohydrates, such as potato, wheat or barley, could be an interesting alternative to sugar-beet, which is somewhat dependent at the present time?

Mr Gundelach. — (DK) It is obviously of interest to the Community not merely to allow but to encourage the development of a new technology that creates a substitute that will be welcomed by consumers. It is for this reason that the Commission has always thought it important to maintain this production. When I said earlier that it had not yet been an advantage to producers, I meant from the point of view of prices. We do not want to destroy the industry and we are therefore always willing to consider how a balance can be achieved in the treatment of these two sweeteners.

Mr Scott-Hopkins. — With the near certainty of a surplus of both beet and cane of quite gargantuan proportions this season — from what I have been told — how does the Commissioner see isoglucose competing in a weak market?

Mr Gundelach. — *(DK)* We have a large surplus of sugar, but because our sugar policy is as it is, this does not necessarily mean that there will be a sharp drop in prices. The price of isoglucose is the same on the market as other sugar prices but the price is not the same when overproduction increases. What happens is that we have to try to dispose of large quantities of sugar on third country markets with the help of refunds. The situation is therefore serious and further measures must therefore be taken to create a balance in our sugar market.

✓ **President.** — Since Mr Bangemann is not there, Question No 15 will be answered in writing.¹

Question No 16 by Mr Normanton :

What is the present position regarding a new trade and cooperation agreement between the European Communities and Iran?

Mr Haferkamp, Vice-President of the Commission. — *(D)* The negotiations with Iran began on 20 and 21 December 1976. A second phase of negotiations took place on 19 April of this year. These negotiations were based on a draft agreement forwarded by the Commission to Iran in March. During the discussions a number of questions have been raised by both sides. These questions are at present being considered in some depth. The Commission would like to see a third round of talks taking place in the autumn. You will appreciate that it is not possible at the moment to go into detail.

Mr Normanton. — The House will certainly welcome the preliminary statement by the Commission, although very guarded in its nature, because these discussions are currently in train. May I ask the Commissioner whether he does not feel that such matters as rules for investment in both countries, in both territories, are appropriate for discussion between the parties to the negotiations, and will he make sure that, if this item is to be considered, reciprocity will be very much in the mind of the Commission negotiators? Lastly, will he consider whether it is not appropriate to include investment in uranium and uranium enrichment as being appropriate to this kind of negotiation, and be aware that whatever does come out must be mutually beneficial, not one-sided?

Mr Haferkamp. — *(D)* It is one of our basic principles in such negotiations that we should try to achieve reciprocity in agreements, whatever they may concern.

President. — Question No 17 by Mr Dondelinger, who will be replaced by Lord Murray of Gravesend :

What practical measures does the Commission intend proposing to counter the activities of the multinationals, having regard to the Maldague report, to which hitherto it seems to have paid scant attention?

Mr Davignon, member of the Commission. — *(F)* The problems to which the multinationals give rise are well known to the Commission and this Parliament. Within the framework of the studies we conduct in this field we make use of groups of experts, and one of them, chaired by Mr Maldague, has put forward a number of suggestions. In the fourth medium-term economic policy programme submitted by the Commission to the Council and approved by the latter on 14 March of this year, the Commission did take account of certain aspects of this report. We have already said that action should be taken at Community level in support of national action, with particular account taken of the recommendation adopted by the Council of the OECD in this matter.

We are well aware that there are specific problems in the field of employment, competition, tax evasion and transparency, where more specific questions arise the larger the companies become. But it is not the Commission's intention to place this programme in the context — as the honourable Member has put it — of a fight against the multinational companies. What we are trying to do is to cover all companies, and more particularly those whose activities are more general and more diversified, which implies that, in addition to national legislation, there is a Community level. It is against this background that the Commission is continuing to prepare proposals, which it will be forwarding to the Council, as it has already done in the case of considerations on what we have called the major groups and major undertakings.

Lord Murray of Gravesend. — Well, the Commission set up this very high-powered group with economists and specialists under Mr Maldague, and it seems to me that they ought to pay some regard to what that report has said, and in fact act on it. The committee took over a year in its deliberations: the Commissioners had the report for well over a year, and there are a series of recommendations from paragraph 36 onwards that ought to be taken on board by the Commission and acted upon. I must say that it is only organizations as large as the Community that can deal with the very large multinationals, and I dislike, I am afraid, the Commissioner's attitude that we do not want a fight with the multinationals. That suggests two things: either that we give up the ghost and surrender, or they don't think they are worth fighting. If that is the case, they ought seriously to rethink that second part, because they have to be fought if we are to protect the people that we are sent here to look after.

¹ See Annex.

Mr Davignon. — I guess there must have been some change in between French and English. I never in my answer indicated that we would not see to it that what we proposed would be thoroughly carried through and if that meant that we would have a fight, we would have a fight with anybody who is not carrying through the recommendations which we are proposing and which become law after decision from the Council I was saying that we were not putting our reflections on these questions, as was stated in the question in French, in the framework of confrontation with multinational societies, and that from the outset we were automatically in two different trenches, one fighting the other. What I said, and what we maintain, on behalf of the Commission, is that we very clearly intend in the sectors that I mentioned, and which led to employment, tax evasion, transparency of activities, fiscal questions, to see to it that the larger societies cannot, because of their size, evade the dispositions which are applicable to all societies. That is the way in which we fully intend to protect all the interests that need to be protected and it is in that sense that I made the comment. I wanted to make the point clear, so that the English and the French coincided.

Mr Corrie. — Irrespective of the problems that the multinationals are accused of creating, would the Commission not agree that they do create thousands of jobs in countries where there is a great problem of unemployment and they do give an income to thousands of families who would otherwise be in great financial difficulties?

Mr Davignon. — It is quite obvious that the multinationals, because of some of the activities that they are interested in, bring activity to the Community and it is logical that in the Community, being a community of nine countries, there would be adaptation of societies and companies to this new big market exactly as it exists in other countries where there are big markets. It has advantages. It brings new elements with it and that is why we want to consider both and we want to consider both in a spirit of getting the proper recommendations and the proper legislation through.

Mr Noè. — (I) I should like the Commission's assurance that the House will have an opportunity to discuss this matter before an exact position is finally adopted.

Mr Davignon. — (F) In questions such as these the Commission is in the hands of Parliament. If Parliament wishes to hold a debate on the various aspects which opposed the organization of companies, particularly the problem of the multinational companies, it goes without saying that the Commission will fall in with this decision, prepare the debate in committee and participate in the debates in this Chamber. This is

a matter on which we can but offer our full cooperation.

Mr Cousté. — (F) I have now heard the Commissioner responsible for this field speak three times, but it does not seem to me that he has yet referred to the code of good conduct adopted by the OECD, which is supposed to be applied over three years and will not therefore expire for another two years. I should therefore like to know why reference is not made to something which exists and which has undisputable validity.

Mr Davignon. — (F) In my reply, Mr Cousté, I stated that in the context of the document we have submitted on the fourth medium-term programme we referred to the need to think about these problems. I even quoted the text, which I do not now have before me, but which said something like 'in the context of the recommendation approved by the OECD'. Two months ago the Commission had an opportunity to clarify in abundant detail its position on the OECD code of good conduct and other measures which Parliament had taken in the context of a proposal by Mr Lange. Our positions on these various points are therefore quite clear.

Mr Müller-Hermann. — (D) I, too, wanted to point out that we discussed this subject in very great detail three months ago on the basis of an extremely comprehensive report by Mr Lange, and my question to the Commission is simply, will it continue to extend its policy on the basis of this Parliament's recommendations?

Mr Davignon. — (F) Of course, and this is exactly what we are now doing at the Commission. What we have to do is determine how, within the limits of the resolution adopted by Parliament, new measures which are in context and which have the objectives I have described can be properly implemented. We must also establish what additional communications we will have to make to the Council on this subject, which, of course, we shall be prepared to examine with Parliament, as I said in reply to the preceding question.

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

6. *Crisis in the Community's iron and steel industry*
(Continuation of debate and vote)

President. — The next item is the resumption of the debate on the report (Doc. 198/77) by Mr Cousté on the crisis in the Community's iron and steel industry.

I call Mr Davignon.

Mr Davignon, member of the Commission. — (F) Mr President, I would first of all like to thank you for

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having kindly allowed me to speak this afternoon and not at the end of this morning's sitting because this problem of the Community's steel industry is indeed a serious one, and it is important that I should be allowed to give information about the Commission's objectives in this question and at the same time reply to a number of questions that were put this morning.

A first and basic point is that I think we need to be very clear and not give the impression that in its attempts to define a steel policy the Commission is in a completely free context. The Treaty of Paris gives directives of a general nature vested with its supreme authority and making the Commission responsible for their execution. It is not, therefore, up to the Commission to reflect on this problem and wonder what should be done. We have to reflect on the problem and act in compliance with the obligations imposed on us by the Treaty.

In fact, after becoming aware that the steel market was not developing in accordance with the objectives defined by the Treaty, it would be in failing to fulfil the responsibilities placed upon us that we would be sinning by omission. To stand idly by is therefore an impossible position for the Commission. I wanted to say this from the outset in order to settle, to some extent, the argument we have had between the supporters of total liberalism and those of measures of imposed control. When it is necessary for the Commission to think about this problem it does not place itself at the doctrinal level. We are not the defenders of one ideology as opposed to another. We are implementing a treaty and when the Treaty provides us with the means to act and when it is objectively found that the situation is not what it ought to be in the light of the Treaty, we have no alternative but to act. This is what we have done and it is what we shall continue to do.

This having been said, Mr President, in this debate and in the presence of this problem, a number of observations are forced upon us. First of all there is a weakness in demand in all the industrialized countries that has been a feature of the market for the last three years. This is a characteristic of all industrialized markets. It applies to the United States, it applies to Japan's domestic market which is not expanding in line with the objectives the country had set itself and it applies to the market in the Community. Growth is confined to certain developing countries which have set up new production capacity. But the market cannot, for all that, be said to be better in those countries than in the Community. The seller has changed, that is all. Instead of the industrialized countries being the sellers, it is the developing countries themselves who are supplying their own steel, and there is nothing in that that is not perfectly logical. It is a change which the industrialized countries have accepted, particularly at the level of the resolutions they adopted in Lima when they agreed that the developing countries should have increasing access to the market in manufactured products.

But what does that mean? Are we faced purely with a traditional crisis in which short-term conditions are causing the steel industry difficulty or are we faced with a cyclical crisis intensified and aggravated by a structural crisis? On this question, the Commission replies plainly that we are faced with a cyclical crisis aggravated by a structural crisis and that means that no programme which the Commission has a duty to carry out by virtue of the powers given to it by the Treaty will be of any use unless it tackles both these crises at one and the same time. This is what we tried to do but perhaps we should first ask ourselves why we have a structural crisis as well? This is a structural crisis because, at the level of external competition it is quite clear that capacities are increasing faster than market demand. It is not therefore purely a question of competitiveness and improving our industry; the problem, even if the industry had been improved, is the fact that the figures we forecast in the '80-'85 objectives for the requirements of the European Community no longer correspond to the facts and it is at this point that, with your permission, I would like to give my first reply to a question put firstly by Mr Prescott and repeated by others: what exactly are the Community's steel requirements for the years 1980 and 85? Are they the figures shown in our old documents which the rapporteur very properly quoted in his document or are they other figures? I must in all frankness tell Parliament today that we have begun a study with experts outside the Commission, with the industry itself and with governments in order to define by the end of the year what the Community's steel requirements will be in the new circumstances so that I am unable, today, to tell you what these figures are except that they will have to be revised downwards to a significant extent. This is the change we are up against! And I would like to say that, after the energy crisis and after our assessment of the advent of an increasing number of new steel manufacturing countries able, therefore, to supply their own markets, we shall have to correct our old figures taking two factors into account: firstly the competitiveness and economic viability that we shall be able to ensure in our steel industry by restructuring plans and secondly the need for the Community to retain sufficient steel manufacturing capacity to hold its own in the international negotiations to be opened with the United States, Japan and the developing countries as sufficiently strong partner to prevent the reorganization of the world market to be carried through at the expense of the Community alone. This is something that I also wanted to say very clearly today. We have to take the economic aspect into account but, at the same time, we must take into account the political factors affecting the credibility of Europe on the world market.

But the crisis is also cyclical. Production levels, as has been pointed out, have fallen to a figure of something like 60%. And in this situation we have seen a slump in prices at Community level as a result of the prevailing panic — when it was thought better to sell

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regardless of price than not to sell at all — aggravated by imports into the Community at extremely low prices. And it was then that the Commission first entered the battle against the crisis. The fact is that it is unacceptable, for an institution like ours, to allow an industry that is essential for Europe's economic credibility to destroy itself before our eyes and to allow this situation to develop without trying to correct it when what is in process of happening is clearly contrary to our interests. This is why the previous Commission, at Mr Simonet's initiative, first approached the firms in the industry, on the basis of the figures we had worked out. I shall come back to this point in a moment and define in clear detail the relationships between the Commission and these firms because I was amused at the caricature drawn by Mr Haase of these relations which is nothing like the real truth.

Community's requirements and how we could strengthen the market by reducing the supplies reaching it. Here the Community aspect must necessarily come into play because how do you tell German producers that they have to make an effort if Italian, British, French and Belgian producers do not have to do the same? Solidarity is indivisible. This kind of policy can be followed only at European level, but very quickly we realized that it was impossible to succeed in our anti-crisis plan if, alongside the measures designed to reduce supplies, we did not give any pointers about the price floor below which satisfactory organization of the market is not possible.

Why did we do that? Precisely for the reasons advanced by a great number of speakers today: because there can be no plan for restructuring the steel industry that does not involve the steel industry itself. It is out of the question, as Mr Hoffmann has rightly said, to operate a plan for restructuring the steel industry financed exclusively from tax paid by European citizens and in which the industry itself, which after all has its responsibilities in this situation, would take no part. But for it to be able to share in this effort and for us to be able to require specific undertakings from the industry, it has to be in a position to operate in conditions that are not abnormal and in which even the most competitive and the most productive firms fail to achieve equilibrium because the market is in a state of anarchy. We had therefore to combat this anarchy before attempting to put things in order and to embark on a restructured programme. This is why, Mr Ripamonti, I would have preferred it if we could have situated all this effort in the overall setting and defined a grand, overall strategy. But when we come up against a state of anarchy we first of all have to deal with what is most urgent, and that is what we tried to do. On the other hand it is clear that if we limit ourselves to dealing with what is most urgent and do nothing for the medium term, the problem will not yet have been solved. I shall come back to this point when I have told you why, after fixing guide prices for most rolled products, we applied the minimum price system in one sector, that of concrete reinforcing rods. I would

like to make this clear once again and begin by reminding you that reinforcing rods account for something like 7-8 % of the Community's total steel production and about 3-4 % of Community imports. It would be wrong, therefore, to regard this reinforcing rods matter as a central factor or the keystone to the system although it is an essential part of it. Why did we have to take an authoritarian measure in this field instead of acting by consensus, which is the Commission's usual policy in iron and steel questions? The reason is that it was not possible, at the present stage, to obtain a voluntary undertaking from the producers to limit their deliveries. It is not a question of penalizing productivity or penalizing those that are most efficient. It is a question of acting in a spirit of solidarity and sharing the benefits and drawbacks.

Exceptions cannot be made in a system in which solidarity has been established as the rule. Either the system is complete or it does not exist at all. This is why we had to take a different approach in the reinforcing rods field. It does not imply a change in the Commission's philosophy; it does not mean any policy change in our attitude. It has become inevitable because of the objectives we wish to achieve. And I want to make a point of repeating here, as I said to the Committee on Economic and Monetary Affairs, that if — and discussions are under way on this subject — we were able to agree on undertakings with the Community's producers of reinforcing rods of the same type as we have from producers of other products, the need for minimum prices would cease to exist and we would be the first to dispense with them. So these minimum prices were not decided as a matter of principle; they are an indispensable tool for achieving this objective of solidarity to which I have referred. I would like to remove all ambiguity and misunderstanding on this point. Similarly, the introduction of minimum prices for reinforcing rods is not a first step in the direction of full-scale market control. I spoke several times on this question during an extremely useful dialogue with the Committee on Economic and Monetary Affairs and I want to repeat it here in the clearest possible terms. It is not the intention of the Commission to go over to so highly developed an organization, for the steel industry, that everything would be controlled and the market would cease to play its part. We do not believe that it is possible to introduce restructuring measures that would be proof against internal pressure — whether from consumers or downstream industries — and external pressure if that restructuring is not compatible with the rules of the market. But we are faced with a difficult problem handed down from the past and my problem is not to find out why what ought to have been done in the past was not done. The inheritance has come to me and, on behalf of the Commission and with the Commission, I am trying to manage the situation in such a way as to improve it. I am forced to recognize that we shall not move out of an unsatisfactory situation today into a satisfactory situation tomorrow without organizing the changeover. This is our objective.

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Let us, however, now move on to the heart of the matter of which there are two aspects.

The first is restructuring. There is little point in taking short-term measures even though they are working relatively well since, in terms of production, coverage of delivery commitments amounts to 92 % and, in terms of prices, 93-94 %, and since a supervisory system has been set up and is effective. The basic problem is elsewhere: what will things be like tomorrow? This is the restructuring problem. To restructure successfully we need certain preliminary information of a concrete and objective nature, namely requirement targets for 1980 and 1985-90 taking changes in the economic situation into account and allowing for the structural changes that have taken place at industrial level in the Community. The next problem is what restructuring to implement in order that the Community steel industry should be as competitive as possible in 1980 and 1985 and so that we should definitely not have to subsidise the firms in the industry to maintain production capacity levels because the plants had not reached the necessary level of competitiveness. We cannot ask firms to modernise overnight. We can ask them to do so over a period of five or more years and we can ask them to do so only if the resources available to the Community in the form of the ECSC's own funds are used for this restructuring effort. Mr Prescott tells me quite rightly that these are good intentions and that he approves them but he asks me what I will do if things do not happen as planned? And that, indeed, is the crux of the problem because it would mean that we were unable to reach agreement with governments on implementing the directives we give and at this level, Mr President, I am sure that the struggle will be hard and call for much effort because, as one of the Members said this morning, we shall find a certain difference between what will be said at European level and what will be said at national level. There could well be a contradiction between the obvious need for Community coordination and the treatment, at national level of certain difficult and specific problems. But the Treaty gives the High Authority and therefore the Commission very specific powers. The Treaty says that no national aid — this has nothing to do with Community aid — can be given where it does not correspond to the objectives that we have defined, and it is clear that the negotiations now starting are on that point — the dovetailing of national aid and Community aid — whether it comes from the ECSC or other Funds — to the extent that this will be appropriate and feasible in achieving these objectives. And in this connection it is logical to ask for solidarity among all the Member States of the Community provided each one will make the effort to raise its national industry to the same level of competitiveness as that of the others and provided each State is given the time to do so. There is no reason why, if this exercise is spread over time, this should not be possible. This is the first major difficulty.

The second major difficulty which makes the steel industry problem the difficult and emotive problem it is, is the question of redevelopment involved in this restructuring process affecting what concerns me most in the whole matter, namely the people hit by the steel crisis. And here I would like to say that I am comforted by the fact that the consultations we have had in the ECSC Consultative Committee have ensured that the workers' organizations fully understand the intentions of the Commission and have supported and approved them. They have supported and approved the principle that restructuring and redevelopment be indissolubly linked and that Community resources be used both for improving the industry in order to create employment stability in this improved industry but also to help create jobs where there has to be redevelopment. Here again I agree with Mr Hoffmann: the scale of the problem is considerable. I cannot say with any certainty how many jobs are threatened but they are threatened in substantial proportions.

It was said a little while ago that there were 750 000 jobs in the sector. It is possible that one in seven or one in eight of these jobs may be threatened over the next five years. On this point I would simply like to say to the representative of the Communist Group who spoke this morning that if it were true that the answer to the employment problem was simply a question of increasing steel consumption and reducing working hours we would be the first to propose them. But that would be possible only by closing down the Community market and probably resorting to internal compartmentation in the Community because it is likely that some of the firms with the biggest effort of adjustment to make would be incapable of doing so if this kind of additional cost were put on it today. It must be stated clearly that this is no longer the time to let people cherish illusions if we mean to follow an honest policy with regard to the workers and a realistic policy that will produce results. I can speak very clearly on this point because the feedback we have had from the consultations in the Consultative Committee indicates that this point is fully understood.

The last point I would like to tackle is the major problem of external trade. And here Mr Prescott opened the debate very well and I think he is right. It is not sufficient to say that one is against protectionism or in favour of the liberal system to settle the problem. I believe that it has to be realized that, at a certain moment when we are in a period of low economic activity and in a situation when growth in imports from other countries is proportional to the decline in national production, we have to make a choice. The solution proposed by the Commission is to take the bull by the horns and not to stand idly by, in other words to explain to those countries which have increased their exports to our markets in the most spectacular manner that, during the restructuring

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period — and I repeat during the restructuring period because the two things are linked together — there has to be some reduction in imports into our countries or at least there must be no recourse to the practice of applying prices that are too low. I would like to tell Mr Prescott that, when we speak to these countries, we do not do so as petitioners or beggars, we speak as a Community in discussion with these countries and considering the whole of the problem. Where dumping does take place — and this was true in the ball bearing case — we institute a procedure in compliance with the Treaty. In the steel sector in which the share of exports from Japan and other countries was climbing steeply we told these countries that this was not realistic if they did not want to throw the industrialized countries into disequilibrium. This is not a thing we can ask, in the same way, from the developing countries but it is perfectly legitimate to request it of the industrialized countries which claim, in the OECD, to be the watchdogs of the stability of the world economy and are in fact responsible for it. This stand is perfectly tenable provided — and the 'provided' is essential — provided that, at the same time, the Community sets about restructuring, that is to say that its objective is not to maintain an industry in a situation of non-competitiveness and non-viability which would be tantamount to digging our own grave. Of course, when these various measures are introduced a whole series of problems not experienced before arises. It is clear that there are distortions of trade problems and that we must therefore monitor the market by means of automatic licences in order to check whether some third country does not import four or five times its annual consumption because in that case, and if steel exports are three or four times the output of that country's steelworks, then there is an *a priori* case of trade distortion that will have to be dealt with in accordance with the applicable rules. It is not protectionism to use the rules that are there precisely to guarantee the maintenance of a free market. That is the key to the Commission's philosophy in this matter. We are the servants of the Treaty. We are not trying to pontificate on the various economic theories involved. The Treaty gives us responsibilities and it is our duty to carry them out. Secondly we are convinced that, in the extremely difficult year in front of us, we shall not succeed unless we have everyone's goodwill. This is why we want a consensus, to persuade rather than dictate and this we have achieved. In this connection I would like to tell you how our negotiations have gone with the governments on the one hand and with the firms in the steel industry and the trade unions on the other. We told the governments that there would be no further investment in the steel sector without prior consultation with us and that we would authorize national aid only to the extent that it coincides with the objectives we have set. This was a general and difficult measure but it had to be taken

As regards the firms themselves, it is not they who come to Brussels and tell us: this is what you should

do and these are the regulations you should give out. Unlike what has been said in this House there are the same tensions in the industry as among governments. These firms are not in a cartel situation in connivance with one another, they are in a situation of desperate competition and it is the Commission, because it has the last word, that is trying to curb this competition so that it should not have disastrous effects on the restructuring programme. This being so it is we who define the delivery quotas for the individual firms and who fix price levels enabling these firms to meet the undertakings they have to fulfil to be eligible for Community aid.

At trade union level, we are in direct discussions with them and with steel producers in the framework of the ECSC Consultative Committee and are telling them clearly what our objectives are and why they should help us in this problem. At the international level we are negotiating with our industrialized partners in the OECS and bilaterally with all those governments with whom we have difficulties and so far not one of them, after being presented with the case that I have just presented to you, has refused to take steps designed to reduce exports to the Community. This seems to me to be the best argument that can be advanced on the effectiveness of this policy because there is not one government that felt it ought not to heed our request. These discussions are not all over. Those with Japan, South Africa and Korea have come to an end but we are still in discussion with Spain, Australia and certainly others, but so far no one has refused to take our problem into account.

In conclusion, Mr President, allow me to say one word on the motion for a resolution before us. I would like to take this opportunity to thank Mr Cousté for the objectivity with which the three or four discussions we had in the Committee on Economic and Monetary Affairs are reflected in his report. The motion for a resolution before us is essential for the Commission. Just as we have received the encouragement and support of governments and the support of the ECSC Consultative Committee, it is important for it to be known that the European Parliament, like the Commission, considers that the situation facing us is not one in which we can stand idly by. The motion for a resolution reflects even more definitely what I have said, that is that we always look for a consensus if we can possibly achieve it on the understanding, however, that the Commission can never refuse to exercise the powers that a new situation might one day force it to use. Let me say in the clearest possible terms that this is not the assumption on which we are currently working; it is not our intention to extend the system of minimum prices. Our intention is to work in this spirit of consensus that I have described and, to the extent that the motion for a resolution reflects these ideas, it has the backing and gratitude of the Commission.

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Mr President, I have perhaps spoken too long and in rather impassioned terms on this problem but it is out of the question, when the fate of 80 000 or 100 000 people is at stake, to leave things to chance and circumstances. The Commission has been given powers and the Commission will use these powers and accept responsibility and criticism. I do not know, Mr President, whether we can be optimistic about this question but what I am sure of is that we must be resolute.

President. — I call Mr Spénale.

Mr Spénale. — (*F*) Mr President, thank you for allowing me to speak at a time when it might have been thought that the debate was at an end but, as I understand it, the key word in this debate is restructuring. Mr Davignon has said not only as regards steel but also as regards European industry in general. I would therefore ask him the following question: would the existence of a statute for a European joint-stock company make restructuring easier? If the answer is in the negative I ask that we be told: the whole discussion on the statute for a European joint-stock company would then be brought to a close. If his reply is in the affirmative I would ask him, and I would ask the Council, what is happening to the draft statute for a European joint-stock company proposed four years ago by the Commission that was before this Assembly for a year and a half and then transmitted to the Council and which we have not yet seen back. In that case how can we go on talking about restructuring and at the same time do without the legal instruments on the table in the Council which would help to improve structures? That is my question, Mr President, and I feel that it needed to be asked here today.

President. — I call Mr Davignon.

Mr Davignon, Member of the Commission. — (*F*) I would like to thank Mr Spénale for his question and reply very simply to him that, if I had at my disposal, in the thinking that we shall have to do, particularly about redevelopment and all the problems relating to participation, an instrument such as that of the European company it would be a relief. I do not have it and I am therefore forced to work with what I do have. If I am subsequently helped by being given an additional instrument I shall be grateful but I cannot say that it is indispensable. I would prefer to have it but I think that, even so, we can do good work with the tools at our disposal. Nevertheless I shall continue to maintain that the question of the European company is urgent and vital.

President. — I call Mr Cousté.

Mr Cousté, rapporteur. — (*F*) Mr President, in debates of this seriousness and importance, rappor-

teurs always have a tendency to make a second speech. I shall not be doing so because I feel that what is said in the written report and was said again at length this morning in the oral report and what I have just heard from Mr Davignon himself confirms — if this were necessary — all the discussions we had in the Committee on Economic and Monetary Affairs about the amendments that were tabled in that Committee and were rejected and which have now been brought up again as if it were necessary to launch on another long discussion in this House and, in so doing, start a doctrinal debate, because that, in the end, is what they reflect. This is why I would like to thank the six Members who spoke on behalf of their Group this morning and the seven others who spoke on their own account. I must say that all this has helped me in my thinking. I am ready for the discussion of the various paragraphs of the motion for a resolution. On each of the paragraphs I shall state a point of view which will be the committee's in cases where we had occasion to consider the spirit or even the letter of the amendments before us. In the others I shall simply tell the Assembly that I have no opinion or else give my personal opinion. I feel that, in view of the time it is, this is how things should be dealt with.

President. — The general debate is closed.

We shall now consider the motion for a resolution.

I put the preamble and paragraphs 1 to 3 to the vote.

The preamble and paragraphs 1 to 3 are adopted.

On paragraph 4 I have two amendments aimed at the replacement of this paragraph:

— Amendment No 1 tabled by Mr Haase on behalf of the Socialist Group seeking to reword this paragraph as follows:

4. Notes the measures recently adopted by the Commission to ensure voluntary compliance with delivery programmes for groups of undertakings and individual products; notes also that minimum prices have been fixed for concrete reinforcing bars and guide prices for steel products; approves the anti-dumping provisions adopted by the Commission and the introduction of a system of automatic licences for imports into the Community;

— Amendment No 5 tabled by Mr Müller-Hermann on behalf of the Christian Democratic Group seeking to reword this paragraph as follows:

4. Approves, in view of the present state of the iron and steel market, the short-term economic measures adopted by the Commission involving the establishment of delivery programmes for groups of undertakings and for individual projects, and the introduction of guide prices for laminated products and automatic licences for imports into the Community, notes that the Commission has fixed minimum prices for concrete reinforcing bars;

President

These two amendments are mutually exclusive but can be considered together.

What is Mr Cousté's opinion?

Mr Cousté, rapporteur. — (F) Mr President, we considered these two amendments in committee. We did so in the absence of their authors, which I regret, but I was very scrupulous in explaining the spirit of their amendments. I feel I did so in a wholly objective manner as a rapporteur for a parliamentary committee should do.

I will simply say that we adopted a text approving the measures taken in the field of guaranteed prices and in that of guide prices. I ask this House to confirm the decision of the Committee on Economic and Monetary Affairs by rejecting these two amendments.

President. — I put Amendment No 1 to the vote.

The amendment is rejected.

I put Amendment No 5 to the vote.

The amendment is adopted.

On paragraph 5 I have three amendments:

— Amendment No 2/rev. tabled by Mr Haase on behalf of the Socialist Group seeking to reword this paragraph as follows:

5. Fears the dangers of protectionism, which could only aggravate the unemployment situation, increase inflation and run counter to the general interest;

— Amendment No 6 tabled by Mr Müller-Hermann on behalf of the Christian Democratic Group and seeking to reword this paragraph as follows:

5. Calls on the Commission to make vigorous efforts to ensure compliance with the recommended cut-backs in the delivery programmes and thus obviate the need for the general fixing of minimum prices;

— Amendment No 7 tabled by Mr Ripamonti seeking to reword this paragraph as follows:

5. Considers that the Commission should also encourage the discussion of production programmes with the trade union organizations that are most representative of the workers, with a view to avoiding the adoption of the binding measures provided for in the Treaties, for example the measures relating to minimum prices;

These amendments are also mutually exclusive but can be considered together.

What is Mr Cousté's opinion?

Mr Cousté, rapporteur. — (F) For the same reasons as I have just given — but with more success I hope — I stand by the wording which the Committee on Economic and Monetary Affairs adopted. I am not therefore in favour of these three amendments.

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

Mr Haase. — (D) Mr President, I do not agree that these are mutually exclusive amendments, as far as No 2 and No 6 are concerned. These two amendments can co-exist. Admittedly, they relate to the same paragraph but if they were approved they could be included together, in the same paragraph, or else they could be inserted into the motion for a resolution as two separate paragraphs. In content, at all events, there is no contradiction between them. I would therefore be grateful if you could have the vote taken on them accordingly. Conversely, the third amendment, No 7, by Mr Ripamonti and amendment No 6 are mutually exclusive.

President. — I call Mr Müller-Hermann.

Mr Müller-Hermann. — (D) Mr President what Mr Haase said is correct. The two amendments proposed by the Socialist and Christian-Democratic Groups are basically complementary.

One other point. I would like to make a formal proposal regarding my amendment at Mr Davignon's suggestion which I gladly accept. It is that, following Amendment No 6, paragraph 5 should read as follows:

5. Calls on the Commission to make vigorous efforts to ensure compliance with the recommended cut-backs in the delivery programmes and thus obviate the need for the *extension of minimum prices to other products*;

President. — Mr Müller-Hermann is therefore making an oral modification to his amendment so that instead of: 'the need for the general fixing of minimum prices' it now reads: 'the need for the extension of minimum prices to other products'.

Mr Haase also considers that Amendments Nos 2/rev. and 6 should not be considered as mutually exclusive but can be taken together.

What is Mr Cousté's opinion?

Mr Cousté, rapporteur. — (F) I propose, Mr President, that we adopt paragraph 5 as drafted by the Committee on Economic and Monetary Affairs which would mean rejecting Mr Müller-Hermann's amendment No 6 whether modified or not. On the other hand I feel that separate votes should be taken on Mr Haase's amendment No 2 and Mr Ripamonti's amendment since they are complementary ideas. They do not rule out paragraph 5 which we are now discussing.

President. — I call Mr Müller-Hermann.

Mr Müller-Hermann. — (D) Mr President, I would like to ask that we first vote on my amendment (which corresponds to what the Commissioner recommends) and then on the Socialist Group's amendment.

President. — I think that your proposal also fits in with the rapporteur's ideas.

I therefore put to the vote first Amendment No 6 as modified orally by its mover.

As the result of the show of hands is not clear, a fresh vote will be taken by sitting and standing.

The amendment is rejected.

Mr Cousté, following the rejection of Amendment No 6, do you consider that Amendment No 2/rev. tabled by Mr Haase and Amendment No 7 tabled by Mr Ripamonti are to replace the motion for a resolution or be added to it?

Mr Cousté, rapporteur. — (F) Mr President, through the rejection of Mr Müller-Hermann's amendment which has just taken place it follows that paragraph 5 is accepted by our Assembly. In these circumstances we are left with two amendments. Personally we did not discuss it in committee I consider Mr Haase's amendment No 2 to be very sound. I therefore feel it should be submitted to the House and that, if it is adopted, it should become paragraph 5a.

To me, its wording seems to be in line not only with everything we have said but also with what Mr Davignon has been continually repeating: we should use the instruments of the Treaty but not embark on a policy which would depart from the application of the Treaty.

President. — I therefore put paragraph 5 to the vote. Paragraph 5 is adopted.

I put Amendment No 2/rev. to the vote.

The amendment is adopted.

I put Amendment No 7 to the vote.

The amendment is adopted.

The new text of paragraph 5 is therefore that in the motion for a resolution plus the text of Amendments No 2/rev. and No 7.

On paragraph 6 I have Amendment No 8 tabled by Mr Müller-Hermann on behalf of the Christian-Democratic Group seeking to reword this paragraph as follows:

6. Expects the Commission, in cooperation with the steel industry and in consultation with the social partners, to explore all possible methods for adjusting production volumes and for countering dumping practices in order to obviate the need for recourse to the extreme emergency measures provided for under Articles 58, 61 and 74 of the Treaty, not least because of the repercussions these would have on the Community, which relies heavily on exports;

What is Mr Cousté's opinion?

Mr Cousté, rapporteur. — (F) As regards this amendment by Mr Müller-Hermann, my wish is that we

confirm the wording of paragraph 6 as adopted by the Committee on Economic and Monetary Affairs on 23 June last.

President. — I call Mr Müller-Hermann.

Mr Müller-Hermann. — (D) I would just like to point out that the content of this amendment we have tabled corresponds exactly with the intentions of the Commission.

President. — I put Amendment No 8 to the vote. The amendment is adopted.

I put paragraphs 7 to 10 to the vote.

Paragraphs 7 to 10 are adopted.

After paragraph 10 I have Amendment No 3 tabled by Mr Haase on behalf of the Socialist Group aimed at the insertion of a new paragraph:

- 10a. Requests that all the resources available, including those from the Social Fund and the Regional Fund, be put to work to support social plans, retraining programmes and other social policy measures;

What is Mr Cousté's opinion?

Mr Cousté, rapporteur. — (F) We did not have an opportunity to consider this amendment in the Committee on Economic and Monetary Affairs but I must say that it is in line with all our discussions and with the trend of what Mr Davignon has said. In my opinion, therefore, this amendment should be accepted.

President. — I put the amendment to the vote. Amendment No 3 is adopted.

I put paragraphs 11 to 17 to the vote.

Paragraphs 11 to 17 are adopted.

After paragraph 17 I have Amendment No 4/rev. tabled by Mr Prescott and aimed at the insertion of a new paragraph:

- 17a. Expects the Commission, in consultation with the Council, to enforce a full public scrutiny and accountability in these policies and to provide Parliament within 12 months with a full statement of their effects in the re-organization of the steel industry, its degree of industrial concentration, level of investments and employment.

What is Mr Cousté's opinion?

Mr Cousté, rapporteur. — (F) We did not have an opportunity to consider this amendment in the Committee on Economic and Monetary Affairs but I must say that this amendment is perfectly in line with what was said in the Committee. Nor is it in direct contradiction with the views expressed on several occasions by the Commission. I feel therefore that I should recommend its adoption.

President. — I call Mr Davignon.

Mr Davignon, *member of the Commission*. — (F) Mr President, one phrase in this amendment — which expects something of the Commission — causes me some difficulty and I would like to draw Mr Prescott's attention to it. The amendment says 'expects the Commission, in consultation with the Council, ...'. This amendment concerns various activities for which the Commission is responsible under the Treaty. Of course, the report we shall make will also be submitted to the Council but I cannot agree to the words 'in consultation with the Council', which means after having submitted it to the Council. This is contrary to general practice. I am perfectly ready to respond to the invitation but I would prefer that the words in consultation with the Council be deleted.

President. — I call Mr Prescott.

Mr Prescott. — Well, of course, politically, I would prefer it exactly as it is, as the Commissioner is aware, and indeed amendments have already been accepted about consultation with various bodies. I only choose put in a demand for a report to Parliament and for consultation with the Council and the Commissioner has said that he does discuss matters with them. I think it is a pretty important issue; in fact that is why the Commissioner has brought it to the attention of the House, and I still feel that it should be in consultation with the Council, because these policies will presumably, in the course of discussions with the Council, be adjusted to what is happening. Of course I recognize that the powers of the Commission are derived from the Treaty itself, although they have not chosen to exercise these powers fully.

President. — I call Mr Davignon.

Mr Davignon, *member of the Commission*. — (F) Mr President, what I would find difficult would be to apply detailed public supervision by agreement with the Council. This would be in contradiction with the Treaty. If Parliament wants something that is not in accordance with the Treaty it is up to Parliament to decide. Steel industry policy is defined by the Commission in consultation with the Council, that is self-evident, but this would mean that the supervision we carry out in applying our policy would have to be conducted with the Council — and this would be in contradiction with the Treaty.

President. — I call Mr Müller-Hermann.

Mr Müller-Hermann. — (D) Mr President, we should not, in my view, make Mr Davignon's position any more difficult by insisting, at the same time, on a formal consultation procedure. I therefore propose that the words 'in consultation with the Council' be deleted from Mr Prescott's amendment.

President. — Mr Prescott, can you accept the modification proposed by Mr Müller-Hermann?

Mr Prescott. — I will accept that we take out 'in consultation with the Council', because I do appreciate that the Commissioner has made it clear that consultation takes place. His objection is that to the public scrutiny point, and with regard to that I do not have a major objection as scrutiny powers are, or, I believe, should be, with this institution.

President. — Amendment No 4/rev. is therefore modified in that the phrase 'in consultation with the Council' is deleted.

I put Amendment No 4/rev. has modified, to the vote.

The amendment is adopted.

I put paragraph 18 to the vote.

Paragraph 18 is adopted.

I put the motion for a resolution as a whole to the vote incorporating the various amendments which have been adopted.

The resolution so amended is adopted.¹

7. Dumping

President. — The next item is the oral question with debate by Mr Cousté on behalf of the Group of European Progressive Democrats to the Commission of the European Communities on dumping (Doc. 174/77):

Granted that the Community is rightly concerned to avoid protectionism — its common external tariff is the lowest of all the industrialized countries — is the Commission nevertheless aware of certain anomalous situations in some sensitive sectors arising from dumping by third countries and could it give details of these?

How many requests for investigations and requests for the Commission to prepare decisions to introduce anti-dumping duties are at present under consideration?

Can the Commission state what impact these unfair trade practices have had on the respective shares of the countries concerned in the Community market and on our trade balance?

What conclusions does the Commission draw as regards its own procedures and those which are left to the discretion of the Member States?

Does it intend to retain its existing procedures or, in view of current practices, has it any plans to change them?

I call Mr Cousté.

Mr Cousté. — (F) Mr President, ladies and gentlemen, on 10 May last we had a debate, on the occasion of a question by Mr Kavanagh, on dumping in the specific field of pottery. It was Mr Haterkamp who replied at that time and I noted, with interest, the trend of his comments according to which anti-dumping procedures were not the same thing as enquiry procedures in specific sectors.

¹ OJ C 183 of 18 1977

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I was therefore concerned, as were the members of the Group of European Progressive Democrats, at a situation which Mr Haferkamp's explanations failed, in our opinion, to clarify sufficiently. At the time, incidentally, I recalled that the Commission had instituted an anti-dumping tax on ball bearings. Mr Yeats, sharing my disquiet, pointed out that the extreme complexity of the procedure was in fact such as to prevent concerns and information about dumping situations coming to the surface within our Community.

It is for this reason that we have raised the question of what really were the abnormal situations existing in our Community, the applications for investigation and for the preparation of decisions that had been drawn up by the Commission, and the procedures followed. I must say that for us the anti-dumping procedure system is not a means of introducing protectionism to the advantage of a number of sectors in our Community. Instead I would say that this procedure corresponds to what one might call an ordered and fair conception of international trade. It is a question of organized freedom of trade which means, as has just been said with regard to the steel industry, that we do not want to be a Community open to every wind that blows, particularly the insidious and unfair winds that blow as regards production prices in countries outside the Community and as regards commercial practices. This is why I wanted to make our thinking clear.

Our thinking relates to a state of affairs that Mr Haferkamp will most certainly be explaining publicly, and I thank him in advance, reserving the right, of course, to speak again in order to give the remainder of what I and my group think

I must say that up to now only a very small number of duties have been imposed. From what I have understood, anti-dumping duties were imposed by a decision of 13 November 1975, confirmed on 17 February 1977, on cycle chains from Taiwan. Provisional duties were also imposed on ball bearings by a decision of 5 February 1977, to which I referred last May, and on steel bar and reinforcing rod from South Africa by a decision of 4 May 1977.

Further, once the procedures are launched, arrangements are often made to stop the practice, or some other solution is found by arrangement. I would like to recall the very serious problem of zip fasteners from Japan on which an arrangement was made on 1 June 1974 about which I wonder whether it was really satisfactory. The same applies to acrylic socks, some coming from Taiwan and some from South Korea, under the provisional decision and arrangement in 1974.

Similarly there were problems, and an arrangement was made on 19 June 1976, regarding wood panels from Brazil. An agreement was also reached for steel nuts from Taiwan and for ammonia and nitrate fertilizers coming from Romania. At all events, this is the

situation as I know it. It is very unsatisfactory because, as I have to point out, I do not know what has been done about the following five applications I do not know whether there has been any imposition of duties, or a cessation by arrangement, or any other decision. The applications concern sisal string from Brazil, the subject of an enquiry in 1977, soya oilcake from Mexico, likewise the subject of an enquiry in 1977, soya oilcake from Brazil, cycle covers and tubes from South Korea and, lastly, cycle covers and tubes from Taiwan.

This is already a relatively large number of sectors and I would recall the general picture I feel I have been able to paint to this House by adding that complaints were formally lodged with regard to urea from Romania in 1976, and that other formal complaints were entered with regard to fertilizer from Portugal and Spain in 1977 and spades and shovels from East Europe.

This is already a very worrying situation, particularly since we do not yet know the real situation as regards replies and procedures.

Lastly, I would like to draw attention to those sectors which may not yet be the subject of complaints and procedures already under way but which seem to me to be particularly important. First of all I would like to refer to data processing. Generally speaking, this is a field that is not associated with dumping. And yet I know, without question, that Japanese companies — and I prefer not to mention any one by name for the time being — have taken steps which have brought about considerable price reductions — even by the leading American company IBM — to such an extent that, at the Hanover Fair, orders equal to Philips' order book for three years were taken for absolutely identical articles in three days. We are therefore faced with a situation which may not, perhaps, be the subject of a procedure, but which calls imperatively for a thorough analysis by the Commission. This is my first question.

The same is true of the photographic industry, though nothing is said about it. In the camera field, it has become commonplace to have Japanese equipment. But no study has ever been made on whether, for equal quality specification, products supplied to the Community come in at normal prices or not. I have no hesitation in saying that there are prices which are not normal. I therefore ask, although no formal application has been made to the Commission, that an enquiry be carried out on this point and on films and photographic paper as well. This constitutes an extremely serious set of problems because this is not a field in which the technical and technological development of our Community is in arrears. On the contrary, these are areas — computers and photography and even steel — where we have no leeway and where we are normal people producing new

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products on the basis of normal research and development. Here therefore there is cause for particular concern, especially when it is not just a question of data processing in general but of ancillary products, and not only computers but remote data communication and everything concerned with the application of these modern management tools at the level of small and medium-sized firms.

This is why last week the Group of European Progressive Democrats organized a day's seminar on this threat of unfair competition and this challenge that has to be met. It is also why Mr Inchauspé will be tabling an extremely clear motion for a resolution. I feel, therefore, that our debate should come to an end after hearing the Commissioner responsible but I reserve the right, of course, to ask him some further questions.

I feel that it would be right for our debate to be concluded in a clear manner, in other words by an expression of the awareness of our Assembly of these new problems which, in the very scale of their occurrence, reflect not only economic, business management and business profit concerns but also the existence of a basic threat to whole industries in the Community, a threat that concerns employment and the survival of business firms and, when all is said and done, because we are the least protected Community in the world and that in which it is easiest, from both industrial and commercial standpoints, to indulge in unfair practices which, in our concern for the prosperity our Community needs, we cannot allow to go on for ever without answering back. The time for putting things right has come. I hope that it will not be too late.

IN THE CHAIR : MR BERKHOUWER

Vice-President

President. — I call Mr Haferkamp.

Mr Haferkamp, Vice-President of the Commission.

— (D) Mr President, we are dealing with a very important matter here, and we are grateful to Mr Cousté for putting this question and thus giving us the opportunity to discuss it. I am also grateful to Mr Cousté for making it very clear, as he has done on earlier occasions, that we are concerned with specific procedures which have an instrumental character in our overall policy. I feel it is important that this should be stressed from the outset. I will be coming back to this later.

I would like to begin by stating a few facts. Mr Cousté specifically asked us to provide a permanent flow of information on these questions. In the year 1976 investigations were initiated in a total of nine cases and completed in eight of them. In one case, that

concerning ball bearings, the investigations continued into 1977. So far this year two duties have been imposed, a provisional anti-dumping duty on imported ball bearings of Japanese origin and on bicycle chains from Taiwan. In two cases, which Mr Cousté mentioned, those concerning fertilizers from Romania and concrete reinforcing bars of South African origin, amicable settlements were achieved. A number of the investigations continue, for example those concerning soya cake from Brazil, sisal string from Brazil and Mexico, bicycle tyres and tubes from Korea and Taiwan and screws from Taiwan. Five applications that arrived only a short time ago are at present being examined to see if they are admissible.

They specifically concern the steel, fertilizer chemistry, electrical engineering and machine building sectors. I should like to take this opportunity to point out that all decisions regarding the termination of investigations are published in the Official Journal of the Communities.

Mr Cousté referred to a number of products or sectors on which we have not yet begun investigations, for example cameras, films, data processing and electronics.

I should also like to add that the Commission has just taken a decision regarding a proposal that it will be submitting to the Council today. It concerns the anti-dumping duties on imported ball bearings of Japanese origin. As you know, the Commission decided on a provisional anti-dumping duty some months ago. I have today proposed to the Council that it take the following decision after negotiations have taken place with the Japanese industry. I will begin by talking about these negotiations.

The Japanese producers have entered into certain commitments regarding the pricing of the products concerned. The Commission is assuming that these commitments will be met. There are a number of rules and a number of agreements, which I will not discuss in detail. The Commission has, as I said, made a proposal to the Council which includes the following.

Firstly, an anti-dumping duty of 15 % should be introduced. Secondly, simultaneously with the decision on the introduction of this anti-dumping duty its collection will be suspended, since we are assuming that the agreements we have reached with the Japanese industry will make immediate collection superfluous. The Commission also proposes that by an appropriate procedure and after consultation with the Member States, the suspension of the duty should be lifted, in other words the duty should take immediate effect, if the agreements are not respected by the industry. The revenue obtained following the decision to introduce a provisional duty should we propose, be retained by the Community if it corresponds to the percentages as regards the provisional and final duty levels.

Haferkamp

As you will have noted from the description of this one case, this is a very complicated matter. In addition, we are not dealing with sectors here, but with products. In the context of a question raised by Mr Cousté, I should like to say something about the volume of trade directly affected by the investigations at present being carried out, since the quantities concerned are usually overestimated. In the case of the ball bearings from Japan we are dealing with an annual total of about \$100 million, in the case of soya cake from Brazil a total of \$500 million, in the case of bicycle tyres from Korea and Taiwan a total of \$9.3 million and in the case of screws from Taiwan a total of \$4 million. The overall total is about \$600 million, or 0.1 % of the Community's imports. The total volumes concerned are not as dramatic as is often stated, although I am well aware that the implications for individual products and individual producers can be considerable. But it must be said, to make things quite clear, that the anti-dumping procedures have a quite specific, limited and *ad hoc* character. The term 'dumping' is, as you know, accurately defined at international level. There is an internationally valid, clear definition in Article 6 of GATT and the Geneva Anti-Dumping Code. Before there can be intervention, where dumping is suspected or anti-dumping proceedings have been initiated, there must firstly have been an actual case of dumping; secondly it must have resulted in a loss and thirdly a public interest must be at stake. In connection with the public interest we must, for example, also ensure that we are not protecting producers who might be suspected of operating a cartel. In other words, we also have to look into this internal side of the matter. Dumping exists when the price of an exported article in the importing country is below that being asked on the markets of the exporting country or when the price asked is below the production cost in the country of origin or when state subsidies are used to keep the price in the importing country lower than at home.

A characteristic feature is therefore usually a difference in price between the domestic market and the importing market. I feel that this should be spelled out even if this is a very dry subject, because we must beware of always referring to dumping when we see low-priced imports. Dumping exists only if the criteria I have just mentioned are fulfilled. The low price of an imported article may well be due to the fact that it has been produced more cheaply elsewhere. Then we no longer have dumping; other factors are the cause of the low price. These factors may be cost structures of many different kinds or greater productivity, and I feel we should realize this, and this also goes for what was said today during the debate on the steel industry. We have examples of goods being exported into the Community without being dumped, for instance in the steel, ship-building and textile sectors. These goods are not being

dumped. In such cases we must react differently, and the best reaction would be for us to achieve the level of competitiveness in those branches of our economy that we used to have, for there can be no doubt that the efficiency of some branches of European industry has unfortunately fallen below that of industry in other countries.

You have discussed steel today in detail. I will not therefore dwell on this subject any longer. But we must realize that in 1974 production per hour of work in the Community was about as high as in Japan while in 1975 production per hour of work in France and Britain was not even half that of Japan. This has nothing to do with dumping. Other factors have had a decisive effect on this branch of the economy, which we discussed here this morning.

I must draw your attention to the fact that when anti-dumping measures are taken, everyone must adhere to certain procedures. These procedures are fixed internationally. We have ratified these procedures, which are laid down in the Geneva Anti-Dumping Code, and we must of course also ensure that we abide by the rules of the game, because we, too, have an interest in exporting and we would not like to see others not sticking to the rules and accusing us of dumping. I believe that this makes it very clear that reciprocity and respect for the rules play an important part.

I have quoted the relevant criteria, and I have referred to the procedures, and this brings me to the answer to another question put by Mr Cousté regarding procedures and the length of procedures. The procedures are complicated. They entail in some cases very considerable investigations. For example, when I said the decisive factor is the price of the product in the country in which it is manufactured and the price at which the same product is offered in the country to which it is exported, then the prices of the product in the two countries, or in the countries of the Community and in the country of origin, must be established. This has to be done for each and every product, and in the case of the ball bearings we were dealing with four producers who had or still have ten branches in the Community and offer a total of between 2 000 and 4 000 types of ball bearing, with prices varying from transaction to transaction.

We must take this into account if we want to act correctly from a legal and procedural point of view. These procedures take some time and certain deadlines must be observed. There are official deadlines for internal application, for example in the United States. The US Congress has set deadlines for the relevant authorities. For instance, an application must be checked for admissibility within one month. The dumping investigation may then take between three and six months, and it may take three to six months to establish what losses have occurred. This makes a total of between seven and 13 months. The same applies to Canada. I will spare you the details.

Haferkamp

So far we have been able to wind up the cases I have told you about in an average of three to four months. There have been some cases that took six months, but they involved the additional problems of investigation into possible cartels, one such case being zip fasteners.

This is a very complicated subject. The indications are that the number of cases for which the Community is responsible will increase, due particularly to the transfer of national powers from the new Member States to the Community on 1 July 1977. As far as the budget would allow, we have therefore increased the staff of the appropriate services, and we naturally cooperate very closely with the national authorities previously and still occupied with these questions.

You may rest assured that we use the instrument involved here in a manner which is correct and also fully comprehensible to all concerned. I am sure that you will also have concluded this from my statement on the ball-bearing case.

In conclusion, I should like to make one thing quite clear. Mr President, ladies and gentlemen, anti-dumping measures are no substitute for trade policy. Nor may anti-dumping measures be used as a protective fence for our own lack of competitiveness. Anti-dumping measures are an instrument that is used in accordance with internationally established rules and procedures as a means of countering infringements against the likewise internationally established commercial order. This instrument thus serves, as the European Council stated at its last meeting, the goal of an 'open and liberal policy of the Community to which the Community, as the world's largest importer and exporter, remains strongly attached'.

President. — I call Mr Osborn who had tabled a question on the same subject for Question Time.

Mr Osborn. — Mr President, I thank you for calling me so early, because I had raised an oral question in the last part-session which was postponed and I was horrified to receive a letter telling me that this question had been abandoned because of this general debate. My question, then, which I will draw to the attention of the Commissioner, is:

'Is the Commission satisfied that it has adequate powers and is given sufficient assistance both to prove dumping and to take adequate action to protect Community industries which have been severely affected by dumping from third countries?'

I would first like to congratulate Mr Cousté on embarking on a second *magnum opus* this afternoon: his energy and resilience have a reputation which we admire. He has presented a penetrating analysis of some of the problems that we face.

Mr Haferkamp, to paraphrase what he has explained to us, has outlined, as I see it, two issues, that of dumping and that of cheap imports. He has quoted statistics to deal with what is a no-man's-land between

the two. Dumping — and he quoted the ball-bearings episode — is undoubtedly a matter of manufacturing and then exporting at prices below the domestic price at home. Cheap imports — and I think it has now been realized that this is a much bigger problem facing the traditional industries of the Community — will perplex national governments, as it has done, and will certainly perplex the Commission because of cheap materials, cheap power, cheap labour, as I outlined this morning in the debate on steel, or even special arrangements, hidden subsidies, state subsidies. This is certainly true of the Warsaw Pact countries — and Mr Cousté has referred to this — and will certainly give rise to unfair competition on our traditional markets. Therefore I add a *caveat* that there is a growing range of goods that the Commissioner is going to find very difficult to stop coming into the Community. He has cited quite rightly the instance of ball-bearings, which my colleague, Mr Normanton, and I had brought up: this is Japanese competition in this area. But there are other examples which are concerning my constituents outside the steel industry, and I will refer to that briefly again. There is in the Hallam constituency the headquarters of the associations of the cutlery, handtool and engineering-tool industries of Great Britain. These are associations which look after the interests of their industries. I had a meeting a few weeks ago and I was given some statistics pointing out the extent to which South Korea, for instance, had increased its penetration into the United Kingdom market: in terms of millions of pieces, 7.9 % in 1972, 40.8 % in 1974, 47.3 % in 1975 and 44.7 % in 1976. Competition from Hong Kong and Japan had diminished, but the hard fact is that in the stainless-steel tableware industry imports from third countries have almost completely eliminated that industry as an industry in the United Kingdom.

(Interruption: 'No!')

On making further enquiries, I found that there has been protection in France, whereas there has been no protection in Germany and one or two other countries. Therefore I ask the Commissioner, as he has new responsibilities in this field, whether he would examine the extent to which not only in the cutlery also in the hand-tool, engineering but tools and other industries some members of the Community are able to look after themselves and others are not.

Mr President, as others will be speaking from my group on this and this is a complex issue, there are two questions that I would like to pose to the Commission.

Mr Prescott implied the same in terms of steel, and I would like to raise this in connection with the whole of our Japanese dialogue, is the Commissioner satisfied that, after his predecessors' initiative of nine months to a year ago — Sir Christopher Soames and Mr Gundelach — the ratio between Japanese exports to the Community and each of the member countries

Osborn

and exports in the opposite direction is well below that 2:1 ratio which was causing us so much concern? Will he report on the effectiveness of the initiative taken by the Commission nine months ago, because if it is not making much impact on the situation, if this Community is to mean anything to the industries of the Nine, they are looking now to the Commission to ensure that where there is a huge imbalance of trade, that imbalance is corrected. I think that is the sense behind Mr Cousté's report.

The second point which I would like the Commissioner to elucidate is the extent to which he has been able to take over powers that hitherto — and I understand the transition date was 1 July — were exercised by the member governments of the nine countries to coordinate the drive against dumping in all the Community countries. Is he satisfied that he is gaining the support needed, that the industries which feel there is dumping going on in their own countries can now have adequate recourse to the Commission and that the Commission has the power, the secretariat and the cooperation from member governments to be much more effective in, firstly, preventing dumping — that is what we are looking at today — and, secondly, ensuring that cheap competition does not erode the traditional industries of our member countries?

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

Lord Brimelow. — Mr President, in the history of Socialism, there has been quite a rich diversity of doctrines and policies, but I think there has always been agreement on one guiding principle, and that is that economic activities and the processes of change that result from economic activities have important social consequences; that those consequences have to be watched, and when it becomes manifest that those consequences are adverse — and seriously adverse — then appropriate corrective intervention is both justified and desirable.

Now what is not at issue is that dumping leads to undesirable social consequences. This has been recognized in treaties which permit the initiation of discussions to remedy those consequences and the adoption of action if the discussions do not lead to satisfactory results. The Socialist Group is certainly in favour both of prompt discussion and, where necessary, timely action. But in this debate so far, we have tended to discuss two separate issues; one is dumping and the other is the question of highly competitive imports, resulting either from low wages or from very high productivity. As Mr Haferkamp has pointed out, these raise entirely separate issues, but I think it is very important not to treat anti-dumping measures as a Christmas-tree on which all kinds of other measures can be hung.

This, Mr President, prompts me to ask you for a ruling on a point of procedure. When Mr Cousté introduced this debate, he mentioned that Mr Inchauspé was going to table a motion for a resolution. I have now got a copy of that motion for a resolution before me. Shall I have an opportunity of speaking a second time, when the motion tabled by Mr Inchauspé is being discussed? If not, is it in order to point out certain imperfections in the motion before Mr Inchauspé has in fact presented it? I would like your guidance on that point of order before I continue, Mr President.

President. — You have five minutes now in which you can include a statement about the motion for a resolution. You may also give an explanation of vote when the motion is put to the vote.

Lord Brimelow. — In that case, I should prefer to speak very briefly about Mr Inchauspé's motion for a resolution now, so that my views can be known before voting takes place.

It is an example of treating an anti-dumping resolution as a Christmas-tree. It raises the question whether the Community is moving towards a free trade zone. It talks about the de-industrialization of Europe. It talks about the absence of world organization of markets. It says that certain industries — paragraph 10 — such as textiles, iron and steel, and footwear, are victims of social dumping, a term which, as far as I know, has not been defined. It calls, in paragraph 14, which is its most important paragraph, for the maintenance of the common external tariff, ensuring an effective Community preference.

Now, given the competitiveness of certain imports, by how much would tariffs have to be raised to become effective? What would the affect be if this Community, which has such an important role in international affairs, were suddenly to come out in favour of the raising of tariffs, in order to prevent competition from taking place?

In paragraph 14 it calls for the establishment of a system of levies for the products of labour-intensive industries in order to avoid social dumping and rationalize trade. How much would these levies have to amount to in order to protect these industries?

These are questions which raise very major issues of international trade and tariff policy, and there has been no previous preparation of these proposals in any committee or in this Parliament. It seems to me — very briefly, since I only have five minutes — that we should either vote against the Inchauspé motion for a resolution or at least refer it to a committee, or indeed several committees, because there is such a range of subjects.

On the point of pure dumping, Mr Haferkamp said very reasonably that the Commission was bound by

Lord Brimelow

treaties with other countries as to the procedures it must follow. Its scope of action is rather limited and I think that the question put by Mr Cousté, where it says in its final paragraph: 'Does it (the Commission) intend to retain its existing procedures or, in view of current practice, has it any plans to change them?' is somewhat oversimplifying the issue. Certain procedures cannot be changed. They are laid down in treaties. It is a question of the extent to which the Commission is free to modify its procedure or to take action.

This raises the question put by Mr Osborn — and I think it was a very reasonable question: is the Commission satisfied with its powers? If it is not satisfied, how does it propose to deal with the second group of problems, those regarding effective competition leading to greatly increased imports, a matter which goes rather beyond the text of Mr Cousté's question, but which is important, and to which, I think, the Commission can, without impropriety, speak when replying to Mr Cousté's question. The Socialist Group is in favour of proper protection, but we want to be very careful, Mr President, about treating anti-dumping as a Christmas-tree for unrelated and trouble-making measures which will do far more harm than good.

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

Mr Inchauspé. — (*F*) Mr President, ladies and gentlemen, the Group of European Progressive Democrats devoted, as Mr Cousté has said, its whole meeting in Lyons to the threat to Europe of cut-throat competition. Our group had a long discussion on this question, which, as the whole world agrees, is of burning topicality. The work done at that meeting resulted in a new charter for our group, and at the end of this debate we will be tabling a motion for a resolution, which has been distributed and on which a rapid decision should be taken.

I quite understand Lord Brimelow's concern about the scope of this motion for a resolution. It is quite clear to him that the motion is very important since the measures proposed are very accurately defined and call for the organization — not permanent, but temporary — of European trade. We must take a rapid decision because the Geneva conference on the renegotiation of the GATT agreements and of the multi-fibre agreement will be passing at the end of the summer from the preparatory to the decision-making stage. Mr Olivier Lange, Director-General of GATT, has just stated that the tremendous amount of technical preparatory work caused by the complexity and wide-ranging nature of the multilateral trade negotiations, the Tokyo Round, has been completed. He went on to say that we need now is the political will to achieve the objective. At the end of the summer all the parties concerned would be in a position to tackle together the major problems which lay at the heart of

the negotiations, the major problems being, in Mr Lange's view, the question of safeguards and agriculture, the key area of the negotiations.

Ladies and gentlemen, action must be taken, and the Geneva conference will provide the opportunity. There must be agreement on a completely new negotiating mandate for the Commission. It expects us to adopt a position on the greatest economic and social crisis that our countries have known since the last war. The workers of the nine states of the Community are dumbounded at our lack of reaction to the influx of products from certain third countries, which are practising social dumping by exploiting a sub-proletariat whose continued existence we indirectly encourage. It also goes without saying that the products of the state-trading countries are being sold at prices which bear no relation to the actual cost of production.

Mr President, what I am saying is not based on fantasy: the figures are available. I will give you those for France, which I know best. In two years 43 100 jobs have been lost in the textile industry, 6 000 in the footwear industry, 1 500 in the clock and watch-making industry, 8 120 in the printing industry and 4 235 in the cardboard industry, and 20 % of the jobs in the tanning and tawing, engineering and metal processing industries have been lost. If these figures are extrapolated to a Community scale, more than 500 000 jobs have probably been lost as a result of low-priced imports into the common market. This market is at present completely open and yet competes with other major markets, particularly those of the United States and Japan, which have long since seen the danger and are the most protected in the world. The Commissioner advised us just now not to become too worried because, he said, imports of ball bearings into the Community accounted for only 0.1 % of total imports into the common market. But I would have preferred to hear him give another figure, that for imports of ball bearings compared with production rather than with common market imports. This would have allowed a fairer estimate to be made of the real danger of imports, principally from Japan and Spain. If the Community does not take drastic, though temporary measures — for it is not a question of reverting to outdated protectionism — all the workers and farmers of our nine countries will turn against the Community institutions and against Europe and call for their dissolution. Would this not be a particularly bad thing one year before the Members of this Parliament are to be elected by universal suffrage and the men and women of Europe cast their votes not only for candidates, but also for their conception of Europe? Let us be careful about the decisions we take or rather those we do not take, because we will be called to account. We cannot disappoint our peoples, who have placed so much hope in the future of Europe.

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

Mr Aigner. — (*D*) Mr President, my group is also very concerned about the matter raised by this motion for a resolution. There can be no doubt that the Community with its open market policy leaves some areas open for attack in the form of dumping and in other ways. It is therefore undoubtedly right that this matter should be debated by this Parliament at some length. Nevertheless, I would prefer us not to adopt this motion for a resolution today but to leave the dialogue open. We should refer the motion back to the appropriate committee or committees and ask the Commission for a thorough discussion of this or that point with us here.

Mr President, the main concern is of course trade with the state-trading countries. I would recall that shirts were once being sold in the Federal Republic for DM 1.50 and 2. Those were naturally dumping prices and it is clear that we must defend ourselves against them. Or let us think of the organization of the various markets. It was only a short time ago that we were discussing with the Commission the fact that the organization of markets was designed to give a free market with competitive elements, and if state-trading instruments now suddenly start causing chaos on this free market with competitive elements, they naturally destroy the free market, and the instruments we have created may then be misused, as we have seen where intervention has taken place.

But it is difficult to develop and use these instruments against a dumping policy of this kind in such a way that they do not result in the damage they do being greater than the benefits they bring. I would refer, for example, to judgments handed down not so long ago in the United States, when it was stated quite clearly that circumstances originally described by the groups concerned as dumping suddenly turned out to be something quite different. So we have to remember that, too. Nor may we forget — and here I should like to underline what Mr Haferkamp said — that jobs are placed in jeopardy if nothing is done.

The European Community is an open community, and the community we are building is not being built on the moon. In other words, every step we take towards integration affects the interests of others, other regions, and they naturally want to defend themselves against the might of this European market. But if the intention is to hang all protective measures on the instrument of anti-dumping policy as if it were a Christmas tree, then we will soon have a situation in which we not only gain no jobs, but also lose a large number of what are at present competitive jobs, because the other markets on which we are simply dependent will then take appropriate steps to protect themselves.

I should therefore again like to underline what Mr Haferkamp said. However, I should also like to have

the dialogue because we are faced with circumstances that need to be discussed. I request therefore that this motion for a resolution be referred to the appropriate committees, and I would be grateful if the Commission could make itself available to us for discussion on this subject.

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

Mr Fletcher-Cooke. — Mr President, as from last week all goods entering the Community at any point are afforded the same level of protection in each of the Member States, and this is a very remarkable moment, therefore, in the history of the Community and quite a proud moment, I hope. It follows from that, since each Member State has the same level of protection as any other Member State, that each Member State must have the same protection against dumping, and therefore it is right that it should become, as it has, or any day will become, the duty of the Community as a whole to enforce its anti-dumping procedures equally in equal favour of all the nine states. As the Commissioner, Lord Brimelow and others have said, this is a different problem from the problem of the level of tariffs. Indeed it might be said that the higher the level of tariffs, the less important are anti-dumping procedures. It is only when you have low tariffs, or a free-trade outlook, that dumping and anti-dumping become as important as they are now.

Now how will the Commission set about this task? It is true, as the Commissioner said, that there are certain international rules, but we in my country, and particularly in my county of Lancashire, have had a good deal of experience over the last 30 years of how these rules are interpreted and how variously they are interpreted by different countries, and it is our experience that it is not so much the letter of the law but the spirit in which the law is administered that matters. It is no good if the Community adopts the attitude, which I am afraid successive United Kingdom Governments have adopted, of taking an impartial view, of acting rather as neutral arbitrators in this matter. There has to be a will on the part of the enforcing authority to help the people who are suffering from dumping, and there has to be not only a will but resources.

Now one of the great advantages of having the Community doing this work is that their resources, particularly by way of getting information out of third countries, are of course nine times as great as those of any single Member State. So often in an anti-dumping case it is necessary to do a great deal of research in the country of origin of the goods concerned, and if you have to rely upon one commercial attaché and one embassy, who have a lot of other things to do, it is a very difficult thing to get the necessary evidence. But

Fletcher-Cooke

if you have all the resources of all the Member States, as I hope the Community will have, plus some more of its own, for getting the necessary information to prove a case of dumping, you can do the job better and, more important, can do it quicker, because it is the speed with which the cases of dumping are detected that is so important. You will never get perfection; you have to act very often on a hunch; you will never get your dossier complete, because if you do, the industry you are seeking to help will be ruined by then. I hope that the Commission will take to heart the need for speed and the need for taking a commonsense view, not only on the question of double-pricing and the other evidence in these cases, but also on the question of proving material disruption by the industry that is being attacked. It is no good waiting until an industry is ruined. After all, it goes without saying that if an industry is being undercut by a process of dumping, of double pricing, or whatever the dodge may be, that industry will be materially disrupted if not immediately, then in the very near future. It is a case of the facts speaking for themselves, and I do not see why the Commission need wait for the material disruption to have occurred to the extent to which I fear United Kingdom Governments have waited in the past.

Therefore, I think this is a good day, and our thanks are due to Mr Cousté for raising this question, because the people in my country and my county look forward to the Commission helping them. I am sorry to say that so often — I suppose it is true of all member countries but at the moment it is particularly true of mine — when people think of the Community, they wonder what they can get out of it, and when they say that they are thinking in terms of subsidies and funds of one sort or another. Well now, here in this matter we have a chance of proving to these people that the Community can help them in another way, in a better way, by giving them the protection against dumping which hitherto they have not achieved, and it is for that reason that I support Mr Cousté, but I am afraid I must say, on behalf of the Conservative Group, that I also support those other spokesmen for the group who think that the wider considerations in the motion for a resolution should not be voted upon tonight, but referred to the appropriate committee.

President. — I call Mr Leonardi.

Mr Leonardi. — *(I)* Mr President, for a Community such as ours, which depends on foreign trade, to emphasize the problem of dumping and to create growing concern about an increasing number of products seems to me to be rather a disturbing sign and one which should be considered with extreme caution.

I shall therefore start by saying that I agree with Commissioner Haferkamp that we must be extremely

careful not to confuse the question of dumping with a decline in our competitive position, since this leads to misunderstandings and excuses instead of intervention where it is needed.

Having said that, when the existence of dumping is clearly proved, steps should be taken to eliminate it, but again with great caution, precisely to avoid confusing it with loss of competitiveness.

Our Community replied to the urgent questions from the customs union by showing that it had created more trade than it had diverted, thus favourably affecting the development of world trade.

My fear is that in view of the current crisis, the alarm aroused by dumping and by the calls for repressive intervention may make us lose sight of the origins and foundations of the Community, which, as I have said, up to a certain point had a positive influence on the development of world trade.

We must bear in mind that in the current situation these cases of dumping, and above all the growing alarm at presumed cases of dumping — whereas what is frequently involved is a decline in our competitiveness — tend to conceal the fact that we can no longer continue to form a Community which maintains low tariffs on industrial products and is open to foreign trade, unless we change our passive policy into an active one; in other words we should develop from a customs union into a common market with common industrial policies. Indeed, only in this way can we pass from a passive to an active defence policy — a typical example is the data-processing field, mentioned by Mr Cousté; our weakness here derives, it is true, from the aggressive trade position of Japan or other countries selling products at particularly low prices, but above all it derives from our failure to implement a common policy on data-processing.

We should be capable of moving on to the next stage. If this is not the case, then it is pointless to continue citing cases of dumping. Such cases will multiply, we will then resort to protectionism which will naturally provoke retaliatory measures, making life impossible. This is another reason why I believe that we cannot discuss and approve today the document under consideration. I therefore support Mr Aigner's proposal to refer it to committee.

President. — I have received from Mr Inchauspé on behalf of the Group of European Progressive Democrats a motion for a resolution with request for an immediate vote, pursuant to Rule 47 (5) of the Rules of Procedure, to wind up the debate on the oral question on the practice of dumping and the threat posed to Europe by uncontrolled competition (Doc. 209/77).

I think it is at present agreed by the House that the motion for a resolution should first be discussed in committee and then submitted again for open discussion in the House. I therefore propose that we now

President

conclude the debate on the oral question by Mr Cousté. I understand that Mr Haferkamp agrees to this. Mr Cousté also seems to be in agreement. What is Mr Inchauspé's opinion?

Mr Inchauspé. — (F) Mr President, in my country we say that to refer a text to a committee is to bury it. I do not think that would be the case in this Assembly, and I should simply like to say which committees I feel might study this motion for a resolution. I would suggest that the Committee on External Economic Relations should be appointed the committee responsible and that the Committee on Economic and Monetary Affairs and — I feel this is very important — the Committee on Social Affairs, Employment and Education should be asked for their opinions.

✓ **President.** — Are there any objections to this proposal?

That is agreed.

8. *Pharmaceutical industry in Europe*

President. — The next item is the oral question with debate (Doc. 177/77) by Mr van der Hek, Lord Bruce of Donington, Mr Glinne, Mr Prescott and Mr Seefeld to the Commission on the pharmaceutical industry in Europe:

In October 1975 Parliament had a debate on abuses and fraudulent practices by the major pharmaceutical laboratories in Europe. A resolution tabled by the Socialist Group was referred to committee.

Since then, two committees have discussed the matter, but work seems to have been held up by the need to obtain additional information, which the Commission has not yet provided.

1. Can the Commission give further details in this regard?
2. Will the Commission inform the European Parliament of further action which it has taken since 1975
 - (a) concerning the application of Articles 85 and 86 of the Treaty of Rome to undertakings in the pharmaceutical sector
 - (b) concerning the tightening of legislation on drug manufacturing, drug pricing, packaging, marketing, promotion, consumer information, and monitoring effectiveness and safety
 - (c) concerning research and development in this sector?

I call Mr Prescott for a procedural motion.

Mr Prescott. — Mr President, I understand that the question on pharmaceuticals in the name of Mr van der Hek was to be placed before the House and taken without debate. There are reasons for that; the group arrived at that conclusion, and we apologize for detaining the House and presenting it the way we have done, but we wish to present it, at this stage, without debate.

President. — I call Mr Cousté.

Mr Cousté. — (F) Mr President, I understand that the honourable Member would like the question to be considered without debate. He perhaps does not know that the Committee on Economic and Monetary Affairs and the Committee on the Environment, Public Health and Consumer Protection have appointed rapporteurs on the practices of pharmaceutical laboratories. This matter will therefore be debated in the near future since the appropriate committees must produce their reports in September. I can therefore well understand that my colleagues want the subject to be considered without debate now. But if there is no debate, I wonder if the question should be raised at all now. It could be held over and combined with the reports which we are going to have to discuss.

President. — I see from the text of the oral question that a resolution was sent to two committees. In the circumstances would it not be better to await the reports of these two committees? We could then consider the matter more effectively than on the basis of an oral question without debate. Could you not agree to that Mr Prescott?

Mr Prescott. — It's not too clear what I'm accepting, but the original proposal was that the question now be taken without debate, as an indication of our concern over this matter, which two committees are dealing with; it was the concern of the group that we were supposed to be dealing with this matter, which arose directly out of a resolution from the Socialist Group some while ago. If there is to be just an indication of concern at this stage, in order to find out what the Committee on the Environment, Public Health and Consumer Protection and the Committee on Economic and Monetary affairs are doing about this, we can reconsider the situation in September and leave it at that for the moment.

President. — The question is thus held over

9. *Economic and trade relations between the EEC and China*

President. — The next item is the report (Doc. 76/77) by Mr Kaspereit on behalf of the Committee on External Economic Relations on economic and trade relations between the European Community and the People's Republic of China.

I see that Mr Nyborg who is to deputize for the rapporteur is not present. I call Mr Cousté for a procedural motion.

Mr Cousté. — (F) Mr President, we must be realistic. Neither Mr Kaspereit nor Mr Nyborg is present. In my view this important debate must be postponed

Cousté

until a later part-session. We cannot open a debate in the absence of those directly concerned. It would seem reasonable to me to hold over this debate until the September part-session.

President. — I am in a somewhat delicate position. I have the impression that a number of Members and the Commission have prepared themselves for a debate on our relations with China. Moreover nearly all participants in this debate are present and Lord Bessborough had tabled a question for Question Time on the same subject. However I am obliged to submit Mr Cousté's proposal to you.

I call Mr Radoux.

Mr Radoux. — (*F*) Mr President, I must point out that this is the second report that we will be postponing until September. Our relations with a country like the People's Republic of China are extremely important. In spite of the late hour I would advocate that we discuss this report today. It would after all be rather strange if we were to postpone it for another three months when a delegation is going to China and preparations are being made to open negotiations. If Parliament wants to play its proper role, then it should be examining this report today.

President. — I call Mrs Squarzialupi.

Mrs Squarzialupi. — (*I*) Mr President, I note the presence of the Chinese diplomats in the official gallery and I feel that a Member who dismisses such an important matter as relations between the Community and the People's Republic of China does not give a favourable impression of himself.

President. — The problem has been solved by the arrival of Mr Nyborg whom I now call.

Mr Nyborg, deputy rapporteur. — (*DK*) Mr President, I am sorry for having delayed Parliament. I tried to have a bite to eat between debates and hadn't realized that the agenda had been changed. I will now, on behalf of Mr Kaspereit, present his report on relations between China and the European Communities.

The initiative taken by the Committee on External Economic Relations in drawing up a report on economic and trade relations between the Community and the People's Republic of China is evidence of the growing political significance of the strengthening of relations between the world's most highly populated country and its leading trading bloc.

The significance currently attached to EEC-China relations dates from the early 1970s. This period marked the end of the cultural revolution in China and, as a result, a stabilization of the régime, opening the way for an extension of China's trade relations with the Western industrialized nations. It also coin-

cided with the entry of the People's Republic of China into the United Nations and the recognition of its government as sole representative of the Chinese people by all the Member States of the Community. Finally, during this same period the Community, acting in accordance with the provisions of the Treaty, sought to standardize all trade agreements concluded with third countries and negotiations for trade agreements came under the jurisdiction of the Community as such.

Following the expiry of the trade agreements between China and each of the Member States on 31 December 1974, the need arose for a trade agreement between China and the Community as a whole. This change in Chinese policy *vis-à-vis* the Community in the early 1970s was mainly due to considerations of a political nature.

On several occasions the Chinese leaders have shown their support for an enlarged, stable and united European Community. Evidently, the grounds for this support are political rather than economic. The foreign policy pursued by the late Chou-En-Lai aimed at replacing the supremacy of the United States and the USSR by a multipolar world model that established a balance between the five major powers, the United States, the USSR, China, Japan and the European Community.

The struggle between the two superpowers, the United States and the USSR is constantly increasing and is being extended to all parts of the world, with Europe as its focus. Chinese policy is to support the countries and peoples of the Second World (the small states of Western Europe and countries such as Canada, Australia and Japan subjected to American economic pressure) in their struggle against the hegemony of the superpowers, and the attempts by the Western European countries to unite in this struggle.

Although China regards the European Community as a capitalist bloc, the Chinese leaders welcome visits by politicians, above all those well-known for their anti-Soviet opinions, from the Member States.

We remember how Mr Franz-Josef Strauss, leader of the CSU, was welcomed in January 1975 by Mr Kiao Kuan-Hua, then Chinese Minister for Foreign Affairs, with the statement that admittedly, our two states have different social systems, but this should in no way prevent us from being friends. The important thing is that each of us should enjoy and safeguard our independence, and that we follow our own paths'.

In economic terms, China's sudden interest in European integration is explained by the loss of the Soviet market following the ideological rupture of 1960. Since the normalization of relations, China has turned to Japan, Hong Kong, the United States and the European Community.

Nyborg

Approximately 90 % of Community exports to China consist of chemical products, transport equipment and finished products of light and heavy industries. Half of China's exports to the European Community consist of foodstuffs and commodities, and the relative volume of finished products is increasing. The last few years have therefore revealed favourable prospects for the European Community's trade balance with China.

In this context, the development of trade relations between the Community and China seems to hold out advantages. Even over the last few years exports by the nine Member States to China have increased significantly. The Federal Republic is by some distance its leading Community supplier, followed by the United Kingdom and France.

In this situation the negotiation of an outline agreement, as apparently favoured by the Commission, based on that recently concluded by the Community with Canada might well be the best means of promoting closer collaboration between the two partners. This course ought to be facilitated by the political positions adopted by the Chinese Government in favour of a strengthening of cooperation with Europe.

In Peking's view, only a strong and united Europe is capable of counterbalancing Soviet power.

We hope that China's position is not based on secondary or purely tactical considerations, but on acceptance of the idea that the EEC is an end in itself and recognition of its role as a promoter of peace and equilibrium.

President. — I call Lord Bessborough, who had tabled a question on the same subject for Question Time.

Lord Bessborough. — Mr President, we are debating the political and economic relationships of more than a third of the people of our planet, the people of Europe and the people of China. We have before us the statesman-like report of Mr Kaspereit, ably presented by Mr Nyborg, on economic and trade relations between the Community and the People's Republic. This the European Conservative Group wholeheartedly supports.

The Chinese people are now embarking on a new stage in the development of their country under Chairman Hua Kuo-feng. China and Europe meet one another in new and unique conditions. The Chinese leaders know that European traditions assume that mankind has more important aims than the purely material. We Europeans understand the sacrifice that all the Chinese are making for the political and economic progress of China. There is pride in China — pride in self-reliance. But China finds a Europe still struggling to unite after two catastrophic wars, still struggling to create an effective European

Community — an aim wholly supported by the People's Republic. The Chinese took the initiative in diplomatic recognition of the Community, as Mr Nyborg has said. Such recognition calls for a response and a new partnership between us. Europe must approach the Chinese people with the same humility which Chairman Mao advised in his speech on the Ten major relationships. It must be admitted, he said, that every nation has its strong points. If not, how can it survive? How can it progress? On the other hand, every nation has its weak points. Some believe that socialism is perfect without a single flaw. How can that be true?, said Chairman Mao. Well, the chairman may not have lived long enough to identify the flaws in socialism, but he has prepared the people he led for the relationship which the European Community and China are about to build. Chairman Mao instructed his people in these words:

Our policy is to learn from the strong points of all nations and all countries. Learn all that is genuinely good in the political, economic, scientific and technological fields, and in literature and art. But we must learn with an analytical and critical eye.

Mr President, we who have the responsibility for the political leadership of the European Community must give expression to and support the organizations that will be required to implement the draft framework agreement that this report calls for. Together with Chinese leaders, we must examine the particular needs of China and where an association with Chinese manufacturing, organizations would be fruitful. At the same time, so that the agreement should not be one-sided, let us examine the needs of the Community, particularly for raw materials, some of which might well be met from Chinese sources.

The Community must distinguish itself by that generosity of spirit and commercial wisdom which will make a lasting success of a Sino-European friendship. China is not a consumer society in our sense of the word. On 26 December 1976, Chairman Hua, citing Chairman Mao, exhorted China to accomplish the comprehensive modernization of agriculture, industry, national defence, science and technology in order to bring their national economy to the front rank in the world before the end of the century.

Mr President, the Chinese people are being asked to achieve a degree of industrialization in 23 years, which took the nations of Europe more than 100 years. In a country endowed with up to 900 million souls, a great human asset, such industrialization will only be achievable by the most methodical organization. Industrialization on this scale by the Chinese people in their chosen time-scale will require unique working arrangements by the firms and other institutions of the Community, if these same firms are to prosper in helping the Chinese people to prosper.

Lord Bessborough

If the framework agreement is to be implemented, a greater degree of political and economic coordination will be required than possibly in any other human project. In the financial sphere, the scale of the projects will require the European Investment Bank, commercial and merchant banks, to raise substantial capital sums to finance these projects. Would the Chinese Government exceptionally permit European capital to play its part in assisting the development of the Chinese economy? Industrialization and the innovation which accompanies it will require reciprocity in the acknowledgement and use of intellectual property such as royalties. The past pattern of framework agreements is not altogether happy. Despite the existence of an agreement there have been uranium supply difficulties with Canada. The framework agreement with the People's Republic must contemplate a more substantial relationship, a framework in which the Chinese can take substantial steps in helping meet the needs of Community firms, particularly, as I say, for their raw materials such as ferro-manganese, antimony, platinum, tungsten, just as these and other Community firms can take the necessary steps to help the Chinese implement their plans.

The Community may well be called upon to make unique and imaginative changes to make a success of this challenge. For example, there could be a need for a standing conference on the development of the economic and the commercial relationship — this is the suggestion which I put to Mr Haferkamp and I hope he will think there is some merit in it — a conference consisting of Chinese ministerial and official representatives and the chairmen and overseas directors of large companies, bank experts, Commission and Council representatives, and also perhaps nominees of this Parliament and of the Economic and Social Committee. The conference could be chaired alternately, say, by the Chinese ambassador to the Communities in Brussels, whose representatives are in this Chamber, and perhaps by the Commissioner for External Affairs, Mr Haferkamp. The Commission might consider the establishment of a permanent delegation of the Community in Peking, such as we have in Washington. I would be glad if the Commissioner would comment on this. Among the tasks of the delegation would be the preparation of the next meeting of this suggested standing conference, a conference that would decide, among other things, the broad principles of the contracts which Community firms would negotiate with Chinese corporations. The conference might bring together Community firms with the management, financial and technological skills required by China. The conference might meet to deliberate and define the involvement of the Community in one industrial sector at a time.

Mr President, I believe that the scale of investment which the People's Republic will be undertaking each year, considerably larger than the budget of the Euro-

pean Communities, calls for special measures of this kind. This is the sense in which I think paragraph 6 of the motion for a resolution might be interpreted. We know that a delegation from the Commission, as was said before the beginning of the debate, led by Mr Roland de Kergorlay, is today arriving in Peking at the invitation of the Chinese Institute for Foreign Affairs. They are exploring the possibilities for a framework agreement, following the initiative of my right honourable friend Sir Christopher Soames in 1975.

The outcome of the Commission's exploratory discussions — and they are exploratory — and their recommendations, will be of the first importance. Perhaps Parliament might discuss their report in committee. Directors of the Bank of China have visited the Institutions of the Community and are spending 50 Days in the Member States, and I understand that the Chinese Electronic Society will be spending 40 days in the Community in September and October of this year. And, Mr President, I have myself accepted an invitation from the Chinese Institute to have two weeks' discussions on these questions with officials later this month, when, among other things, I hope to learn something of their scientific efforts and their considerable energy and raw material resources.

Mr President, the Chinese are earnest about their relationship with the Community. I truly believe that. They would like to see a more effective European Union. We should not disappoint them any more than we should in this disappoint, say, our Atlantic allies. I congratulate Mr Kaspereit and hope these few ideas may help him in his task of bringing our great peoples of East and West together.

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

Mr Radoux. — (*F*) Mr President, ladies and gentlemen, on behalf of the Socialist Group I should like to begin by saying that in our opinion our relations with the People's Republic of China are characterized by three specific features. The first is that China is the first major state-trading country to recognize the existence of our Community. The second is that China is a country which is seeking a multi-polar world, in which one of the partners would be our Community. The third is that China has very valid economic reasons to approach the European Community.

Our Parliament has on many occasions demonstrated the interest it takes in the relations we have with this country. From a perusal of the files I notice that over a period of almost 10 years various questions, written and oral, have been put to the Commission in some cases, to the Council in others, asking for information on the state of our relations with China, welcoming talks in progress and expressing complete satisfaction when we learnt that China had recognized the Community.

Radoux

Since April 1976 we have been taking an interest in the mandate which the Council might give the Commission to negotiate a commercial agreement and an economic agreement. It was in this spirit that our Parliament welcomed, at the beginning of May 1976, the visit by Sir Christopher Soames to Peking and the favourable outcome of his discussions, the *de jure* recognition of our Community. So much for the political aspect.

As for the economic aspect, we note China's interest in European integration, which is explained by the general orientation of that country towards Japan, Hong Kong and the United States, in other words all the industrialized countries, among whom we also figure. Since commercial agreements are the responsibility of the Commission, it was Sir Christopher Soames who, during the visit I have just mentioned, held the first exploratory talks on an agreement which the Community is proposing to the state-trading countries. In November 1974 the Council adopted what is generally known as an outline agreement, in other words an agreement containing guidelines that allow the provisions to be drawn up for any agreement concluded between the Community and a state-trading country.

As regards the type of trade that is carried on, it will be seen that some 90 % of the Community's exports to China consist of chemical products, transport equipment and finished products of the heavy and light industries. Half of China's exports to the European Community consist of products of the food industry and of raw materials, although the proportion of finished products is growing. This shows how important the economic aspect is, since it opens vast horizons on both sides.

I thus come to Mr Kaspereit's motion for a resolution and I would join the other speakers in congratulating him on the report which he has presented to us and in which he examines every aspect of the relations the Community would like to have with the People's Republic of China. Our rapporteur rightly welcomes the establishment of diplomatic relations, to which I referred just now.

In these circumstances the Socialist Group looks forward with great satisfaction to the opening of negotiations on the conclusion of an EEC/China agreement designed to replace the bilateral agreements between that country and each of the Member States of our Community. It was said just now that the Commission's delegation has just arrived in Peking. What we as Socialists hope today is that this mission will be crowned with success and that in particular it will make it possible for the Council this time to give what is known as a negotiating mandate to the Commission on its return.

As the motion for a resolution points out, we hope that the agreement with China will go beyond the

outline agreement we offer the state-trading countries. As several Members have already said, we feel that in the case of the People's Republic of China we must go beyond the outline agreement we now have, beyond the standard pattern if I may put it that way, and offer the People's Republic of China a more generous agreement, particularly as regards technical and industrial cooperation.

Before finishing, I should like to put a personal question to the Commission. I should like to know if there are plans to establish a Community mission in Peking in the fairly near future. We can well understand why this has not yet been done, but we feel that once the negotiations are under way and a negotiating mandate has been given, there will be a reasonable chance of success. We feel that in the present case it would be an excellent thing, and would also follow the gesture made by the People's Republic of China in establishing a mission in Brussels.

Mr President, ladies and gentlemen, the attitude of the Socialist Group is dictated by the desire of the Community to have relations with the major countries and major groups of countries in the world. We are very heedful of the acts of countries which recognize our Community *de jure*. China is one of them. By our attitude we wish to demonstrate our will to cooperate, particularly with those who recognize reality and also with those who draw the conclusions from such reality. This is the reality of the present-day world, it is the reality of the existence of the Western European community, it is the reality of major countries in other parts of the world, it is the reality of major industrialized countries with which we wish to enjoy — and I make no exceptions — the best relations.

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

Mr Pucci. — (1) Mr President, ladies and gentlemen, the report by Mr Kaspereit, which as regards both the historical aspect and the present-day situation is extremely lucid and comprehensive, and the explanation given by Mr Nyborg exempt me from making a long speech, the more so since the Christian-Democratic Group fully support the motion for a resolution and the motives on which it is based. In accordance with an extremely realistic concept of economic policy, it gathers together the essential aspects of the question, analyses the reasons for the Community's interest in developing and concluding the current negotiations and finally, puts forward some useful suggestions on how to overcome those obstacles which, at present, seem to be of a formal rather than a fundamental nature. Indeed, as emphasized in the report, the fundamental aspects all seem to concord with the proposals put forward by the two interested parties.

Pucci

Apart from the caution which must naturally accompany any forecast of developments in Chinese politics — this country which, though so distant, wishes to be, and we believe it can be, close to ours — we believe that the current negotiations will be successfully concluded, given that the two partners agree on the urgency and importance of strengthening relations between the most highly-populated country in the world and the first trading community in the world.

The hesitations, or rather delays, which occurred last year and which were the natural consequence of the change of leadership after the death of Chairman Mao, now seem to be over and to be giving way to a full resumption of normal work, even if tempered by the traditional slow pace which, as our rapporteur pointed out, characterizes Chinese diplomacy. After an interruption from February 1976 to February 1977, and an invitation to the Chinese in March 1976 to send a delegation to Brussels to resume exploratory discussions — an invitation which came to nothing — in March 1977 the Chinese authorities invited the Community to send a delegation to Peking in June-July 1977 to discuss the clauses of the proposed trade agreement.

As a result of this invitation, which was immediately accepted, the two delegations met in Peking in the last few days and although they will only hold exploratory discussions, I believe that the Community should put forward positive views, particularly on those matters to which our approach may differ from that of the Chinese: balance in our trade, a safeguard clause, raw material supplies, application of the most-favoured nation treatment. I am certain that the Commission will see to this and that Parliament will make an important contribution — as it is already doing — to the development of the negotiations.

In placing this matter on the agenda, Parliament chose an extremely opportune moment for awakening public opinion and the political powers to the undoubted usefulness of these agreements and to the fact that the delays of the last year are now over, in view of the recent statements by the Chinese and the fact that the negotiations have been resumed.

The agreements which it is hoped to conclude are fully in accordance with the foreign policies of all the Community countries and no aspect of the negotiations runs counter to these policies. Moreover, the European Parliament should neither ignore nor underestimate the fact that China has an avowed avowed — including a political interest — in strengthening our Community, despite its different concept of history.

Before concluding, I should like to emphasize two important aspects which may form part of economic and trade relations between the European Community and the People's Republic of China.

The first derives from the view contained in the third paragraph of the motion for a resolution, which

propose increased and closer coordination between the individual Community countries and China in view of the prospect of an agreement to replace the bilateral conventions which bodes well for the fruitful merger of the interests of the nine countries. This merger is necessitated by China's very nature and structure and may be seen as a useful means of testing the Community spirit. To this end, I believe it to be extremely important to set up the European Export Bank which — in the light also of the significant positions adopted by the Chinese during a recent visit to Brussels by the Vice-President of the Bank of China, on the possibility of Chinese economic policy participating in the credit system — may constitute an indispensable means of intensifying trade relations between the two parties.

The other aspect I should like to mention concerns the contribution which, with the spirit and purpose behind these negotiations, the Community can make to the peace and prosperity of all the peoples in the world. Economic cooperation is both the prerequisite and the consequence of an open-minded approach to political relations between the two great territorial, economic and human entities formed by China and the European Economic Community: not an exclusive approach but one that is consistent with the spirit of solidarity which unites the Western world, is aware of the need to safeguard existing equilibria — though these are still necessarily limited to certain areas — and aims at establishing a greater spirit of solidarity throughout the world.

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

Mr Mascagni. — (1) Mr President, ladies and gentlemen, the Communist and Allies Group welcomes the motion for a resolution submitted by the Committee on External Economic Relations, on economic and trade relations between the European Community and the People's Republic of China.

Above all we welcome the realism which now characterizes the attitude of Western Europe towards this great country. This realism has finally overcome the obstacles which still existed not so long ago, and has triumphed over the prejudiced, irrational and politically short-sighted attitudes of former European governments.

We fully support the motion for a resolution for three main reasons: for the economic, trade and cultural advantages which the agreement now being drawn up will bring to both parties; for the increased international standing and effective political powers which the European Community as such stands to gain from the agreement; for the political importance of the agreement in the current world political situation and its possible beneficial effects on the worldwide struggle for peace.

Mascagni

Since the European Community is now the second most important political and territorial grouping in terms of trade relations with China, real advantages can clearly be gained from the agreement. Moreover, it should be borne in mind that it could have a positive influence on relations with the Third World countries, which, naturally enough, maintain constructive relations with China.

Of course the process which the proposed agreement will initiate will not have immediate, easily-obtained results; we must therefore prepare ourselves and consider the practical difficulties which may arise and whose solution will require realism and a decisive spirit of initiative. These difficulties will derive from the marked difference between our two economies and from the understandable caution shown by the Chinese leaders in relations with the West as a result of unfortunate experiences in the fairly recent past.

We consider that, apart from a number of well-known and controversial motives, which we cannot support, the main reason for China's renewed interest in relations with the European Community is its new awareness of the need to end its isolation and make decisive approaches towards the industrialized world, overcoming all unreasonable opposition but without sacrificing any of its ideological and revolutionary heritage.

The Communist and Allies Group of the European Parliament, representing the vast popular, democratic and progressive forces in Europe, will strive to seize and develop, in every possible practical and idealistic way, the opportunities presented by relations between the European Community and the People's Republic of China, with a view to consolidating, realistically and honestly, the lasting interests common to both parties. We are firmly convinced that it is in China's interest to strengthen relations with a European Community which is free to make its own choices, to seek new, better-established equilibria, a Community which, by strengthening international peace and détente can therefore contribute effectively towards a new world order based on new relations of independence between countries.

(Applause)

President. — I call Mr Dalyell.

Mr Dalyell. — At this time of night I would just like to ask one question, and that is whether there will be a statement at the September part-session on the results of the delegation's visit, because there are some of us who had the good fortune to go to China on a trade delegation, as I did in 1971 with the Scottish Trade Delegation, and who are now concerned that there should not be confusion on the part of the Chinese having to deal with so many delegations from Western Europe. I particularly welcome the fact that the Community are now going as a Community and hope that a framework will be established whereby the

the Community is responsible, and clearly seen to be responsible, for the general commercial negotiations and that the rest is done at the level of the individual firm, because one does detect, frankly speaking, a desire on the part of many chambers of commerce and other organizations to go to China. This is a very natural feeling, but nevertheless one hardly thinks that it is good for the development of genuine increasing trade between the Community and China that there should be so many different delegations seemingly competing with one another, and the time has come to establish a coherent framework. Mr President, I will leave it at that this time of night.

President. — I call Mrs Kruchow.

Mrs Kruchow. — *(DK)* Mr President, I too would like to thank the committee for taking the initiative in drawing up this report and motion for a resolution. I fully support both the motion for a resolution and the content of the report.

I think cooperation such as this is very important. Although to start with it is economic, technological or trade cooperation, history has many examples to show how mutual trade leads to cultural cooperation and a better understanding of the partners' customs, way of thinking, art and culture. I therefore hope that cooperation in these areas will also be developed. It can after all open up the way for better understanding even though we may disagree and it offers the prospect of more peaceful understanding between the nations and peoples of the world.

President. — I call Mr Haferkamp.

Mr Haferkamp, Vice-President of the Commission. — *(D)* Mr President, ladies and gentlemen, I should like to begin by offering my very sincere thanks to the rapporteur for his report and to those who have participated in this important debate. The Commission agrees in every respect with the motion for a resolution that has been tabled, and we also very much welcome the report accompanying this motion for a resolution in the form of an explanatory statement. In our view, this report gives a very well-balanced overall picture of the position of China in the world and of its relation with the European Community.

The report also gives the impression that there are signs of developments which may be beneficial to both parties, and this not only in the field of trade. We also agree with this assessment. I particularly welcome the fact that in paragraph 4 Parliament notes with satisfaction China's agreement to open negotiations on a trade agreement. The debate that has taken place here has been particularly valuable to us. As has already been said, it is being held at a time when a delegation from the Commission is in Peking for talks with the Chinese Government. As you know, there have been contacts between us and the embassy of the

Haferkamp

People's Republic of China in Brussels for some time. These contacts have included exploratory talks.

These talks have prepared the ground for a better understanding of the economic problems of both sides, which it is in our mutual interests to try and solve.

The exploratory talks that have now begun in Peking have as their objective the search for practical possibilities for the negotiation of an outline agreement between China and the Community. We can well appreciate the desire, as expressed in paragraph 6 of the motion for a resolution, for the planned outline agreement to cover more than just import arrangements. To this extent I also agree with what has been said on this subject during the debate. We, too, would like to see this agreement allowing constant progress towards the solution of definite problems, for example through, the creation of a joint committee. Whether or not the time is right for this cannot yet be said. It depends not least on the Chinese side in the talks. We cannot therefore yet tell to what extent cooperation, as mentioned in point 46 of the report, can be achieved. We will know more about this when our delegation returns from Peking.

We will then also have to decide whether the basic questions have been clarified sufficiently for us to propose to the Council that it should empower us to begin formal negotiations on an agreement, in other words give us the mandate to which reference has been made here.

When drawing up a proposal of this kind, we shall naturally take due account of all the ideas that are put forward in the report and motion and that have been raised during the debate today. These suggestions are of particular value to us, and I should like to refer in particular to those made by Lord Bessborough and Mr Radoux. As requested in paragraph 7 of the motion for a resolution, we will be informing your Committee on External Economic Relations in due course and in an appropriate manner of the state of the negotiations. We will also be informing Parliament as a whole. Whether or not this will be in September will depend on the course taken by the talks and on our continued deliberations. At all events, there will be constant cooperation with this House on this so very important question.

(Applause)

President. — Since no-one else wishes to speak, I put the motion for a resolution to the vote.

The resolution is adopted.¹

10. *Additional Protocol and Financial Protocol with Portugal*

President. — The next item is the motion for a resolution tabled by Mr Klepsch on behalf of the Christian-Democratic Group on the Additional Protocol

and the Financial Protocol concluded on 20 September 1976 between the European Communities and Portugal (Doc. 212/77).

I call Mr Price.

Mr Price. — I think this puts the Parliament in a very difficult position. You will remember the history of this particular item on the agenda. On Monday, yesterday, there was a plea that we should not take the Bayerl report, and there was a lot of argument about it. I had one point of view; other people had other points of view. We had a vote and we decided then to put the whole report off until September. I was on the minority side, but being a democrat, Mr President, like yourself, I accepted the democratic vote; but then, this morning, without any proper consultation, which was exactly the thing that the Christian Democrats had pleaded for when putting off the report on Monday, we had this motion for a resolution put down under the urgency procedure at a time when, by chance, it was highly inconvenient for my colleagues and myself to be here in the Chamber. We had a political group meeting that went on a little long, and this can happen to any political group. But again, Mr President, you are a democrat, I am a democrat, and it went through. We accepted that, and some of us had been waiting for this item to come up on the agenda. But what happens when it does come up? Precisely those democratic people who first objected to a lack of consultation on Monday and then put forward without any consultation with other political groups — as is the custom in this Parliament — a particularly urgent motion are now not here to move their motion. In my view, it is an absolute scandal; it is a disgrace to the procedures of this Parliament that we should be put in this position, and I would like to propose, since we are in this position, that we take the urgent motion — I know Mr Klepsch is not here, but I am sure somebody else can speak for him — that we also take the various amendments, including Amendment No 3, which is put down in the name of Mr Fellermaier, myself, Mr Bayerl and Mr Schmidt — and work through the agenda as the Parliament has decided, and not simply put this item off because it is inconvenient, because certain people's dining arrangements prevent them from being here. I would hope that we can take Mr Klepsch's resolution and vote on it — I would vote on that, but I would also vote on Amendment No 3 which is down in my name — and then see how we go from there.

President. — I call Mr Martinelli, deputizing for Mr Klepsch.

Mr Martinelli. — *(I)* First of all I should like to remind Mr Price, who has just spoken, that what he said is not quite accurate. Yesterday, when it was decided to defer the report by Mr Bayerl, it was pointed out that the statistics contained in the report

¹ OJ No 183 of 1. 8. 1977.

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only went up to 1974, whereas we are now in 1977, and that all the information therefore related to Portugal's economic activity before the events with which we are all familiar.

Secondly, to avoid giving the impression that Parliament did not consider matters relating to Portugal with respect or interest, it was necessary to ensure that the Additional Protocol, the Financial Protocol and the interim agreement were approved; and President Colombo stated that if the Christian-Democratic Group submitted a motion for a resolution to this end in the afternoon, it would be discussed the next day. There is therefore no justification, Mr Price, for lecturing us about the democratic conduct of one group or another. The Christian-Democratic Group has acted in a totally democratic manner; we were absent from the Chamber a few minutes ago due to an urgent meeting, just as you stated that you were absent from yesterday's debate on account of a group meeting.

Having said that, Mr President, I should like in my speech, which in some ways is a replacement for the statement by our chairman, Mr Klepsch, who is unavoidably absent, to mention in particular two general points which should be borne in mind when considering the motion for a resolution submitted by the Christian-Democratic Group on the signing of the Additional Protocol and the Financial Protocol between the Community and Portugal on 20 September 1976.

The first point is that the European Community has for a long time been Portugal's main customer and supplier — slightly less than half Portugal's foreign trade is with the Community. The second point is that Portugal shows a serious deficit on this trade, which means that the Community should put forward some kind of solution, which I shall enlarge on briefly later. I shall mention just two figures: in 1975 the deficit in the balance of trade between Portugal and the Community was 349 million u.a.; in 1976 it amounted to 645 million and this while Portugal, as we all acknowledge, was passing through a politically difficult phase in the search for a political system which would satisfy the democratic aspirations of its people after a long period of dictatorship.

Given the economic and political developments, the Community therefore rightly concluded with Portugal an additional protocol to that signed in 1972 and a financial protocol aimed not only at achieving the wider objectives which now characterize the Community's activities, but also at cooperating with Portugal to further its economic and social progress. The Portuguese economy is passing through a serious crisis, which may be summarized with a few facts: the increase in the resident population, further swollen by repatriates from the overseas territories, and the increase in the number of unemployed, now close to 1 million out of a population of less than 10 million; soaring prices, with an inflation rate of around 30 %

and, finally, the difficulties encountered by the productive apparatus in providing the major investments which the situation requires. This means that industrial production is stagnant or increasing only very slightly and that agricultural production, while employing 30 % of the working population, accounts for only 16 % of the national product (in 1976).

The Community has therefore taken steps to accelerate the conclusion of the new agreements, which were requested as long ago as June 1974, and has included an open-ended clause to enable Portugal to develop its relations with the Community much more fully than hitherto, among other things by extending cooperation to the industrial and technical sectors; it also brought forward to 1 July 1976, instead of 1 July 1977, the final abolition of customs duties on imports into the Community of industrial products originating in Portugal. Meanwhile, the new trade protocol has granted reductions in the duty on some tinned vegetables, certain fish and shellfish preparations and certain types of wine, subject to tariff quotas which have been increased considerably.

As I mentioned earlier, the Community has also provided for the drawing up of a financial protocol. In this connection it should be recalled that the Portuguese Parliament is currently considering a three-year programme of economic and social recovery, which proposes the creation of 200 000 new jobs and investments amounting to 15 000 million dollars, together with a vast house-building programme. We all know from long experience that one of the obstacles frequently encountered by these large-scale programmes is that of financial resources and that the results are often uncertain and far from satisfactory. But I must add that the programme currently being discussed in the Portuguese Parliament is accompanied by administrative and social provisions — concerning for example, internal discipline at work, measures to safeguard foreign investments, the development of the cooperatives — which strengthen the real possibilities of its being achieved. The Financial Protocol provides for aid amounting to 200 million u.a. over five years in the form of loans from the EIB, of which 150 million u.a. benefit from reduced interest rates, at a charge of 30 million u.a. These resources supplement the additional emergency aid already given to Portugal in October 1975, amounting to 180 million u.a.. However, it should be remembered that EFTA, of which Portugal will remain a member until its relations with the Community are clarified, is considering the possibility of using its own industrial development fund to help Portugal. Even more attention should be paid to the fact that according to recent press reports, ten industrialized countries, together with Venezuela, have decided to grant an exceptional aid of 750 million dollars, to enable Portugal to deal with its urgent balance of payments problems. In view of all this aid, we can consider the state of the Portuguese economy with less anxiety, but we must not ignore the problems

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which its integration into the Community economy presents. These cannot be discussed now but they will be discussed when we consider how to react — and I hope it will be favourably — to Portugal's application to join the Community.

Mr President, as I must respect your request for brevity and in view of the time, I shall conclude by saying that Portugal is in the most difficult phase of the reorganization of its economy and finances: it has an excessive primary sector, foreign debts of around 2 000 million dollars and this year it will have to spend 200 million dollars solely on food aid. These are facts which we cannot ignore and since Portugal, a country of considerable political significance, is in the throes of the difficult transition to a democratic system, I shall conclude by saying on behalf of my group, that we support not only the protocols of 20 September, but also the interim protocol which will enable the section relating to trade to enter into force on the day of its publication in the Official Journal of the Communities, since this all helps to strengthen the democratic ties between the countries of Europe.

President. — I call Mr Price.

Mr Price. — Mr President, I think the misunderstanding that occurred earlier was that it was not clear to everybody in the Chamber exactly in what capacity Mr Martinelli was speaking. I think it became clear as his speech went on, but now I think we understand where we are. Mr Martinelli has been standing in for Mr Klepsch, who moved this particular urgent motion, and now we can carry on in an orderly manner.

When the Committee on External Economic Relations considered this, Mr Bayerl was not there and I acted as rapporteur. The motion for a resolution in the working document on Portugal before the Parliament on Monday was not exactly the same as the resolutions and amendments that are before Parliament today, but I think it is fair to report to Parliament that when the matter was raised in the Committee on External Economic Relations there was a lot of discussion, but in the end there was unanimous agreement that when dealing with Portugal it really is quite impossible to take the Financial Protocol and the Additional Protocol on one side as regarding the economic relationship between the Community and Portugal and to say nothing on the other side about the political position of Portugal and the political relationship between the Community and Portugal. That is why the committee adopted the motion for a resolution which it did under the capable, and at times quite brilliant, chairmanship of Mr Martinelli, and that is why the Socialist Group has decided today to table Amendment No 3, which substantially, with certain differences updating particular points in the motion for a resolution which I shall refer to in a moment, put the relationship between the Community and Portugal in this context. We have this economic relationship with Portugal as one of the former EFTA countries which inherited the Financial

Protocol and the Additional Protocol of September 1976, but also we wish from this Parliament to say a number of things about our broader relationship with Portugal, because if we are responsible parliamentarians, the only way we can talk about these things is to talk about them in economic and political terms together. That is why, in the amendment put forward by the Socialist Group, we talk about the severe economic problems that Portugal has, the very severe balance of payments problems which have made it necessary for Portugal to take certain precautionary measures as far as imports are concerned, and we recognize those difficulties.

We also go on to talk about the fact that it really is the joint responsibility — and this is in both the motion for a resolution and the amendment from the Socialist Group — of both the Community and Portugal to create the conditions necessary for entry. It is true, Mr President, that the original purpose of this motion for a resolution was simply to welcome the two protocols. But inevitably, we have to take into consideration the fact that since this motion for a resolution was tabled, Portugal has applied to join the EEC. We cannot ignore that. It would be absurd to adopt a motion for a resolution simply in the terms that the Christian Democrats have put down, because we have to take into consideration all the difficulties and all the problems which exist now that, on top of this particular economic relationship between the EEC and Portugal, we have the application to join. As I say, we make it quite clear that it is the responsibility of both parties to make this possible.

May I just emphasize, Mr President, the two last points which were in the motion for a resolution and now are in the amendment put forward by the Socialist Group, because I think it is on these that a great deal of the controversy though not particularly strong centred in the Committee on External Economic Relations. Probably it was also these last two paragraphs that caused our Christian-Democratic colleagues in this Parliament to have some qualms about accepting the whole of the Bayerl report as we hoped they would. In the committee, it was finally agreed that the arrangements necessary for Portugal to move towards membership of the EEC included something more than the particular economic relations we had already created. They needed political machinery, and two points of political machinery are mentioned in this amendment. We do not say these must come about, but we ask for the exploration of these possibilities. First, that, before full entry is obtained, the Portuguese Foreign Minister should have the opportunity, on the initiative of the Foreign Ministers meeting in political cooperation, to take part in their meetings and discuss problems. Secondly, we ask for a Joint Parliamentary Committee, where this Parliament can have greater contacts with the Portuguese so that we can understand things better. A delegation from the Socialist Group went to visit Portugal recently, as I understand other parliamentarians have done. I think these contacts are only for the good.

Price

The final point I would like to mention is the one Mr Martinelli made, that already there has been a joint initiative for \$750 million from ten countries to help Portugal with her very severe balance of payments problems. The point we make, however, is this. That is not sufficient. It was double that amount that the IMF first estimated that Portugal needed to cope with her balance of payments problems. The final point in this particular amendment put down is that if Portugal requests further help with her particularly severe balance-of-payments problems, for all the political reasons we know we should urge, not the Community, but our member countries to respond to that request. I do urge Parliament to realize that, in discussing Portugal, we are discussing a problem that is absolutely crucial to the future of democracy, to the future of our whole Community and its enlargement, but also to the future of democracy in the world. I am sorry that this discussion is taking place as late as it is, and in the circumstances it is, but I would urge, as the acting rapporteur for the Committee on External Economic Relations, that we do not try to separate the economic and political aspects but that we accept most of these amendments and finally pass a balanced resolution.

(Applause)

President. — I call Mr Aigner for a procedural motion.

Mr Aigner. — *(D)* Mr President, ladies and gentlemen, I feel that we are all in a somewhat difficult position. I should like to recall how we came to be discussing this motion for a resolution.

We had a report which was not accepted by the majority of the House in the form in which it was submitted. We then agreed that the political side of the matter, as stressed by the Socialist Group during the discussion, should be given prominence and that paragraphs 1 and 2 of the motion for a resolution should be reproduced in a separate resolution and debated by urgent procedure today. That is how things started.

We thought that we would be voting on this either tomorrow or — as had been agreed — on Thursday. Mr President, I have never been a stickler for the Rules of Procedure, and I have been here for 16 years, but in a matter of such enormous political importance for us all, I do not want to leave anything to chance. The Rules of Procedures provide sufficient grounds for preventing a vote at this time. I would refer in particular to Rule 14 (3) and Rule 29 (5). So as not to give rise to what might turn out to be an endless debate on the Rules of Procedure, however, I withdraw this motion for a resolution tabled by my group — I have just telephoned the chairman of the group, who is in a meeting, and I have been empowered to do this — and would ask you to close the debate on this item.

President. — Since Mr Aigner has withdrawn his motion for a resolution, the debate is closed.

I call Mr Price.

Mr Price. — I quite agree with you, Mr President. I think you are quite right in that you are placed in a position where you only have one course and that is to conclude this debate. But in agreeing with you — because if the motion for a resolution is withdrawn, what else can you do? — I would like formally, on behalf of my colleagues, to make a protest as to the way this Parliament has been treated with this particular motion on Portugal. The next time we discuss it I hope we can discuss it with greater cooperation and in a very much more orderly way.

(Applause)

President. — I call Mr Radoux.

Mr Radoux. — *(F)* Mr President, considering the relations which exist between the European Community and Portugal and in view of what we should have decided, I very much regret that Portugal is compelled to wait until September because we have not been able to agree. I regret this very sincerely.

President. — I call Mr Aigner.

Mr Aigner. — *(D)* Mr President, I should like to add to this procedural debate another procedural debate. I have withdrawn this motion, Mr President, and I repeat my request that it be withdrawn, because the Socialist Group has used a procedural trick — and I feel must say this now quite clearly — to reintroduce the subject-matter of their own motion for a resolution, which has already been rejected by a majority, in the form of an amendment. That is why I have withdrawn this motion.

President. — I call Lord Castle.

Lord Castle. — I am concerned, Sir, as I am sure everybody in this Chamber is, about Portugal in this and as the decision just taken means that we shall not have this subject up again I want to know what happens to this report and what happens to the amendments to it. How do we get it back to be discussed here? No decision has been made upon that and I am sure you would wish it to be associated with your chairmanship that you return this as soon as possible so that we can discuss it or, if necessary, refer this report again to the appropriate committee.

President. — I would point out that yesterday Parliament decided to defer the Bayerl report on EEC-Portugal relations to the September part-session.

I call Mr Lange.

Mr Lange. — *(D)* Mr President, Mr Aigner's remarks lead me to speak on a point of order because what he has said is not correct. He is making a mistake. Because when he claims that this motion from the

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Bayers report was rejected, that is not true. As you have so rightly said, Mr President, it was not rejected; it was decided that it should not be discussed. Furthermore, Mr Aigner, you can hardly claim that the Socialist Group has used a procedural trick here. It has done what it considered necessary following your tabling of a motion with a request for debate by urgent procedure, which you have now withdrawn. I also agree with your definition of the position, Mr President: the motion for a resolution has been withdrawn, and there can not now be a debate until September.

11. *Relations between the EEC and the Nordic countries*

President. — The next item is the report (Doc. 184/77) by Mr Maigaard on behalf of the Committee on External Economic Relations on economic relations between the European Communities and the Nordic countries not members of the EEC.

I call Mr Maigaard.

Mr Maigaard, rapporteur. — (DK) Mr President, I would like to thank you for the heroic efforts you have made to let me speak. You have given a good example of professional loyalty with your constant efforts to reach this item on the agenda.

The report now before the House has been unanimously adopted by the Committee on External Economic Relations, but since it is being presented by a Member of this Parliament who sits to the left of the Chamber, I should, by way of introduction, point out that there are in the European Parliament many different views of the common market and European integration.

For the sake of order, I would refer you to my maiden speech as a Danish Socialist in the European Parliament in January 1974 to explain my views of the common market and integration. I am not unaware of the fact, and neither are you, Mr President, that in this Parliament there are many other views of the common market its basis and mode of operation. There is a Socialist view, there is a Christian-Democratic view, there is a Liberal view and so on. It is not unusual to find different points of view in a parliament.

If, with the support of all the groups, the Committee on External Economic Relations is nevertheless submitting this report on relations between the Community and Nordic countries, it is because it deals with a subject on which many widely different views have a point in common.

We could call it a crossroads of opinion; we come from different starting points, we each want to continue in our own direction, but we nevertheless

meet at this point. The main view expressed in the report is the desire for a broad Western Europe with practical cooperation on specific problems. Preferably more amicable cooperation than exists in the Chamber just now. But the subject of the report is relations between the Community and Nordic countries outside the Community. This subject is important to us all, for we all have common economic, political, social, energy and environmental problems. Often, not always, but often, they require common solutions. Cooperation is therefore to our mutual advantage. I would stress the mutual advantage. As far as the Committee on External Economic Relations is concerned, there is no question of unilateral advantages for highly-developed industrialized countries outside the Community.

As I said, this is important to us all, but especially for us in Scandinavia who have always wanted the closest possible cooperation with our Scandinavian sister nations. This Scandinavian desire for the closest possible cooperation with Nordic countries was reawakened with the lead given by the EFTA leaders to the common market at their summit meeting in Vienna on 13 May.

Four of EFTA's seven member countries are Nordic. There will therefore always be a Nordic aspect to cooperation with EFTA and I therefore welcome point 4 of the declaration of the EFTA summit meeting which states that the EFTA governments are convinced that it would be desirable to develop the existing cooperation with EFTA and — in varying degrees of intensity — between EFTA countries and the European Community by means of an increased exchange of information and closer consultations.

I welcome this statement because if it is put into action, there will automatically be a Nordic dimension and I thank Vice-President Haferkamp for the constructive way in which he views the EFTA move. At all events, I was pleased to reproduce Mr Haferkamp's statement at length in my report. I also hope that the report proposed by the Commission on relations between the common market and EFTA will soon be available to enrich the debate.

Bearing this in mind, we in the Committee on External Economic Relations discussed whether it was possible today to differentiate clearly between questions that should be solved by the common market and EFTA and those that should be solved between the common market and the Nordic countries. We decided that it was possible. But our approach must be pragmatic. The solution of some problems calls for cooperation by as many countries as possible.

The common market and EFTA should therefore cooperate on an environmental policy and also in controlling the activities of multinational companies. I regret that although the Commission submitted a

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communication to the Council on control of multinational companies, it has still not drawn up a proposal for an action programme.

I should like to know whether you, Mr Haferkamp, as a Socialist, also regret this.

I would remind you of the views expressed by the European Parliament on this subject in the Lange report this year and of the comprehensive action programme on control of multinational companies drawn up by the ETUC in June. I hope that the resolutions of the European Parliament and the ETUC will inspire the Commission, after so many years of silence, to draw up a proposal for an action programme on the control of multinational companies. As I said before, such a problem requires cooperation between as many countries as possible and it is therefore an ideal subject for cooperation between the EEC and EFTA. That is not the case, however, for other problems.

North Sea energy problems could, for instance, best be solved by Community and Nordic countries. Some of my German colleagues have expressed concern that interest in Nordic countries could lead to neglect of Western European countries such as Switzerland and Austria.

In my view, Switzerland and Austria cannot contribute anything to discussions of North Sea energy problems and it was not the intention of the Committee on External Economic Relations to exclude Switzerland and Austria for any negative reasons. They are quite obviously West European countries but the committee's view was that the same formula could not be used for all problems and that there should be a pragmatic approach. The course of action to be chosen today should suit the problems to be solved. Some problems can be solved by the Community and EFTA, others by the Community and Nordic countries and yet others by Community Member States and Nordic countries. I therefore welcome the fact, Mr Haferkamp, that you understood the need for a pragmatic approach in your first comment on the EFTA summit. In your comments, which as you can see, are reproduced in my report, you point out that the Community and Switzerland can solve one problem, the Community and Austria another and the Community and Scandinavian countries a third. The correct approach is therefore a pragmatic one and I thank you for having made that point.

But not all relations between the Community and other West European countries, especially the Nordic countries, are of a pragmatic nature. If we want to encourage cooperation, we must recognize certain principles, otherwise cooperation will be impossible. One of the principles mentioned by the Committee on External Economic Relations is mutual respect for each other's economy and autonomy. The comment that the Norwegians voted against membership must be seen in the light of respect for their autonomy.

The Committee on External Economic Relations discussed the specific proposals that could be put forward when we discussed relations between the Community and Nordic countries. We reached the conclusion that the Commission should be asked to prepare a report giving specific proposals on relations between the Community and Nordic countries before the end of the year. Mr Haferkamp will see that we have made various suggestions for specific cooperation projects in our report. We in the Committee on External Economic Relations would like to take advantage of the Commission's expertise and we therefore propose that the Commission should draw up a report on specific cooperation projects bearing in mind the comments we made in our report. We would point out that the committee's report contains a general approach to cooperation between Nordic countries and the Community. Foreign policy is something else; it is more than contacts between governments and between governments and the Commission and it is important to bear this in mind. It is also a question of contact between national organizations, especially organizations such as consumer organizations, trade union movements and so on.

I would ask the Commission to keep an open mind about this, especially about trade union movements. It is interesting that the ETUC today represent trade organizations not only in the common market but also in Norway and Sweden. The ETUC today is thus a cooperation organization that represents more than just the Nine. I think that is worth thinking about. I think it is interesting to hear Norwegians and Swedes talking on behalf of the ETUC on common market topics and I hope it will be borne in mind that not only is the trade union movement important but also that the ETUC plays an important role because it represents countries other than the Nine.

Apart from these general points, I would draw attention to two problems mentioned in the report. Firstly, as from 1 July we have a free trade area in industrial goods that encompasses 16 West European countries and 300 million West Europeans. This free trade area encompasses Western Europe proper but it must be extended. The next step must be to institutionalize clearly political contacts between the Community and EFTA on the removal of technical barriers to trade in the West European free trade area.

The second point I would like to make concerns cooperation at conferences of the Ministers of Foreign Affairs of the Nine. Here, too, opinions differ but nevertheless I believe that it is agreed that foreign policy cooperation between the Nine could isolate West European countries outside the Community, especially the Nordic countries. The report therefore draws attention to mutual interest in information on foreign policy and economic problems.

Finally, a few words about the special responsibility of Members of Parliament in this area. The committee draws attention to Parliament's special responsibility

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for establishing relations between the Community and Nordic countries. Normally it is the governments or the Commission that are directly responsible but we felt that Members could not shirk special responsibility in this instance. The committee proposes two things. Firstly, that the European Parliament should acknowledge its special responsibility and declare its willingness to establish parliamentary relations with Nordic parliamentary assemblies. We already have contacts with other parliaments and the important thing here is to make progress. Secondly, we have asked our President to draw up a report on the subject. We do not have in mind a report proper, but some sort of feedback from the President to the Bureau and to appropriate bodies in this institution. I hope that with his long and noteworthy political career, Mr Colombo will be able to make a new and significant contribution to relations between the Community and Nordic countries.

In conclusion, Mr President, since we are to be practical and pragmatic, I will now comment on the proposed amendments.

Mr Nyborg has tabled Amendment No 1 and I recommend that Parliament vote in favour of it. I myself have tabled two amendments because those dreadful people whose business is procedures and formalities and suchlike things have said there was something wrong in paragraphs 7 and 8, which have now been corrected from a technical point of view. Mrs Kruchow has proposed two amendments whose substance is, as far as I can see, that Mrs Kruchow wants to commit herself to the motion for a resolution alone and not to the explanatory statement. I imagine that Mrs Kruchow's reasons for this were certain points in the explanatory statement on Finland, the Faeroes and Greenland. I quite understand her point of view and if the President agrees with the wording Mrs Kruchow has proposed, I recommend that we vote in favour of them too.

Finally, Mr Guldberg has proposed that the motion be completely amended; nothing is left of the views expressed in the report by the Committee on External Economic Relations. That is simply not good enough for the Committee on External Economic Relations. It is not good enough to present the Nordic countries with such bare bones.

I therefore ask you to be very critical about it and, if I am to be honest, Mr President, as one must be sometimes in politics, I must say that I am ashamed that a person such as Mr Guldberg, who was for a time responsible for my country's foreign policy, can treat the Nordic countries in such a degrading way.

(Applause)

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

Mr Hansen. — *(DK)* Mr President, I have only a few comments to make. To begin with, I would like to

thank Mr Jens Maigaard for the work he has done and for the report before us. He is all the more deserving of thanks because he represents a party whose sympathies for the Community are limited. But now aid is being offered to the Nordic countries and it is proposed that we establish cooperation with them and I take that to mean that Mr Maigaard's party now has great respect for the Community. I can only welcome that.

The Nordic countries have worked together — we have a Nordic Council that has existed for 25 years — and for several years I have been a member of it and I am therefore very much in favour of establishing some form of cooperation. Before Parliament takes any decision it must have a proper basis on which to do so. Mr. Maigaard mentioned more or less in parentheses that there were some mistakes. Yes, there are inaccuracies. I shall just mention a couple of them. The figures are wrong. The comments on the administration in Greenland and the Faeroes are also wrong.

The question of the EEC and EFTA of which the Nordic countries, Sweden and Norway, are members, is a question of whether the rules applicable in EFTA matters can be applied to special agreements with the Community. I think that should be investigated first, because the basis on which Parliament takes a decision must be accurate and correct. I therefore think that it would be a good idea to refer the report back to the committee for correction and take a final decision at the next part-session. In principle we are very much in favour but the information must be correct.

Then there are one or two individual points of a political nature that I regret have been deleted. Mr Maigaard originally proposed that the Commission should be asked to take up the problem of energy supplies. The SF in Denmark made much of environmental protection and control of multinational companies in their political campaign. I think that is reasonable and I share Mr Maigaard's views. I therefore regret that we now have a report that omits all that and a new paragraph 2 that says very little.

If we in the committee get the chance to have another look at it, we are willing to support him on the problems of energy supplies and control of multinational companies. I therefore think it would be advisable for Mr Maigaard to refer his report back to the committee and have these very important points incorporated in the final report. I think the committee should have another look at it.

In conclusion, I would thank Mr Maigaard again for having taken the initiative. I hope that in spring we will have direct elections to the European Parliament and that Mr Jens Maigaard's party in Denmark will adopt a positive and understanding attitude. If that is the case, we will have achieved much by adopting this resolution.

(Applause)

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

Mr Martinelli. — (I) Mr President, I should say straight away that the growing economic interpenetration between the EFTA countries — and hence also the Nordic countries — and the Community has reached such a level that we can now say that we have established a free trade area for industrial products, except for a number of sensitive products, although trade in these will be totally liberalized in 1980 or 1984, depending on the individual product. The matter which Mr Maigaard has undertaken to present to Parliament on behalf of the Committee on External Economic Relations — how further progress can be made — is a logical aspect of this situation and I think he will acknowledge that the committee has discussed his proposal very fully.

Certain statements and requests contained in the original text of the resolution were considered excessive by the Commission and the present text is considerably limited. But there is agreement on the substance of the text: and the fact that there is a possibility of progressing further in our relations with the Nordic countries, which cannot remain as they are in view of the types of agreement — involving far more than free trade — we are concluding with countries in the Mediterranean region, the fact that we have a duty to take further action in the North means that we should not waste time saying how useful and necessary this action is.

Apart from the substance of the text — and I must say immediately that the group on whose behalf I am speaking will vote in favour of the resolution — in my opinion there are a number of aspects which require closer consideration.

Mr Maigaard, when you say in the long preamble to the resolution that it will be appropriate to entrust to Denmark, and I quote, 'particular responsibility for relations between the EEC countries and the Nordic countries' (p. 5 of the text), what exactly do you mean? What would this 'particular responsibility' entail? What would — and what do — the countries concerned think of it? How would we incorporate this type of relationship into the agreement?

I should like to make a further comment. In the resolution you provide for various forms of agreements, at a number of levels, between the Community bodies and the Nordic countries: a new series of meetings, councils, summit meetings and assemblies would thus be added to the already complex international network. However, I would ask you whether you kept in mind the fact that in the four agreements signed between 1972 and 1973 with each of these countries except Finland, there is a clause relating to future developments, which authorizes the Community and the Nordic countries to consider jointly what could be

done in practical terms, in addition to the straightforward declarations in the agreements, to extend mutual cooperation? Joint committees have already been set up, and those established by the agreements between the four Nordic countries and the Community all met in June. The committees concerned with customs duties are currently considering the rules of origin. However, I am making this point not with a view to reaching the conclusion which everyone has reached, but to convince you that, if we are to progress further, we must think in terms of new fields of cooperation, such as energy, the environment and unemployment: these are some of the motives which have induced my group to support the resolution in principle.

However, perhaps some of the proposals should be improved on to avoid presenting the Commission, and more important public opinion, with a resolution in which certain aspects seem to have been inadequately dealt with.

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

Mr Guldberg. — (DK) Let me say to begin with that I share the misgivings expressed by Mr Ove Hansen and Mr Martinelli.

I as a Dane hope that this matter will not leave this Chamber without a vote in favour of promoting our good relations with our Nordic neighbours. Apart from the objections already made to Mr Maigaard's report, the way in which it is constructed will merely aggravate the situation. I wonder how this could possibly come about in this Parliament which has ten Danish Members, nine of whom have worked for the cause of Danish membership of the European Community and who want Denmark to extend its relations with the Nordic countries and want all West European democratic industrialized countries to become members of the European Community. We have a Member who, as he is entitled to, has done his best to prevent us from going in, who wants us to get out and who wants to use Nordic cooperation to get us out, and if he cannot do that to us he can at least do it with the two Danish areas of Greenland and the Faeroes and that Member — that Danish Member — has been asked to be rapporteur. The result was to be expected. In the report before us, Scandinavia is presented as seven areas, five countries and two areas — Greenland and the Faeroes, which are Danish.

The false reasoning is that they have special status. Absolutely no mention is made of the Åland islands or of the dependencies Svalbard and Spitsbergen on Norway, or of the fact that bilateral relations with Russia extend beyond latitude 62. Nor is anything said about the Samians or the Lapps. How can anyone but Danes or Scandinavians know that? We cannot blame the other Members. But the reasoning is completely untrue. It is also full of wrong information.

Guldborg

It suggests that Greenland is on the way out and that the Faeroes at least have decided not to join.

I have also been personally attacked by Mr Maigaard, but as the Danish Foreign Minister I myself drew up the agreement and I can tell the Parliament that the Faeroese people are extremely pleased with arrangements made. Denmark postponed its answer on behalf of the Faeroes until we were acquainted with the fisheries policy on which the area depends for its living. There were elections in the Faeroes in January when there was an overwhelming swing to the Danish Social-Democratic and Liberal-Democratic parties, which pushed the separatist party out and got nearly all the votes for cooperation with Denmark and the European Communities.

I could continue, Mr President, but I have said enough. I could of course ask how anyone here could subscribe to the statement made in paragraph 8 of Mr Maigaard's report that Finland refused Marshall plan aid in 1947 because political dependence on the United States was too high a price to pay for the economic advantages. The next sentence states that this neutral stance was formalized in the agreement concluded between Finland and Russia. None of us in Scandinavia reproaches Finland for its policy — certainly not — we need understanding and cooperation but this certainly does not contribute to understanding in Scandinavia or between Scandinavia and the European Community.

Or what do you think of the statement on the fisheries policy? The report states that Iceland's disastrous economic situation in 1974 was due to the fact that fish prices fell in the United States. That is undeniable; they did everywhere. What is forgotten is that they fell because of the extraordinary overproduction of fish due to the intense expansion of the Russian fishing fleet. The only organization we in Scandinavia regard as strong enough to stop this is the European Community, but nothing is said about that. There is however time to mention that in 1901 Denmark sold 13 miles of Icelandic waters to increase its agricultural exports to Britain — in 1901.

The report is full of that sort of thing. Other members of the group also want to say something and because of the speaking time and out of self-respect I will stop here. I will merely add that it is unacceptable for the European Parliament not to subscribe to the desire to develop these relations with a view to bringing the Nordic countries into our system of cooperation. It is also quite unacceptable to retain a document of this nature and let it be used in European election campaigns, throughout Scandinavia and elsewhere as we know will happen unless it is shelved. I therefore tabled a proposed amendment, Mr President, but I could also table another amendment which is perhaps simpler and that is simply to ask that this debate be

concluded and the report sent back to the committee for correction.

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

Mr Nyborg. — (DK) Mr President, I as a Dane must admit that we have just heard a lot of claptrap from Mr Guldborg. There was some truth in it but it was a very emotional, political and negative approach to future cooperation between the Community and Scandinavian countries.

I think it is very constructive that we have the possibility today to discuss a report on relations between the Community and Nordic countries. So far the Community has mainly directed its attention to the south. It is about time that we took a look at the north. I must congratulate Mr Maigaard for his report. I know he has put a lot of work into it and that it would not have looked as it does today unless it had been polished up.

In my view both the preamble and the motion for a resolution are sound, as I am sure everyone in the Chamber would agree. I admit with regret that there are inaccuracies in the explanatory statement that the rapporteur has allowed to slip through, but that can happen to any rapporteur. But it is after all not the explanatory statement that we have to vote on. What we have to look at is the motion for a resolution, in other words what the Community's intentions are as regards the Nordic countries. The basic recommendation is greater cooperation and we should not try to force the Nordic countries into anything. There must be frankness on both sides and we must try to promote cooperation as far as we possibly can in Europe.

I think we should leave dogmatics aside and adopt a pragmatic approach if we are to get the best we can out of present and future contacts. The intention should be to obtain results and not to check whether a comma is in the right place or not. I would however mention that there is one point that has not been given sufficient attention in the report and that is that in the Nordic countries, including Denmark, there is a passport union, which creates certain difficulties for cooperation between Nordic countries and between Denmark and the Community. Because it creates some difficulties in crossing the border between Germany and Denmark it is important to extend cooperation between Nordic countries and the Community.

In conclusion, as I said before, there are some inaccuracies in the explanatory statement on which the motion for a resolution is based. But I do not think they are so serious that they should prevent us from adopting the motion for a resolution and on behalf of my group I recommend that you vote in favour of it.

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

Mr Rippon. — Mr President, although this debate arises at a relatively late hour, I think this Parliament must regard it as being one of major importance. I certainly, on behalf of the Conservative Group, welcome this report, which reminds us — this is the important thing — of the strong links which we in the Community have with Nordic countries. The founders of the Community recognized in the Treaty of Rome the need to create a European Community on the widest possible basis. They did not envisage a Community limited to six, or nine, or ten, or thirteen or any other arbitrary number; they well understood the need for, and they hoped for, the enlargement of the Community, but at the same time, they appreciated that there were those European nations who, for historic or other reasons, could not or would not become full members, but who would nevertheless be closely associated with and affected by, the policies and actions of the European Community.

In this connection it will be recalled that one of the original purposes of the European Free Trade Association, when it was formed in 1960, was to bridge and ultimately to close the gap between what otherwise might have become two Europes. In recent years, as Mr Nyborg was saying, the negotiations for the enlargement of the Community, the accession of Britain and Denmark, and now the proposal for the accession of a number of southern European countries, has led to a certain feeling that there is a division, or at any rate some distinction, between the interests of northern and southern Europe. We must make it clear that that is not so. The balance in Europe is not a North-South balance; it is an East-West balance. We can never forget the economic, political and strategic importance of those Nordic countries which are part of the European family. When Britain and Denmark negotiated to join the Community, they did so with the full blessing of their EFTA partners. During that time I was myself chairman of the Council of Ministers of EFTA, and I well remember how after every meeting of the Council of Ministers of the Community I held meetings with my EFTA colleagues to report progress. We worked closely together throughout that time, with the aid of the Commission, in order to negotiate association agreements which would protect the interests of all the EFTA countries and ensure continued cooperation in the future. We are — and we must grasp this in this Parliament — all essentially bound together in Western Europe, and so it is appropriate that we should be considering this report less than a week after all 16 countries of the Community and EFTA became, on 1 July, one integrated free trade area for more or less all industrial products.

But what I would say is that that is not in itself enough. We must recognize that, while the four

Nordic countries — Sweden, Norway, Finland and Iceland — maintain their political independence, there can be no doubt of their economic interdependence with the Community. If we just look at the trade balance between the Community and these Nordic countries, we see that whereas Community trade covers roughly a third to a half of the total trade of those countries, the importance to the Community of this trade is only about 5 %.

Now, I noted that the former Norwegian minister, Mr Seip, who is at present secretary of the Bureau of the Nordic Council, has asked this question: whether in the long term it is good that technical differences in the forms of connection to an extensive system of integration, leads to a situation, as is now the case, where a number of countries have to adapt passively to decisions taken by organs with which they have no contact. Well that is of course regrettable, in the case of Norway, and I would always have hoped, avoidable. Some of us — certainly myself — regret that Norway did not choose to become a full member, because it would have then had the voice and the vote. But we have always appreciated the special position of Finland, the historic neutrality of Sweden, and the problems of Iceland. But, as the report quite rightly says, we cannot re-open any of those issues now. As the report says, if there is change at some time in the future, the change will come from within the countries concerned.

But the fact that they are not full members of the club should not prevent us seeking closer links and new forms of cooperation, as the report says, as a matter of urgency. I do believe we've got to think very seriously about the best method of improving our contacts with EFTA countries, and developing a much more intimate relationship, whether through the Council of Europe, or by complementary means. Our aim, of course, must be to concentrate rather than to proliferate parliamentary contacts, but it does seem to me patently absurd that Parliament has developed closer parliamentary contacts with the South-East Asian countries or with Israel than we now have with the Nordic countries and Austria and Switzerland.

As you know, Mr President, the Conservative Group has written to the President pointing out that the Nordic Council celebrates this year its 25th anniversary, and suggesting that we should consider how we might establish formal relations with the Nordic Council. As a starting point, we have proposed that a delegation from the Parliamentary Assembly of the Nordic Council should be invited to visit us during one of our part-sessions this year. As Mr Gundelach says in the Article annexed to the report, on page 50:

What is at stake for Europe is not whether we are going to be a little better off or a little worse off, but whether we shall be able to maintain a liberal society as we know

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it. It's a matter of being able to preserve the basis of an open democratic society.

That sentiment, as I read it, reminded me of a notable speech by a former British Prime Minister, Sir Harold Wilson, who in one of his better moments at Strasbourg, when Britain was applying for membership, proclaimed that the unity of Europe could never be a matter of 'nicely calculated less or more'. And that should be the approach, as I see it, of this House. The free trade agreements which we have already entered into did envisage, as we've heard from Mr Martinelli, further development of cooperation. The declaration of the summit meeting of EFTA held in Vienna in May of this year, shows that a new initiative would be welcome in the Nordic and the other EFTA countries. In my view, Mr President, the Community must respond positively and enthusiastically by now setting about promoting closer consultation on economic questions and, where appropriate, coordinated efforts to improve the general economic environment in the best interests of us all. Whatever the motives of the rapporteur, whatever the mistakes he has made, the purpose that he pursues is one that should commend itself to us all.

(Applause)

President. — I call Mr Schmidt for a procedural motion.

Mr Schmidt. — *(D)* Mr President, on behalf of the Socialist Group I request that this report be referred back to the committee responsible, the Committee on External Economic Relations, in accordance with Rule 26 (2). We have heard here today quite a number of speakers saying how important the subject is, but hardly any of the speakers have levelled any criticism at what this report is based on, and I feel that if we really believe that the relations are so tremendously important, then we should discuss them again. My proposal should not be construed as a criticism of the rapporteur; he has taken a great deal of trouble. We are perhaps all somewhat to blame because we did not take enough time in committee to discuss the motion for a resolution as thoroughly as we should have done. For this reason, I request that the motion for a resolution be referred to the committee.

President. — I call Mr Spicer.

Mr Spicer. — Mr President, I am against this proposal. Earlier this evening there was an accusation of hypocrisy against this side of the House, concerning the way in which we were behaving in using our procedure. That is exactly what is now being done. I am not aware that Mr Schmidt was in our committee when we discussed the Maigaard report. As Mr Maigaard has pointed out, his report was carried in that committee with no dissident voice at all, and it

does seem to me — I have said this before in this House — that if we are going to use procedural tricks like this to refer back any report that we don't like, then we might just as well give up and never have a meeting of this full Assembly. We are bringing ourselves into disrepute, and all I would say is that the Socialist Party may succeed in what they are attempting to do tonight, but what they are doing will, I hope, be very widely reported in the press in Denmark, in Norway, in Sweden and Finland, because it's inexcusable behaviour.

(Applause)

President. — I call Mr Maigaard.

Mr Maigaard, rapporteur. — *(DK)* I would ask this Assembly to imagine how Finland, Norway, Sweden and Iceland would react to the information that the European Parliament did not reach a decision on this proposal, but interrupted its debate in the middle. How do you think these countries will react if we adopt Mr Schmidt's proposal?

Briefly, my second point is that the comments made on my report should not be directed at me personally but at the Committee on External Economic Relations. It is that committee that I represent and it is its work that is being discussed. Many of these details refer to part B which we are not putting to the vote. We do not have to adopt a position on the explanatory statement and the comments were wildly exaggerated. Mr Guldberg gave an excellent example of unreliability in his exaggeration for instance.

President. — I put to the vote the proposal by Mr Schmidt to refer the report back to committee.

As the result of the show of hands is not clear, a fresh vote will be taken by sitting and standing.

The proposal is rejected.

We shall continue the debate.

I call Mrs Kruchow.

Mrs Kruchow. — *(DK)* Mr President, I am one of those who think we should be grateful for the initiative taken in this report. As far as I am concerned the important thing in this report is the motion for a resolution. I will support it because I believe that a large majority of the people of the Communities and the Nordic countries agree with the ideas expressed in it.

I am also one of those who criticized part of the explanatory statement but I shall spare the Assembly the details. Various things have been said about it that I in general agree with. I regret these shortcomings and therefore I have a few short amendments to make to the resolution, to the effect that references to the explanatory statement should be deleted from the resolution.

Kruchow

To me it is very important that in the resolution we are to vote on today Mr Maigaard really says that he regards the European Communities as something that will last and that is worth building on. Danish membership of the Community is so important to him that he considers it to be Denmark's duty to act as a bridge to the whole of Scandinavia.

I particularly welcome the fact that, as the Conservative spokesman said, Mr Maigaard found inspiration in Commission Member Gundelach's very readable article in the December 1976 *Europa* on the need for a south-orientated policy to be balanced by a more northern-orientated policy.

I think the mistakes in the explanatory statement are regrettable and I therefore recommend that you vote in favour of the amendments I have tabled to paragraph 8 and the end of the preamble where references to the report should be deleted. A resolution such as this will not only increase understanding between Nordic countries, it also holds out hope of a further extension of cooperation between the Nordic countries and the Communities which, as is well known, I know, I strongly support.

President. — I call Mr Nielsen.

Mr Brøndlund Nielsen. — (DK) I shall be very brief. That is quite easy because I fully support the comments made by Mr Rippon and Mrs Kruchow. I support the resolution tabled by the Committee on External Economic Relations with Mr Maigaard as rapporteur and I shall not amplify the comments that Scandinavia has a very strong historical connection with Western Europe and must therefore be linked as closely as possible with the Community.

I had also thought of referring to Mr Gundelach's statements which the two speakers I mentioned discussed. I shall not spend time going into the content; I shall merely explain my position. I fully support Mrs Kruchow's proposal to delete the reference to the explanatory statement. As many speakers have said, there are several mistakes in the explanatory statement. I do not think that is any political problem. What worries me is that Mr Maigaard is a history teacher and that his sense of criticism has deceived him somewhat here. I hope Mr Maigaard will use his knowledge to better effect on other occasions. But we can easily solve the explanatory statement problem by voting for Mrs Kruchow's amendment.

There is one further thing, Mr President. From the statements made by Danish Members you might well get the impression that there is a lack of agreement in Denmark. I can say with certainty that there would be very strong support in Denmark for the views expressed here. We Danes do not feel geographically isolated nor do we Jutlanders especially consider ourselves to be a bridge between Scandinavia and Europe; we really feel that we are a community

between the two parts of Western Europe. There is no lack of agreement even between Danish politicians and in my view that has been confirmed by the fact that the report has been adopted. The resolution was adopted at a committee meeting attended by our colleague Mr Erhard Jakobsen. I do not think there are very many Danish politicians who are more pro-European than Mr Erhard Jakobsen. Mr Maigaard is coming round more and more to understanding the importance of European cooperation. I cannot therefore say that Mr Maigaard's and Mr Jakobsen's attitudes are diametrically opposed. It is obvious from the report that Mr Maigaard understands the importance of European cooperation. I think that with these two politicians from both ends of the political spectrum in Denmark behind the motion for a resolution we can show other Members that there is no disagreement in Denmark on this point.

I regard the motion for a resolution as an excellent document on which to base future action and as a positive contribution to the discussion of a subject that we have perhaps given too little consideration: cooperation between the Community and Nordic countries.

President. — I call Mr Haferkamp.

Mr Haferkamp, Vice-President of the Commission. — (D) The Commission has always stressed the importance it attaches to relations with the EFTA countries. Reference has been made to these relations several times today. Mr Rippon has made a number of references to events in the last few years. Reference has also been made during the debate and in the report to statements by Mr Gundelach and by myself following the conference in Vienna. You can therefore take it that this subject is always a topical one for us and that we will act accordingly. And the fact that such interest is being taken in this debate at this late hour, should make it clear to everyone outside what value we attach to this cooperation.

Relations between the Community and the Nordic countries, the subject of this report, are extremely good. That is not only our opinion; it is also shared by the Nordic countries. We have just had a round of meetings of the Joint Committee of the Community and these countries, and at all the meetings satisfaction was expressed by all sides over the development of present negotiations.

We feel that if cooperation between ourselves and the Nordic countries is to be strengthened, it should not have a set form but be pragmatic, as was also said in the declaration of the summit conference in Vienna on 13 May.

Free trade between each of the Nordic countries and the Community in most industrial products is a sound basis for the further development of our relations. The immediate goal should be to maintain these relations

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and to develop them further within the framework of the agreements that exist. They are to be extended through discussions on the elimination of technical barriers to trade, and where there is a joint interest, cooperation can and should go beyond these agreements.

Several times during the debate, there have been calls for the Commission to submit a summary report on these questions. We will of course do this. But we will not leave it at this report, but, convinced as we are that this cooperation must be strengthened, draw up together with you reports and practical proposals on ways of getting closer politically and finding solutions to what has been discussed here this evening.

President. — We shall now consider the motion for a resolution.

We begin with Amendment No 6 by Mr Guldberg aimed at replacing the text of the motion for a resolution by a new text :

The European Parliament

— desirous of closer friendly relations with the Nordic countries and the Nordic Council,

1. Notes with satisfaction the close cooperation which already exists between the Member States and Sweden, Norway, Iceland and Finland ;
2. Calls on the Commission to draw up before the end of the year a report on the possible nature and forms of increased cooperation between the Member States of the European Community and the abovementioned Nordic countries ;
3. Declares itself ready to take up contacts with a view to establishing parliamentary relations with the Nordic countries ;
4. Instructs its President to forward this resolution to the Council and Commission of the European Communities, to the governments of the Member States and of Sweden, Norway, Iceland and Finland, and to the Nordic Council.

The rapporteur is against this amendment.

I put Amendment No 6 to the vote.

Amendment No 6 is rejected.

I put the first two indents of the preamble to the vote.

The first two indents of the preamble are adopted.

After the second indent I have Amendment No 1 tabled by Mr Nyborg aimed at inserting the following new indent :

- pointing out the desirability of greater cooperation with the Nordic countries in the field of passports and customs duties with reference to the Nordic passport union between Denmark, Finland, Iceland, Norway and Sweden ;

The rapporteur agrees to this amendment.

I put Amendment No 1 to the vote.

Amendment No 1 is adopted.

I put the next eight indents to the vote.

The next eight indents of the preamble are adopted.

On the last indent of the preamble I have Amendment No 5 tabled by Mrs Kruchow :

In the preamble delete the last indent, which reads as follows :

‘— having regard to the report of the Committee on External Economic Relations (Doc. 184/77).’

The rapporteur is in favour.

I put Amendment No 5 to the vote.

Amendment No 5 is adopted.

I put paragraphs 1 to 6 to the vote.

Paragraphs 1 to 6 are adopted.

On paragraph 7 I have Amendment No 3 tabled by Mr Maigaard aimed at rewording this paragraph as follows :

7. Declares itself ready to take up contacts with a view to establishing parliamentary relations with the Nordic countries that are not members of the EEC and invites its President to draw up a report on this subject in an appropriate manner before the end of the year ;

I put this amendment to the vote.

Amendment No 3 is adopted.

On paragraph 8 I have two amendments :

— Amendment No 4 tabled by Mr Maigaard aimed at rewording this paragraph as follows :

8. Instructs its President to forward this resolution and the report of its committee to the Council and the Commission of the European Communities, the Foreign Ministers meeting in political cooperation and to the Nordic Council.

— Amendment No 2 tabled by Mrs Kruchow aimed at the deletion of the words ‘and report’.

I call Mr Aigner.

Mr Aigner. — (D) Amendment No 4 changes the whole of paragraph 8, but it does still contain the words ‘and the report of the committee’. We must therefore vote first on Amendment No 4. Only when it has been adopted can we vote on Amendment No 2, and if this should be adopted, we can delete the six words ‘and the report of the committee’.

President. — Mr Aigner thinks we must first vote on Amendment No 4 tabled by Mr Maigaard.

I call Mrs Kruchow.

Mrs Kruchow. — (DK) Mr President, the whole problem could be solved easily if Mr Maigaard again said that he recommended both my proposed amendments. Since he recommended this once, it means that he will amend his own Amendment No 4 and so the words I want to be deleted will be deleted there too. If Mr Maigaard says that in No 4, paragraph 8 the words ‘and report’ are deleted we can immediately put Amendment No 8 to the vote. Then the problem is solved.

President. — What is Mr Maigaard's opinion?

Mr Maigaard, rapporteur. — I agree with Mrs Kruchow's proposal.

President. — I put to the vote Amendment No 4 as modified by agreement between Mr Maigaard and Mrs Kruchow.

Amendment No 4 is adopted.

I put to the vote the motion for a resolution as a whole, incorporating the various amendments that have been adopted.

The resolution is adopted.¹

12. *Amending and supplementary budget No 1 for 1977 (presentation and debate)*

President. — The next item is the presentation of and debate on the report (Doc. 202/77) by Lord Bruce of Donington on behalf of the Committee on Budgets on draft amending and supplementary budget No 1 of the European Communities for the financial year 1977.

I call Mr Eyskens.

Mr Eyskens, President-in-Office of the Council. — (NL) Mr President, I should first like to take advantage of this debate on the amending and supplementary budget to say how much I appreciate appearing before the European Parliament for the first time as President-in-Office of the Council. We shall undoubtedly have an opportunity of meeting more often in the course of this year and in any case in September, when I shall have the privilege of introducing the 1978 budget before Parliament, and I believe that I will then be able to maintain the necessary contacts with the Members of Parliament and with the committee responsible. I sincerely hope that the relations we will be having in the coming months will be frank and open and that we will be able to continue the satisfactory cooperation that has grown over the last few years in the budgetary field between our two institutions.

As you know, the Council drafted amending and supplementary budget No 1 of the European Communities for the 1977 financial year on 21 June. It shares the view of your Committee on Budgets that this supplementary budget should be fixed before a start is made on the discussion of the preliminary draft general budget for the 1978 financial year. The fact that the draft supplementary budget was discussed earlier has meant that the part of the budget

concerning research and investment activities has had to be taken separately, and a separate decision must therefore be taken. Pending this decision, provision will be made for the Commission's requirements in the research field in a different way. I will not go into all the technical details of this draft supplementary budget because they have been explained in the explanatory memorandum you have received.

I should just like to say that the Council adopted the Commission's proposals for the agricultural sector and salaries and included a token entry item for the European-Arab dialogue. But perhaps I should deal in greater detail with the sectors in which the Council decision did not entirely agree with what the Commission had requested.

In the first place there is the question of staff. I am aware that according to your Committee on Budgets requests for more staff or for the reclassification of posts may not as a rule be included in a supplementary budget during the financial year. The Council completely agreed with this. It has therefore rejected most of the Commission's requests in this area. The Council did, however, consider it desirable to allow the Commission a limited number of additional posts in one sector, namely the new Directorate-General for Fisheries. The Council is probably in as good a position as others to judge how much work the Commission officials must get through in this sector and over what period.

The Council has therefore recommended the Commission as far as possible to overcome the difficulties it faces by means of internal transfers, but it did realize that immediate action was necessary and consequently allocated 12 new posts, 8 in category A and 2 each in categories B and C. This decision does not, however, prejudice anything that may be decided within the framework of the 1978 budget.

The Council did not accept the Commission's proposal that a subsection should be included in the 1977 budget for guarantees for European Investment Bank loans to the Maghreb countries and Malta. The reason for this is quite simple. The Council had already formally decided to include this subsection in the 1978 budget, and a convincing argument was not advanced as to why this commitment should be brought forward.

As regards the Court of Auditors, the Council considered it wise to provide certain initial credits, while the Commission, which had submitted its preliminary draft before the Treaty had entered into force, merely proposed a token entry item.

Mr President, as the hour is so advanced, I will not go into any more detail on the supplementary budget, but I am, of course, at your disposal for answers to any questions.

(Applause)

¹ OJ C 183 of 1. 8. 1977.

President. — I call Lord Bruce of Donington to introduce his report and at the same time make a short statement on the transfer appropriations about which the Committee on Budgets has expressed its opinion.

Lord Bruce of Donington, rapporteur. — Mr President, in deference to, or, should I say, in spite of, the enthusiasm which Members of the House always display in their assiduous attention to all questions affecting the budget, I am going to restrain myself tonight by making comparatively few comments. First of all, I would like to welcome the President-in-Office, with whom no doubt, in the months that pass, we shall have many pleasant exchanges and with whom I sincerely hope that the occasional acerbities that may possibly be spoken will be cut down to the absolute minimum consistent with the maintenance of Parliament's rights in connection with the budget.

Mr President, I beg formally to introduce Doc. 202/77, dated 4 July, which is a report drawn up by me on behalf of the Committee on Budgets and which deals with the draft Amending and Supplementary Budget No 1 for the financial year 1977, Doc. 192/77, which has just been introduced by the President-in-Office. I will not weary the House by repeating a number of the arguments that I was privileged to adduce on behalf of the Committee on Budgets on the price-review, because, of course, this draft supplementary budget does in fact incorporate in it part of the price proposals which were introduced in February and which were initially incorporated in the Commission's preliminary draft budget. It would be quite unnecessary, I think, to repeat all the arguments here, now, that I used then. Besides, I am most anxious to remain on the most amiable possible terms with the President-in-Office. Suffice it to say that in the time that has elapsed since the budget for 1977 was adopted by this Parliament in December, no less than 714 million u.a. have been added — partly by the Commission and and partly by Council — to the budget that we then approved. The first thing, therefore, I have to say on behalf of the Committee on Budgets is that it is quite clear that agricultural expenditure is now out of control — so much so that nobody seems to bother about it any more. It is quite out of control. The committee wishes to draw the attention of Parliament to the dangers that are inherent in this situation without arguing in detail, as we did when the price-review came up, the manifest effects on the structure of the agricultural policy, which by now have become so manifest that they are hardly worth talking about. Quite clearly, this must be the last draft supplementary budget of this kind, because in 1978 we shall be under a system of the Communities' own resources whereby the Member States will have to be notified of the appropriate VAT rate for which they are liable, and to produce a supplementary budget in those circumstances would produce grave inconvenience for all Member States, who would then be faced half-way through the year with an

amended VAT rate with which they had to cope. So this is the last occasion, we hope, on which this will occur.

When we say that agricultural expenditure is out of control, we are mindful of the position that we took up in the Committee on Budgets. Following an explanation by Mr Gundelach that over a very large sector in agriculture we were no longer producing for consumption, but producing for intervention, the committee, when considering the price-review came to the conclusion that, whatever price increases were desirable in the interests of the agricultural community, in certain spheres price increases were most certainly not of the order of the day in those areas where there was a structural surplus. We are therefore disappointed to note that both Commission and Council have ignored the advice of the committee and have in fact added expenditure amounting to 484.9 million u.a. to intervention expenditure in the milk sector. This is something with which we cannot possibly agree.

The other aspects of the draft budget need not be dealt with in any detail, because the remarks that were made on the preliminary draft budget in this sitting need not be repeated. All we can say is that we approve the Council's restriction of the increased posts that were asked for by the Commission as part of their supplementary budget. We entirely agree with the Council that there are increases necessary in that new directorate-general which is going to be created for fisheries, but that elsewhere the Commission will have to make do with its existing personnel, always bearing in mind that the reorganization of the Commission which was promised as long ago as last December is still presumably in progress. So we support the Council on this. We also support the Council on their extra provision for the Court of Auditors. Indeed, as they will recall, we ourselves suggested it to them in the first instance.

Mr President, there is very little more to say about this draft budget that has not been said before, and with the vast and populous representation that we have here tonight, which I am quite sure will read diligently the report that I have rendered on behalf of the committee, I do not think it will be necessary. We do not like in the Committee on Budgets the pressure to which we have been subjected in producing a report within the space of time which has been required of us. We had just 48 hours to produce our report for the consideration of the committee, following the receipt from the Council of the draft budget. It is only by the devotion of the parliamentary staff in the committee, to which I have already paid tribute, as well as by the energetic chairmanship of our chairman, Mr Lange, that we were able, on this occasion, to ensure that the Committee on Budgets lived up to its responsibilities, in spite of the enormous time constriction that has been placed on us by the lateness of the submission of the draft itself.

Lord Bruce of Donington

Mr President, we are well aware of the difficulties which the Council has encountered in the innumerable discussions which it has had to have in order to resolve its internal difficulties. This is neither the time nor the place to pass comment on those, except that from the point of view of the Committee on Budgets, this is something that will not happen again. I must tell Council on behalf of the Committee on Budgets that we are the co-budgetary authority, mindful as we are of our responsibilities, we shall decline to meet the convenience of Council, or for that matter, to meet the convenience of the Commission.

Now with those few words, Mr President, which don't sound exactly enthusiastic, and which I am bound to say are not intended to be either, we conceive it our duty in the Committee on Budgets, bearing in mind the fact that the long-promised CAP reforms are still to appear, bearing in mind that the differences in Council on these subjects are probably just as great as divisions within this Parliament on the identical subjects, commend the draft budget to the House.

Now the second part of my duty, Mr President, which you were good enough to inform me about, was the transfer which becomes necessary, purely inadvertently. I wish for the convenience of the Commission to propose that the transfers comprised in COM (77) 271 final, dated 9 June, be approved by Parliament. These are requests for transfer appropriations, and in the normal way would have been seen and considered by Council before Parliament. The circumstances are such that we feel it necessary for Parliament to give its approval to these transfers prior even to having an intimation from Council as to what they think about them. The reasons are very clear; they arise from the fact that difficulties have arisen in Council over the multi-annual research programme of the Joint Research Centre. On 5 May 1976 the Commission transmitted to the Council the proposals for a multi-annual research programme of the Joint Research Centre. No decision was taken on that when the budget procedure for the financial year 1977 was started, and the Commission drew up the JRC section of its preliminary draft budget on the basis of the programme proposal. The Council for its part decided to take the preliminary draft budget as a working assumption, and in the draft budget entered the total amount of the appropriations both for commitment and for payment under title 9, provisional appropriations. When the budget was finally adopted, the budgetary authority kept part of the appropriation in title 9, but entered in title 8, miscellaneous activities, the amount to be used to start the new research programme at the beginning of the financial year, pending a final decision of the Council.

Accordingly the items are entered under items 3383 and 3392, under Chapter 33 of the budget. In the meantime, the Council at its meeting on 18

November 1976 reached an agreement in principle — and I underline in principle — on the new research programme and on the financial allocations and staff, whereupon the Commission prepared and transmitted on 25 March 1977, the preliminary draft of the supplementary and amending budget, to which we already referred in my previous report, which was based on the agreement that had already been reached in principle with the Council. At its meeting on 29 and 30 March 1977, the Council finally approved, but this was subject to the definitive agreement of the UK delegation, which announced an *ad referendum* position.

Now in these circumstances the Commission urgently require monies to continue the programme as it now is — money to be spent on staff at the Joint Research Centre, a whole series of other running and other operating costs which now, owing to this suspended decision, they cannot spend unless transfers are made from another part of the budget.

Therefore the Commission came to the Committee on Budgets and asked whether we would approve the transfers. The items which they require to transfer are 12.7 million u.a. under commitment appropriations amounting to 7.7 million u.a. also in item 3392; they need to transfer these back to 3383 in order that the Commission may carry on its work and in order that the payment of staff and expenses may be properly carried on. I would emphasize, Mr President, that the total sum comprised has already been approved in the budget and that by effecting these transfers the Community is incurring no extra expenditure over and above what is already agreed in the budget. The transfers are made to meet the urgent necessities of the Commission resulting from disagreements that have taken place at Council level, which doubtless inadvertently have placed the Commission in this embarrassing situation.

I am most anxious that Parliament should not consider this sudden devotion of the Committee on Budgets to the Commission as being anything of a permanent nature. We do very often find it necessary, as you yourself, Mr President, will know, to be severely critical of the Commission in many respects, and shall continue to do so. This however does not blind us to what we conceive to be Parliament's sense of proper responsibility in an emergency. The Committee on Budgets has considered this emergency and has considered that Parliament should in this instance, and possibly uniquely, give the Commission its support. It therefore recommends the transfers to the approval of the House.

(Applause)

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

Mr Aigner. — *(D)* Mr President, I should first like to say that we are glad to see the President-in-Office of

Aigner

the Council here in the Chamber at this late hour. I should like to welcome you here and can only hope that your presidency will be a somewhat happier one for this House and our willingness to cooperate than was the last presidency.

I should also like to thank our rapporteur, who has really worked very quickly. I, too, suffered from the same shortage of time when working for my group, although I may be less willing than Lord Bruce. If I had my way, this proposal would not have been accepted as it is. For a number of reasons I would have preferred to see the conciliation procedure being applied, even if it had taken until September.

The first such reason is that we have so often made appeals to the Council about all kinds of sectors, but then had to admit that appeals are really not much use. A great deal of good has been done, but the difficulties in the Council are unfortunately so substantial that positive decisions, and above all decisions taken by the conciliation procedure, are possible only under constant pressure of time, and I should therefore have liked to put the Council under the same pressure.

On the other hand, we see the Commission has problems in implementing the budget and its policy. We would undoubtedly have tabled amendments on one or other point, but, Mr Eyskens, one thing we would have wrung out of you under the threat of not accepting this budget, and that would have been agreement on research appropriations after all this time. I know that you are not to blame, but what is happening here is gradually becoming a scandal. It is a disgrace, and a disgrace for which the Council is to blame, that it is incapable of taking decisions on the JET programmes, that we should leave the best research workers there are in a key field for this Community with a feeling of frustration. I mean every word I say — and above all it is a disgrace for the Summit — and I am glad that your Prime Minister criticized the last European Summit in very clear terms. This cannot be said clearly enough.

In future, I would ask you, Mr Eyskens, not to gloss over such defeats for the Council in your draft budget. Ladies and gentleman, I should like to quote only one sentence at this point. It reads: 'At this stage it was agreed to separate the part relating to research appropriations from this draft budget.' So it says: 'At this stage it was agreed', instead of saying: 'Once again the Council was unable to take a decision on an important area.' That is what it should say in future so that the public, too, can see where the deficiencies in the Community are to be found. Not at the Commission, although it has quite a few, and not at Parliament, which also has many deficiencies. The main deficiency is the Council's inability to take decisions. Mr Eyskens, all I ask, and I should like to say this again, is that your period as President should be more successful than the previous one.

Another reason why I am putting it this way is that this is a statement that we are today making for the public of all nine Member States. Once we have direct elections constitutional elements will also become visible in the Community, and our view has always been that we should aim at a federative structure for the Community in which the Member States have, as a nation, a determining role to play in the decision-making process. But considering the way in which the public has gradually come to look on the Council as a future second chamber, we shall be so handicapped when debating constitutional matters that the damage done by the Council's inability to take decisions will probably continue to make itself felt for many years to come.

Nevertheless, Mr President, I should like to say on behalf of my group that we approve this supplementary budget. We approve the 714.4 million, not, Lord Bruce, for agricultural expenditure, but as an increase in the agricultural title, a subject to which I will revert immediately, there being a considerable difference.

We are also grateful to the Council for the compromise that has been found as regards staff. We have always felt that there should be greater mobility of staff at the Commission and that new staff should not always be recruited when new tasks arise, but that where existing tasks are eliminated or carried out more rationally, the staff working on them should be moved to new fields. Anyone who has been a civil servant knows how difficult it is once a director-general has got used to his staff, once he has settled down in his office, once the individual assistant has made himself comfortable and so on. To be suddenly given new posts and new tasks is really only of interest to those who see Europe as a challenge. I am glad to say that most European officials still do. I therefore feel that the attempt should also be made at the Commission to increase mobilization, and I believe that with the 12 A, B and C officials the Directorate-General for Fisheries can be developed into a successful unit.

Then we are very grateful to have the first appropriations for the European Court of Auditors at last, but I should like, Mr Eyskens, to express some concern on behalf of my group. It is no secret that this Court of Auditors is partly the outcome of this Parliament's efforts. For years we have fought for this instrument, because we believed that controls — not only internal, but also external controls — should be strengthened, for one thing to satisfy public opinion. Now we see that a total of 500 000 u.a. has been entered for this purpose. But, as you will know, one obligation towards Parliament remains unfulfilled. During an internal conciliation meeting the Council undertook — and I would ask you to note that there were oral agreements on this — not to appoint members of the Court of Auditors against Parliament's will. The Council gave us an express assurance of this when we were deciding

Aigner

those things. It is therefore somewhat strange to see that the members of the Court of Auditors have been appointed, that they are already celebrating their appointment without in some cases knowing that it is not for the Council alone but for Parliament and the Council to appoint them. There should also be a reflection of this in the budget. I would, for example, have like to have discussed at least why an advance of 300 000 u.a. should be granted from the Council's funds. Why not from Parliament's funds? The Court of Auditors is just as much an instrument, an organ, of Parliament as it is of the Council. It is an independent organ with its own establishment plan. I therefore hope that the round of conciliation meetings which we trust we will soon be having will not cause any major difficulties. I would regret this, but in any case we will not allow ourselves to be fobbed off. We want genuine conciliation, not because we may disagree about this or that candidate, but because for years we have been trying to obtain for this House the right to appoint the Community's senior officials, this being an elementary right of Parliament, and we have at least achieved a little in this case.

I do not intend to go on much longer, Mr President, but I should like to express a number of reservations about the explanatory statement in our rapporteur's report. Again and again I have unfortunately found that Lord Bruce, whom I find so likeable and have learned to appreciate as a genuine, passionate parliamentarian, has an ideological barrier when it comes to agricultural policy. We intend to table amendments to some of the things he has said. He puts it as if this supplementary budget were simply a consequence of the Council's price decisions. That is in no way true. Lord Bruce, I would remind you that during the budgetary procedure we requested the entry of 200 million u.a. in Article 100 as a reserve. In other words, we knew that this expenditure would arise. So even in a formal cause this supplementary budget is not a mere consequence of the price decisions. Nor is it true that the increase in expenditure falling under this title can be attributed to the price decisions. They account for quite a small percentage. Let me give you the figures. If we, for example, leave aside expenditure due to currency instability and take account of the sum of about 120 million u.a. in additional revenue from agricultural levies, net expenditure in 1977 will be lower than in 1976.

You should also take note of the fact, Lord Bruce, that appropriations for monetary compensatory amounts have been raised in the supplementary budget from 852 to 970 million u.a. Are you aware that the United Kingdom alone will probably receive this year over 1 000 million u.a. in payment compensatory amounts, in other words an undisclosed subsidy? Would you put that down to the agricultural policy? 1 000 million for the United Kingdom alone because of currency erosion?

We should really try, Lord Bruce, to call a spade a spade. It is simply a fallacy if you believe you can strike a balance between production and demand by rejecting the agricultural policy or by rejecting an active agricultural price policy. We want balance just as much as you do. That is the most difficult thing. With a negative price policy you cannot achieve it. You must take other measures like those now proposed in the Commission's medium-term finance policy. But it is then up to the Council to take the necessary decisions in good time.

Mr President, I am otherwise in agreement with what the rapporteur has said. On behalf of my group I would say that I fully agree with and approve the report, which does not go for the amendments to the motion for a resolution, although this does not affect the budgetary procedure as such.

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

Mr Spinelli. — (*I*) Mr President, it can happen in any community or any country that the budget estimate does not suffice and recourse has to be had to supplementary budgets. Hence I am not surprised that supplementary rectifying budgets may be necessitated by political events, various monetary problems or new policies.

However, when we see in the summary that the budget is being increased immediately by 781 million u.a. for the Commission, with a total increase of 786 million, or 8—9 % of the total budget, there is cause for concern and for thinking that there is something rotten not in Denmark, but in the Community. And if we go into the details, we find that the increase in expenditure is not 786 million u.a. but, in fact, under Chapters 6 and 7 — agricultural policy — 934 million u.a., an increase over the estimate of around 15 %. During the financial year the budget required supplementary expenditure on this item of more than 15 % of the estimate. All other items of expenditure are at a relatively reasonable and controllable level.

I therefore believe that Lord Bruce is absolutely right in saying that this policy is obviously out of control and that we no longer have any idea, when drawing up the budget, what will actually happen.

The rapporteur, Lord Bruce, firmly stated that this is the last time, since from now on we will be able to call on own resources. However, this does not influence the way in which expenditure is determined. As long as we have regulations on agricultural products and regulations affecting agriculture, the budget appropriations will be totally fictitious.

I have seen this from the inside: in drawing up the budgets, it is recognized that expenditure is open-ended. Whether it is a question of own resources or of contributions from the Member States, the fact

Spinelli

remains that these regulations present us with expenditure which we have accepted. By adopting these regulations we have blindly adopted this policy, whatever its results.

I should like you to consider, for example, that this year there is likely to be an enormous grain harvest, which for Europe and the European Community will mean vast expenditure on refunds and repayments and a new budget chapter requiring more supplementary budgets.

We must therefore consider the fact that, even with own resources, a misguided agricultural policy leads to misguided expenditure. I feel that Mr Aigner is wrong when he says that the effects of price increases are relatively unimportant because they are of a monetary nature. For example, as regards dairy products, almost 500 million u.a. of expenditure is due to the fact that certain guaranteed prices were fixed regardless of the effect on the market. Furthermore, monetary compensatory amounts, if considered as a temporary measure, may be attributed to inflation, but if they are now a structural component of our agricultural policies — as they are then they are one of the elements which make these policies bad ones. We know how the Commission has struggled in vain to reduce them. This misguided agricultural policy, as I have already said, is the cause of this supplementary budget.

I am fully aware that at this particular moment Parliament cannot reject this supplementary budget. Nevertheless, Parliament, thank Heaven, needs unanimity, and I think it right that someone should say no to this budget, even though it is based on commitments which have to be met.

For this reason we will vote against.

(Applause from the left)

President. — I call Mr Shaw.

Mr Shaw. — Mr President, I will not detain the House long at this late hour, but I did feel that I would like to make two observations. The first is to add my own welcome to the President-in-Office, to that welcome that has already been given by others this evening, and to hope that his six months will be stimulating and, from the point of view of all of us, productive, because I can assure him that we bring to our tasks goodwill and a genuine desire to reach proper conclusions in the interests of everyone, and I feel absolutely certain that he will approach us in that same spirit. Given that, I believe that there is much that we can do, and indeed there is much on the agenda already.

Now may I say to my colleague Lord Bruce — he has just about reached the end of his period as rapporteur, although I except there will be other things to do — that he has ended tonight in as good a fettle as he started many, many months ago, and we are indeed indebted to him for the work he has done, for the thoroughness with which he has done it, and the

clarity with which he has put his exposition to us. I would like to take up one point of the two that I am going to raise tonight. He mentioned that this should be the last supplementary budget. I fully understand why he said that. This should be the last supplementary budget in this style, I would grant him, but we do accept that there are rare occasions — unforeseen at the present time — that do warrant a supplementary budget, and I must say that agriculture is one of those areas where all too often the strangest things happen and the forecasts go all awry at the last minute. Having said that, I do not wish in any way to sell the pass. If we look at this year's budget we see that this supplementary budget is no less than 10 % of the total budget. Surely some of that expenditure could have been foreseen at the time and due reserves put into the accounts to cover it, so that we could — at any rate in part — have had an amending budget rather than a supplementary budget? In that sense I entirely agree with him. But I fully accept that there will be occasions in the future when it will be proper that the procedure should be by way of a supplementary budget. But again I echo his words. It will be very much more difficult to produce these supplementary budgets in the future because of the new methods by which we collect the revenue through VAT and the necessary changes that will be involved in that.

The second point again is very largely concerned with agriculture and it does affect the supplementary budget. We have been dealing with the financial regulations and one of the problems that we have faced is the question of getting the desired clarity. One of the aspects in which we needed greater clarity was in showing the full receipts, the full payments, so that they were not disguised by one single net figure. Here, I suspect that the Committee on Budgets is not entirely united in the way that it wants to do it. We want to see all the figures and to understand them. But I think it is equally important, not only to show the gross receipts and payments, but at the same time to show the net figure on certain occasions, because the figures are so tied up together in particular programmes. Here we see an instance of that in this supplementary budget. But I shall be talking about these things, I regret to say, at much more length on Thursday and on other days in the future.

Of course we must regret what has happened with regard to the research expenditure, as Mr Aigner said. I think that it is really reducing budgetary affairs to a farce, the way that things have been handled again. So far as the Financial Regulation is concerned, I think I must say that I am disappointed that we have not as yet got a greater measure of agreement between the Institutions on this. But it is early days yet. We know that we are going to have the conciliation procedure coming into operation and I hope that if we go into it — and we shall certainly go into it with firmness, but at the same time with goodwill — we shall produce results that all sides will feel are constructive and helpful.

Shaw

Finally, Mr President, may I refer to the point that has already been made by the chairman of the Control Subcommittee. Mr Aigner, namely that we have heard of certain names being appointed to the Court of Auditors: not all I understand have yet been nominated. In fact, the final approval, as I understand it, cannot take place until we in Parliament have been consulted. I would, if the President-in-Office is summing up, be most grateful if he could give us a word as to when he hopes that consultation will take place. Because there is much that hangs on early implementation of the Court of Auditors so that they can begin their work as quickly as possible. With those words, Mr President, I support our rapporteur for the work that he has done.

(Applause)

President. — I call Mr Dalyell.

Mr Dalyell. — Mr President as the second vice-chairman of the Control Subcommittee, I should like to echo my chairman and Michael Shaw in putting the same question about the Court of Auditors, so that makes the three of us, the chairman and the two vice-chairmen. I think this is a matter of some consequence.

Mr President, it's always interesting to listen to poachers turned gamekeepers although I don't know whether Mr Spinelli would think of himself as a gamekeeper turned poacher — but I do think he has asked a very important question, namely: what about these restitutional payments? Because if we're going to have the bumper harvests that seem likely, this does have financial consequences that are going to ripple round the whole Community, and as soon as this is taken into account the better.

I want to ask Mr Eyskens a question. Incidentally, any minister who can come here at twenty past ten at night and tell us how pleased he is to be here — my heart goes out to him; I think that's very virtuous. But I speak as an extremely embarrassed Briton, and on the same subject as many of my colleagues, namely the research and investment problem, and the question is this: what actually happens to people in good faith who are the employees of this Community? What is the fall-back position, because some of us viewed the Summit with nothing less than dismay, and the idea that if the Summit can't solve the problem of the siting of JET, and all the things that undoubtedly go with it, how can we be certain that next month the foreign ministers are going to reach a conclusion? Because this seems now highly unlikely: if they can't do it at the Summit, after all the pressure that there has been, why should any rational men expect that the foreign ministers are going to reach a conclusion?

So where does this land us? We are well into the holiday period, and no decision has been taken. Now

there's a very practical question. What actually happens to the scientists and other employees? Let's make no distinction according to their technical merit or anything else — there are a whole lot of people in all sorts of positions who are now exceedingly worried about their future, and we in this Parliament have some obligation to these people. They have families and mortgages and commitments and everything else, like the rest of us, and I think that in our capacity as employers, really we ought to be thinking about precisely what the fall-back position is. I went to ISPRA last year, and I would be embarrassed to go back, because many personal questions would be put as to what the politicians thought they were up to. And I can only say, as a British person knowing something of the story and background of this whole miserable affair, that we are appalled at what has happened. And I simply ask Mr Eyskens as a man whose government has been landed now with the responsibility for these people, what is the emergency fall-back position if the Council of Foreign Ministers don't reach a conclusion? This is a very legitimate question and I don't see any other opportunity to put it.

President. — I call Mr Eyskens.

Mr Eyskens. — *(NL)* Mr President, I will be unusually brief because of the late hour. I will not therefore take up every one of the numerous interesting remarks which have been made. I believe that three main points should be mentioned.

Firstly, the considerable concern expressed by many people about the financing of the research programme, because the research appropriations have been separated from the supplementary budget. On this I can say that as regards the budget, the Ministers of Foreign Affairs will attempt at their meeting at the end of July to unblock this, and also that at budgetary level provision has been made for the necessary appropriations for current programmes until, if I remember rightly, October, after that transfers may be made if this seems necessary. From this point of view, therefore, there will not be any insurmountable problems in 1977.

Secondly, a very pointed question was put to me by Mr Shaw in connection with the appointment of the members of the Court of Auditors. I would merely draw his attention to Article 15 of the Treaty of 1975, which reads:

The members of the Court of Auditors shall be appointed for a term of six years by the Council, acting unanimously after consulting the Assembly.

It is therefore perfectly clear that this Assembly will be consulted. If this has not yet been the case, it is because two of the nine countries have not yet been able to make nominations for the Court of Auditors.

The third and last point concerns staffing problems. I am told that provision has been made for the neces-

Eyskens

sary funds to pay the salaries. There, Mr President, I have kept it brief. I am sorry that the late hour does not allow me to give a more detailed reply.

President. — I call Mr Dalyell.

Mr Dalyell. — Can we then say to the people concerned in the multiannual research programme that their salaries will be paid? Can one give them this undertaking? Is that fair?

It is not fair, perhaps, to spring this question late at night at 11.25, but there could be some statement when the Council have had time to reflect on it — after all, some of us are getting letters from actual people involved who want to know the answer to this.

President. — I call Mr Bruce.

Lord Bruce of Donington. — Mr President, just very briefly in order to help the Council out of its difficulties in this matter. May I suggest through you, Mr President, that perhaps before the end of this session the Council may be able to give a definitive decision on whether or not it is prepared to approve the transfers that have been commended to the House tonight.

President. — I shall pass on your suggestion to the Council, Lord Bruce, and hope that urgent action can be taken on it.

The debate is closed.

The vote will take place tomorrow Thursday at 10 a.m.

13. *Appointment of Members*

President. — On 5 July 1977 the House of Representatives of the Kingdom of Belgium nominated its delegation to the European Parliament.

The representatives appointed were Mr A. Bertrand, Mr Damseaux, Mr De Keersmaeker, Mr Deschamps, Mr Glinne, Mr Schyns and Mr Vanvelthoven.

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

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

14. *Agenda for next sitting*

President. — The next sitting will be held tomorrow, Wednesday, 6 July 1977 at 10 a.m. and 3 p.m. with the following agenda :

- Question Time (continuation)
- Joint debate on the statement by the Council on its programme of action, the statement by the Commission on the European Council, the oral question with debate to the Commission on relations between the EEC and EFTA, and the oral question with debate to the Commission on unemployment among young people
- Oral question with debate to the Council on small-scale industries
- Oral question with debate to the Council on the introduction of a uniform passport
- Oral question with debate to the Commission on the North-South dialogue
- Oral question with debate to the Commission on human rights in Ethiopia
- Bertrand motion for a resolution on Spain
- Joint debate on two oral questions with debate to the Commission on fisheries.

The sitting is closed.

(The sitting was closed at 11.25 p.m.)

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IN THE CHAIR : MR COLOMBO

President

(The sitting opened at 10.00 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 :

a) from the Council, requests for opinions on :

— the proposals from the Commission to the Council for :

I. a regulation opening, allocating and providing for the administration of a Community tariff quota for apricot pulp falling within subheading ex 20.06 B II c) 1 aa) of the Common Customs Tariff, originating in Tunisia (1978), and

II. a regulation opening, allocating and providing for the administration of a Community tariff quota for apricot pulp falling within subheading ex 20.06 B II c) 1 aa) of the Common Customs Tariff originating in Morocco (1978)

(Doc. 213/77),

which have 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 Committee on Development and Cooperation for their opinions ;

— the proposal from the Commission to the Council for a regulation laying down uniform costing principles for railway undertakings (Doc. 214/77),

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

— the proposal from the Commission to the Council for a regulation opening, allocating and providing for the administration of a Community tariff quota for dried grapes in immediate containers of a net capacity of 15 kg or less, falling within subheading 08.04 B I of the Common Customs Tariff (1978) (Doc. 215/77),

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

b) from the parliamentary committees, the following reports :

— from Mr Lemp, on behalf of the Committee on Agriculture, a report on the proposal from the Commission to the Council for a regulation amending Regulation (EEC) No 522/77 laying down special provisions applicable to trade in tomato concentrates and peeled tomatoes between the Community as originally constituted and the new Member States (Doc. 217/77) ;

— from Mr Cointat, on behalf of the Committee on Budgets, a report on the proposal from the Commission to the Council for a regulation (EEC,

President

ECSC, Euratom) introducing the European unit of account (EUA) into the Staff Regulations of Officials and Other Servants of the European Communities and into other Council regulations applying to officials and former officials and to other servants of the Community (Doc. 218/77).

3. Texts of treaties forwarded by the Council

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

- Agreement in the form of an exchange of letters derogating from Article 1 of Protocol No 3 to the Agreement between the European Economic Community and the Kingdom of Sweden ;
- notice of the completion by the Community of the procedures necessary for the entry into force of the Agreement between the government of the United States of America and the European Economic Community concerning fisheries off the coasts of the United States ;
- financial protocol between the European Economic Community and Turkey.

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

4. Petitions

President. — I have received :

- from Mr Giampiero Oddi on behalf of the Italian Christian Workers Associations (ACLI), Mr Gaetano Volpe on behalf of the Italian Federation of Migrant Workers' and their Families (FILEF) and Mr Vittorio Giordano on behalf of the 'Fernando Santi' Institute and the National Union of Immigrants' and Emigrants' Associations (UNAIE), a petition on the problems of migrant workers ;
- from Mr Bent Hansen on behalf of FORBUNDET AF 1948, the National League for Homophiles in Denmark, a petition on the position of homosexuals in Ireland ;
- from Mr Marino Giuffrida, a petition on the denunciation of racial discrimination in Belgium against North Africans together with a request that human rights be respected.

These petitions have been entered as Nos 9/77, 10/77 and 11/77 respectively in the register provided for in Rule 48 (2) of the Rules of Procedure and, pursuant to paragraph 3 of that same Rule, referred to the Committee on the Rules of Procedure and Petitions.

5. Welcome

President. — On behalf of Parliament, I have the honour to welcome a delegation from the House of Representatives of the United States Congress, led by Mr Gibbons. At the beginning of next week, this delegation will be meeting a delegation from the European Parliament: this will be the eleventh meeting between the two delegations.

While extending a welcome to these representatives of the United States Congress, I should like to express the wish that the work of the forthcoming meeting will prove profitable.

(Applause)

6. Question Time

President. — Before beginning on the second part of Question Time, I wish to draw your attention to the presence in this Chamber of Mr Simonet, Belgian Minister of Foreign Affairs, in his capacity as President-in-Office of the Council of the Communities. Mr Simonet is well known to this House, since he has devoted a large part of his political activities to Community affairs and has addressed this House on many occasions during the exercise of his functions as a Member of the Commission.

He has our best wishes for the exercise of his new functions. In particular, I would like to express the wish that the Belgian Presidency which he is inaugurating this morning in this House will be efficacious and constructive and that the relations between the Council of Ministers and the Parliament will be as close as possible, in accordance with both our own wishes and the interests of the European Economic Community.

(Applause)

The next item on the agenda is the second part of Question Time (Doc. 197/77).

First we shall take the questions addressed to the Council. The President-in-Office of the Council is requested to answer these questions and also any supplementary questions that may be asked.

Question No 28, by Mr Nyborg :

Subject : Oil-prices

Is the Council aware that, in the USA, a Federal Government agency (FAE) has carried out surveys to ascertain whether the oil prices charged by petroleum companies are reasonable in relation to the price of crude oil and, in the light of these surveys, intends to take action to reduce oil prices? Has the Council any intention of asking the Commission to carry out similar surveys?

Mr Simonet, President-in-Office of the Council. — *(F)* Mr President, I should like to begin by thanking you for your kind words of welcome. As you pointed out, I am no stranger to this Assembly, having already taken part in Question Time from the other side of the Chamber. I hope that Parliament will extend the same indulgence it showed me during the four years when, as a Member of the Commission, I was called upon to answer Members' questions.

With regard to Mr Nyborg's question, the Council has no information on investigations by the American Administration into the oil-prices fixed by oil companies nor on the action it intends to take as a

Simonet

result of this enquiry. Pursuant to the provisions of Council Directive No 76/491 of 4 May 1976, the Commission drew up a procedure for gathering information on the prices of crude oil and petroleum products in the Community. This information will be the subject of consultations between the Commission and the Member States.

Mr Nyborg. — (DK) The investigations which have been undertaken in the USA are very interesting from the consumer's point of view and also from that of political economy. I am therefore glad to hear that steps are to be taken in the same direction by the Commission, but I should like to ask whether, if this information is now available and when, or if, it is found that there is an unreasonable discrepancy between the price of crude oil and that of finished oil products on the market, the Council will take action or merely take note of the situation.

Mr Simonet. — (F) At the present time it is the Commission which, during periodic enquiries made to the oil companies, gathers information on the price structures applied within the Community. I can give you my assurance that I shall contact the Commission today to request information on the point reached in its work and to find out how governments and, possibly, Parliament can be informed as quickly as possible. I said 'possibly Parliament' as I seem to remember that the information is confidential and there is an agreement between the Commission and the oil companies regarding the confidential nature of this information.

Mr Ellis. — The President-in-Office will be aware that the Commission has promised Parliament to make an annual report on the scheme they are applying for gathering this information. If the first annual report shows that the scheme is not working satisfactorily, would the President-in-Office then recommend and discuss in the Council the idea of adopting a scheme such as is practised in America, rather than the system we are commencing now in the Community?

Mr Simonet. — (F) I can promise to do both: to take up the matter with the Commission and ask it to submit a proposal so that the Council can, in its turn, adopt a position.

President. — Question No 29, by Mr Cousté:

Subject: Harmonization of VAT

Having adopted the Sixth Directive harmonizing the basis of assessment of VAT, does the Council propose to review the Financial Regulation as soon as possible so that the Directive may be implemented at an early date?

Mr Simonet, President-in-Office of the Council. — (F) There is one point I should like to clarify at the outset: the Member States are already required under

Article 1 of the Sixth Directive on Value-Added Tax to bring national provisions into line with this directive as soon as possible, but not later than 1 January 1978. On the other hand, it will be necessary to adopt new financial provisions for the purpose of collecting the Communities' own resources derived from VAT. For this reason the Commission presented on 21 April 1977 a proposal for a regulation, and Parliament delivered its opinion on this proposal at the June part-session. Consideration of this proposal by the Council bodies is already well under way so that the Council will probably be able to act at one of its forthcoming meetings. As I pointed out a moment ago, this item is one of the priorities of the Belgian Presidency's programme.

Mr Cousté. — (F) If the Member States are obliged to incorporate the provisions of the Sixth Directive in their national legislation as soon as possible, I should like to know what stage has been reached in each of the Member States and what measures have already been taken at national level in each of the Member States.

Mr Simonet. — (F) With regard to the purely legal aspect, i.e., the incorporation of the Sixth Directive in national legislation, as far as I know all the governments of the Member States have taken the appropriate decisions and steps. However, the point at issue here is the Financial Regulation itself, which is intended to enable the taxes to be collected. This is the point on which the Council of Finance Ministers should concentrate its efforts as soon as possible.

✓ **President.** — Question No 30, by Sir Geoffrey de Freitas, for whom Mr Prescott is deputizing:

Subject: Observance of human rights by ACP countries

What plans does the Council have, working through the Lomé Convention, to encourage the observance of human rights by the African, Caribbean and Pacific countries?

Mr Simonet, President-in-Office of the Council. — (F) The signatories to the Lomé Convention wish to establish, on a basis of complete equality, close and continuous cooperation in a spirit of international solidarity, and have declared their resolve jointly to increase their efforts to promote the economic development and social progress of the ACP countries.

Moreover, at its meeting of 21 June the Council agreed to take steps, within the framework of its relations with a particular ACP country, to ensure that any assistance given by the Community to this state under the Lomé Convention would under no circumstances help to intensify or prolong the deprivation of fundamental rights of the people of that country. This statement of the Council should, I feel, go a long way to answering the question put by the honourable Member of Parliament.

Mr Prescott. — I wonder whether I could ask the President-in-Office of the Council to recognize that there are a number of barbarous regimes represented in the Lomé countries and, in the negotiation of the new Lomé agreement, consider making it a condition of aid that recognition of certain limited human rights be guaranteed, as indeed the Americans have established with the South American States.

(Applause)

Mr Simonet. — *(F)* I can answer at once that, during the discussions leading up to the adoption by the Council of the statement which I have just quoted, it was agreed that, when drawing up the next aid agreement, a certain number of principles would be laid down with a view, precisely, to doing just that.

Mr Spicer. — The House should be grateful for the way in which Mr Prescott made this point during a debate when we met the ACP countries six weeks ago. But we're talking about the present, and could I ask the President-in-Office a very simple question? You say that action has already been taken against one member country — and there's no point in denying that that country is Uganda. Why on earth, when there are other countries practising genocide on a scale that hasn't even been equalled in Uganda, do we single out Uganda only, and why are not positive steps being taken to place Ethiopia in the same category?

Mr Simonet. — *(F)* For the moment the Member States do not have any common policy on the matter. A particular country associated through the Lomé Convention has been singled out because of a proposal from a government with which you are quite familiar.

Mr Patijn. — *(NL)* The Council's declaration on Uganda contains the following statement: The Council will ensure that in the context of its relations with Uganda, any aid granted to that country under the terms of the Convention of Lomé shall in no way lead to the population's suffering any intensification or continuation of the denial of fundamental rights.

Does this mean that the Council is sitting on its backside doing nothing or that we can expect some positive action from the Council within the framework of the Convention of Lomé?

Mr Simonet. — *(F)* I think it is difficult to determine when one is taking action or remaining passive. However, it seems to me that passivity, i.e., doing nothing would be to continue to apply the Lomé Convention to Uganda in the same way as to any other associated country.

It, however, you have in mind active intervention in the sense that policy towards Uganda included a

certain number of reprisals or breaks in the normal flow of trade, then I can say that no steps of this kind have been taken. However, I feel that the decision to cease financing certain projects or halt contributions to certain actions in Uganda is in itself a positive act.

Sir Derek Walker-Smith. — While welcoming the assurance in regard to the consideration being given in the context of the re-negotiation which is going to be made of the Lomé Convention, and hoping that an express condition will be written into any future convention making the maintenance of human rights a necessary prerequisite to the grant of aid, would the President-in-Office also consider the possibility of more urgent action where necessary, under the present Convention, where there is a right of termination on the giving of six months' notice for a breach of the terms of the Convention? Is it not a breach of the terms of the Convention, which stipulate that aid is required for the promotion of social well-being of the peoples of a country, if there is a violation of human rights in that country? Is that not a breach, and a continuing breach, which can be dealt with if necessary by the giving of six months' notice under the present Convention?

Mr Simonet. — *(F)* I should like to begin by drawing the honourable Member's attention to a question of principle. Regrettable though it may be, various non-European countries do not share our views on human rights and formal liberties.

In the second place, the attitude adopted by certain black-African countries at the recent Commonwealth Conference certainly made the Council's decision easier.

Thirdly, the possibility of adopting more radical measures, similar to those referred to by the honourable Member, was also discussed as a hypothesis.

For my own part — and in this I share the views of some of my colleagues — I believe that we must strike a balance between the possibility of proceeding with caution and firmness to ensure respect for certain elementary rights or, at least, guarding against excessively blatant violation such as has already been and certainly still is the case in the country about which we are speaking, and, on the other hand, avoiding direct interference in the normal operation of the Lomé Convention lest the associated states, and especially those whose condemnatory attitude enabled us to reach this decision, accuse us of indulging in a form of neo-interventionism and neo-colonialism. The attitude expressed in the Council's resolution was, therefore, adopted on the basis of complex and, it must be admitted, highly subtle considerations.

President. — Question No 31, by Mr Hamilton, for whom Mr Brown is deputizing:

President

Subject: Use of bribes by international companies to further private business interests

There is a lot of evidence to indicate that financial bribes and other forms of corruption are used by companies to promote their business interests; that the recent Summit meeting in London condemned these practices and resolved to take measures to curb them.

That being the case, can the Council indicate what specific action they intend to take on this matter?

Mr Simonet, President-in-Office of the Council. — (F) Although I do not under-estimate the moral and political importance of the question put by the honourable Member I have to reply that the Council has not yet considered these problems.

Mr Brown. — May I say to the President-in-Office that the problems are very real? My colleague, Mr Hamilton, feels that it is time the Council examined the whole problem, because it does affect the Council, and the whole of the Community. It does seem extraordinary to me that the Council is able to rise and just simply say to me that they know of this, but have done nothing about it. I do hope he will be in a position to affirm now, as a supplementary reply to me, that he will take immediate action to do something about it.

Mr Simonet. — (F) In reply to the honourable Member's question, I should point out that although the Council, acting as the Council, is required to deal with the problem raised in Mr Hamilton's question, it is up to the Commission to submit the appropriate proposals. As it is giving close consideration to the aeronautics industry, perhaps it could add to its proposals a further proposal on the problem we are now dealing with.

(Smiles)

President. — Question No 32, by Mr Dalyell:

Subject: Legal problems concerning membership of the European Community

What study is being made of the legal position, in relation to the Community, of part of an existing Member State which, albeit by democratic means, hives off from the existing Member State?

Mr Simonet, President-in-Office of the Council. — (F) I am aware that, in a variety of forms, this question is one which constantly preoccupies Mr Dalyell. At the risk of again disappointing him, I am obliged to say that the Council has not considered it necessary to provide for a study of the legal situation which would arise if the hypothesis periodically put forward by Mr Dalyell were realized.

Mr Dalyell. — I sympathize with the Council's coyness in tackling what may seem to be a hypothetical question, but are they aware that their silence may be interpreted as consent to the assertion that a separate Scottish state would automatically be entitled

to a Scottish Minister in the Council, a Scottish Member of the Commission and Scottish representation in all the organs of our Community? Is this not an issue which transcends internal United Kingdom politics, and would have repercussions in Europe from Schleswig-Holstein to Sicily, and west to Catalonia and Brittany? Will the Belgian Presidency at least put the matter on the agenda for clarification, partly so that people in Scotland are under no misunderstandings before voting to dissolve a union with England which has lasted to our mutual benefit for 270 years?

Mr Simonet. — (F) The Community has been criticized — especially in the country which Mr Dalyell represents — for wishing to have a finger in every pie. I feel it would be imprudent and improper for the Community to become involved in the problems raised by the Anglo-Scottish dispute. That is my first point.

The second is that the Council has never concerned itself with the type of problem raised by Mr Dalyell. The third is that, whatever the vicissitudes of the United Kingdom and if in fact one day — and this appears to be Mr Dalyell's primary concern — Scotland became independent the Treaty would not automatically apply. If Scotland wished to accede to the Community, it would have to negotiate for accession like any other state.

I do not think that this is likely, however, and on that note I would like to close this debate — interesting perhaps, but one which does not appear to have any immediate relevance, since, to judge by the reports on the situation in Scotland, it is the Scottish nationalists who are most opposed to the European Economic Community. Consequently, even if they were to obtain a majority, I doubt if they would ask that Scotland be admitted to the Community.

(Smiles and applause)

Mrs Ewing. — Could I say that there is something a little reminiscent of the ostrich about the President-in-Office's answer? Is he aware that the predictions of the success of the Scottish National Party at the very next election, which could come very quickly, are not only made by the Scottish National Party but by a long succession of opinion polls, and by all the grand old men of Fleet Street from *The Times*, the *Financial Times* and the *Guardian*, to *The Economist* and also, I may add, by many politicians of other parties? It is a serious question that has been raised by Mr Dalyell, and I feel that it may be said that the Council have not taken it too seriously. The question I would like to ask is this: is the Council not aware that it will not be Scotland who will be trying to woo Europe but that the boot will be very much on the other foot and that the question will be whether an independent Scotland, with the richest fish pond in the world and a certain amount of black stuff in the North Sea, will be the State that will be wooed by the Council? As

Ewing

this is not just a hypothesis and a matter of caution, but a reality on the immediate political horizon, could I now join with my colleague, Mr Dalyell, in asking that this be put on the agenda very quickly?

Mr Simonet. — (*F*) I have followed with interest this little exchange of views between United Kingdom Members of Parliament, but I do not feel that the Council should take any action for the moment. I am not particularly up-to-date on the latest opinion polls, which, according to the speaker, indicate that the Scottish Nationalist Party will eventually gain a majority. On the other hand, I have followed the vicissitudes of the various opinion polls published in the United Kingdom at election time and I have not been particularly impressed by their accuracy.

(*Smiles*)

President. — Question No 33, by Mr Howell :

Subject : Employment

What steps have been taken and what further action does the Council intend to take in the near future to bring about full employment and to make the use of that term something more than a pious hope?

Mr Simonet, President-in-Office of the Council. — (*F*) Since the beginning of what has been the worst recession in the Community's history, one of the primary preoccupations of the Council has been unemployment, which is continuing to reach unacceptable levels. It must, however, be stressed that such a problem cannot be dealt with from the limited standpoint of a particular Community institution or a particular Member State. It is a problem which calls for concerted effort at the level of the national governments, of Community and international institutions, of employers' and workers' organizations — in short, of all bodies which are responsible for the organization of our society.

It was from this point of view that the most recent Tripartite Conference of 27 June assessed the results of the efforts made so far and the means of combating unemployment compatible with the objectives of stability and growth. The financial instruments at the Community's disposal are already making an important contribution to solve employment problems; their use will be better coordinated and adopted to priority needs. The recent discussions in the Council on the revision of the Social Fund should be seen in this light. Moreover, the European Council has given close attention to the problem of structural unemployment among young people. It has requested the Social Affairs Council to meet early next autumn to discuss, in the light of what has been accomplished at the national level, what joint action should be undertaken.

Mr Howell — I feel that enough urgency has not been displayed. Despite all the efforts which we have

made and a multitude of schemes which are currently running, we have only scratched the surface of this problem and are, in fact, moving farther away from the ideal of full employment which we claim to be aiming at. I think the time has come for a real concerted effort. Machinery must be created so that all those who wish to work can work. The time has come to establish the right to work.

Mr Simonet. — (*F*) I should like to make three points. The first is that one should not expect the Community to solve at a single stroke problems with which all the governments of the Member States have been struggling for almost three years. Secondly, as I pointed out with regard to the European Council's decision, we are all aware of the need, or as you say, the urgent need, for joint action to deal with a problem which is currently affecting all highly-industrialized countries. Thirdly, I should like to suggest in this regard that we should all examine our own consciences, since it is certain that it would have been easier to adopt a joint approach to the problem of structural unemployment if the Community had shown a greater degree of convergence in its economic policies.

Mrs Dunwoody. — With the greatest respect to the President-in-Office, and whilst agreeing with him that we should all examine our own consciences, would he not agree that the 11 % increase in the Social Fund is far too small; and would he not urgently ask the Council of Ministers to put in hand a programme *now* to deal with youth unemployment? Because in the autumn, all we shall have done is to have put off for two months the question how to find jobs for thousands and thousands of school-leavers. This is what social policy in the EEC ought to be all about.

Mr Simonet. — (*F*) As far as I know, the size of the Fund's operations have not been definitively fixed. Nonetheless it shows a political will which should not be underestimated. Moreover, it will be time at the end of the first year's operations to decide, on the basis of the estimates for Social Fund operations, whether the amount is sufficient or not. My personal conviction is that it will be sufficient.

Sir Brandon Rhys Williams. — Will the Council, under the Belgian presidency, give a clear lead to the Community in regard to the general adoption of shorter working hours, and, in particular, will a study be made of the relative advantages of the 30-hour week or the 4-day week?

Mr Simonet. — (*F*) This is one of the items currently under consideration. At the same time, it should be studied not only by the governments but also by both sides of industry.

Mr Cifarelli. — (*I*) I am wondering whether in view of the need to deal with unemployment the funds should not be revalued, seeing that the Social Fund will have a total of 58.5 million units of account at its disposal.

Does the President-in-Office consider that this is sufficient basis for action, what ever his faith in a better future?

Mr Simonet. — (*F*) This, of course, is what I have just said. It is difficult for us to say at the moment whether it will or will not be adequate. My belief is that it will be sufficient, but after a few months we can decide whether we were mistaken or not.

Lord Bruce of Donington. — Is the President-in-Office aware that the level of employment in Europe is profoundly influenced by the level of industrial investment in Europe? Will he give an undertaking, on behalf of the Council, that the proposals coming from the Commission, the constructive proposals for a greatly increased investment programme in Europe, will receive the Council's speedy and enthusiastic acceptance?

Mr Simonet. — (*F*) It is asking a lot to expect a Council of Ministers of the Community to be both speedy and enthusiastic. As regards the Belgian Presidency and in view of the way in which we regard this Presidency — I shall return to this point in a moment — the Government has agreed that the Belgian Minister of Finance, who, as President of the Council of Finance Ministers, will be responsible for this problem, will have to act speedily in finding a concrete solution, even if he does not show enthusiasm.

Mr Fellermaier. — (*D*) How does the President-in-Office of the Council — and the Council itself — assess the outcome of the recent Tripartite Conference in this connexion and what measures does he intend taking in the light of its recommendations?

Mr Simonet. — (*F*) The most recent Tripartite Conference agreed on a number of policies which we, the Belgian Government, hope will provide us with the information to enable us, after the return to normal political activity at the end of September, to make a number of proposals to the Social Affairs Council and perhaps to other specialized Councils concerned with the fight against unemployment.

President. — Question No 34, by Mr Corrie:

Subject: The Community's negotiations with Greece

What is the present state of the Community's negotiations with Greece?

Mr Simonet, President-in-Office of the Council. — (*I*) Since the formal opening of accession negotiations between Greece and the Community on 27 July 1976, there have been two meetings of the Conference at

ministerial level and six at the level of permanent representatives.

The first ministerial meeting was primarily concerned with the procedure and organization of the negotiations. The second was the occasion for an exchange of views on the progress made by the Conference. During the six sessions at the level of permanent representatives, Greece made a number of statements on various aspects of the negotiation and preliminary replies to most of these were given by the Community. The Community was particularly concerned to set out the implications of Community membership, and these Greece agreed to observe. The Community reserved the right to propose detailed solutions to the various problems at a later stage when accession negotiations have reached the point where an overall view of the problems is possible.

Finally, I should like to point out that the next meeting of permanent representatives and the third ministerial meeting will take place on 25 June 1977.

Mr Corrie. — Can the President-in-Office say if Greece's application for membership is being looked at purely on its own merits, so that she can take her rightful place in the Community, or are such problems as Cyprus and the possible entry of Spain and Portugal also being taken into consideration? Lastly, have negotiations slowed up since the Leeds Castle Conference?

Mr Simonet. — (*F*) Yes, Greece's application for membership and the corresponding negotiations are being dealt with and considered on their own merits. With regard to the second part of Mr Corrie's question, it is clearly in the Community's own interests to exercise caution before making too rapid commitments regarding the opening of negotiations with a country wishing to accede. At the same time, we should ensure that the lapse of time between the formal announcement of this decision and the actual negotiations which follow should not be so long as to engender frustration and resentment on the part of the applicant countries.

Mr Price. — In the past, although it has always been said that Greece's application will be taken on its own intrinsic merits, it has also been said that it is being considered with a certain 'globalization of thought'. Would the President be able to say exactly what he thinks 'globalization of thought' means in the negotiations with Greece? Does he think that this is going to hold up the negotiations unduly?

Mr Simonet. — (*F*) If by globalization the honourable Member means parallel negotiations with a number of candidate countries, then negotiations will not be globalized. It, however, he means that, after each application has been examined on its own merits, it will be considered within the framework of

Simonet

an overall view of the Community's policy on enlargement and of the political and institutional as well as economic and social consequences for a specific region or a particular part of the Community then, since I have been asked for my own opinion, I can say that I believe that an overall view of the process of enlargement of the Community is necessary and that studies designed to produce such a view of action *vis-à-vis* the Mediterranean Basin are already under way.

Mr Laban. — (NL) I should like to add a little to Mr Price's question. The fact is that our negotiations and talks with our colleagues in the Greek Parliament are constantly under pressure, because terms such as 'globalization' keep cropping up and because of pronouncements made by various Community countries to the effect that the agricultural policy must first be completely reviewed before we can negotiate further. Partly to give some assurance to those countries for which accession has already been agreed in principle, I think that in the near future we should debate the enlargement of the Community, and I should therefore like to ask the President-in-Office of the Council if he is prepared to support the idea of holding a joint debate on enlargement with the Commission and Council on the basis of a document drawn up by the Commission. This is a matter of great importance. If at all possible, the debate should be held in September, because the present situation cannot be allowed to go on much longer.

Mr Simonet. — (F) I have no objection to discussing this topic with Parliament on the basis of a document drawn up by the Commission.

Mr De Clercq. — (NL) Can the President-in-Office of the Council confirm that the negotiations with Greece will now advance at a more rapid pace? And does he not agree that it will have a deplorable effect on Greek public opinion if Member States which warmly welcomed Greece's application for membership now seem anxious to hinder Greek accession?

Mr Simonet. — (F) It is my intention to continue negotiations as rapidly as possible, taking into account the decisions which have already been made.

Mr Giraud. — (F) I should like to thank the President of the Council for his statement on globalization, as I believe this is the view of the majority of parliamentarians. I should also like to ask him a simple question: when does he think the negotiations with Greece will be completed?

Mr Simonet. — (F) I was not aware that the office of President of the Council brought with it the gift of prophecy. I am therefore unable to answer the question.

(Smiles)

Mr Berkhouwer. — (NL) Can the President-in-Office of the Council agree with me, as did Mr Jenkins not so long ago, that when we discuss the guidelines for our policy towards the Mediterranean countries and their applications for membership of the Community, it would be better to talk of 'cohesion' rather than 'globalization'? For my part I find it difficult to see how the policy could be implemented 'globally' and I wonder whether in this connexion the word 'coherently' would not be more appropriate.

Mr Simonet. — (F) I can promise Mr Berkhouwer that, as far as terminological creativity is concerned, the Belgian Presidency will make every effort to comply with his request.

Mr Fellermaier. — (D) As President-in-Office of the Council and also, let me add quite specifically, as Belgian Foreign Minister, do you share the view that the lack of a solution to the Cyprus problem could be a handicap in further negotiations concerning Greek accession as well as in our Association Agreement with Turkey, and that during these negotiations the Council should constantly emphasize the fact that Europe expects the countries directly involved, Greece and Turkey, to put an end to the Cyprus crisis?

Mr Simonet. — (F) Obviously, we cannot overlook the fact that Greece and Turkey are in conflict over this matter. However, to make the settlement of the problem an express condition would I believe, be to place the Greek Government in an extremely difficult position, since it would make it entirely responsible for the realization of a condition which is not entirely under its control.

President. — Question No 35, by Mr Berkhouwer:

Subject: Request to Mr Tindemans to mediate in the dispute on the JET project

The Belgian Prime Minister, Mr Tindemans, President of the Council since 1 July 1977, has not accepted a request to act as mediator on the problem of the siting of the JET project. Is not the attempt to find a solution to such serious disputes automatically the responsibility of the President of the Council, and has not the Council already taken a decision by a majority of seven votes on the siting of the JET project?

Mr Simonet, President-in-Office of the Council. — (F) I can say in answer to Mr Berkhouwer's question quite simply that what has been referred to as Mr Tindemans' mediation is probably a personal initiative on the part of one or other member of the European Council, that it took place in a purely private fashion and that the Council of the Community took no part in the matter either by discussing it or by giving a mandate to the Belgian Prime Minister and, *a fortiori*, since it had no part in granting authorization it was in no way involved in the refusal ascribed to Mr Tindemans. The rest, the Council has not voted on the choice of a site.

Mr Berkhouwer. — (NL) In this difficult situation over the JET, will the President-in-Office of the Council do everything in his power to enable the project to get off the ground?

Mr Simonet. — (F) Certainly.

Mr Mitchell. — Is it not quite disgraceful that after over a year's discussion the Council of Ministers cannot agree on the siting of this urgently-needed project? What on earth are the great matters of principle involved in this? Is this not the sort of decision that ought to be taken in the Council of Ministers by a simple majority vote?

Mr Simonet. — (F) I don't think I can accept the adjective 'disgraceful', which probably does not have the same meaning in English as in French. I shall simply say that I am deeply gratified that a British Member of Parliament is in favour of a majority vote within the Council.

(Laughter and applause)

Mr Giraud. — (F) Can the President of the Council state approximately when he thinks the Council will take up this question again?

Mr Simonet. — (F) I cannot give a precise answer, since the date depends on the degree of political preparation of the file which is necessary before we can tackle the problem with a reasonable hope of success.

Mr Giraud. — (F) But that's not prophecy!

Mr Brown. — Could I say to the President-in-Office that I don't quite come along with my colleague's view on the majority voting, but I would say this, that I hope the President-in-Office will bear in mind that the sole criterion of where to site JET is the best possible place, and since the scientific community are almost entirely of one mind that Culham is the best place, I do hope the Council will make that decision soon.

President. — Question No 36, by Mrs Ewing:

Subject: Fish-stocks in waters of Member States

To what extent do the Council take into account, when discussing Commission proposals on fisheries, the stocks of fish in the waters under the sovereignty or jurisdiction of the different Member States?

Mr Simonet, President-in-Office of the Council. — (F) The Commission's proposals to which the honourable Member of Parliament is referring concern all of the waters under the sovereignty or jurisdiction of the Member States. Consequently, the Council has the task, during these discussions, of taking into consideration the various stocks of fish in these waters. The

honourable Member's question should obviously be understood as raising the problem whether the Council is taking account of the importance of fish-stocks in waters under the sovereignty or jurisdiction of each Member State. It should be noted that this particular aspect is one of the points actually under discussion as part of the definition of future arrangements for the management and conservation of stocks.

Mrs Ewing. — Will the Council take seriously the position when those least militant of men in society — fishermen — are driven to engage in marches, demonstrations and plans of blockade action? May we take it that following Mr Gundelach's recent visit to the north-east of Scotland, when he courageously faced a united industry, he has conveyed adequately to the Council the strength of the demand from all strands of the industry for a 50-mile exclusive zone, and the sense of burning injustice with regard to the discussions on stocks, in which the baddies who fish for industrial fishing get the larger quotas and the goodies who fish for human consumption get the smaller quotas? May we take it that these matters plus the drastic social consequences which fall on every fishing community, where there are no alternative types of job, have been adequately conveyed to the Council, and if so, what reassurance can the Council give today that I may take home to this very disturbed and concerned industry, that the social consequences will be considered in time, before disastrous strikes take place, and if these social consequences are to be ignored, how can the Council say this is a Community with a human face?

Mr Simonet. — (F) I can assure you that as President of the Council I shall give the matter my closest attention. I may add that I am also the Belgian Foreign Minister and that as a Belgian politician I am well aware of the disastrous effects of demonstrations by farmers — and perhaps tomorrow by fishermen — on the present seat of the European Communities.

Mr Dalyell. — Will the President-in-Office repudiate the attack on industrial fishing? What is the difference between fish eaten as fish and fish eaten as margarine?

Mr Mitchell. — The taste!

(Laughter)

President. — We now turn to the questions addressed to the Foreign Ministers of the Nine Member States of the European Community meeting in political cooperation.

Question No 37, by Mrs Ewing:

Subject: Soviet Jews

To ask the Foreign Ministers whether, in the light of the clearly expressed views of this Parliament, they were able to adopt a common attitude at the Belgrade Conference

President

with a view to defending individual human rights in general and the right of the individual to leave his or her country if he or she chooses to do so, and with particular reference to the position of Soviet Jews.

Mr Simonet, President-in-Office of the Foreign Ministers. — (F) Since the signing of the Final Act of the Helsinki Conference, the Nine have constantly borne in mind the need to implement and respect all the provisions of this Act, including those concerning human rights. The Belgrade meeting, for which the Nine have made joint preparations, will not begin until autumn. It will provide an opportunity of assessing the degree to which the provisions of the Final Act have been respected, and it is at this point that the Nine will define their position concerning the implementation of these provisions.

Mrs Ewing. — Can we take it that the Council do accept the basic premise in the question, in which I ask the views of the Council on the rights of people to leave a state of their own choosing, with the comment on the position of the Soviet Union, which has hermetically sealed its borders? Is the Council aware that MPs from the United Kingdom Parliament, and indeed from other parliaments in the EEC, have adopted specific Jewish prisoners, whose cases are well documented, without singling out any specific name? Is the Council not aware that the Soviet Union does respond and has responded in the past to expressions of concern from the outside world, and would he not accept that if the Council today gave a lead and expressed its concern on behalf of all these prisoners — perhaps we could start with those who have particularly been adopted and whose cases have been particularly documented — the Soviet Union would listen and we would hear more? At the moment no contact can be established with these prisoners by the MPs in question, despite constant attempts in Russia. Would he not today take the opportunity, on behalf of the Council, to make a noise, to which I am sure the Soviet Union would listen?

Mr Simonet. — (F) Mrs Ewing has asked me to keep a large number of things in mind. I should like to ask Mrs Ewing to bear in mind that this is not a question for the Council, since this problem falls under the heading of political cooperation and therefore it is not for the Council to adopt a position but for the nine Foreign Ministers of the Member States of the Community meeting within the framework of political cooperation. With regard to the specific problem — which is important and indeed somewhat tragic — raised by Mrs Ewing, it will be included in the file which we shall deal with in Belgrade when the work of the plenary session begins, and we shall make every effort to win acceptance for a number of ideas and principles which our democratic Community regards as vital.

Mrs Dunwoody. — Is the President-in-Office aware that we are perfectly capable of examining our own consciences? What we are asking him to do is to give a lead, and to say very plainly to the Russian people that for those Jews in Russia we do not ask any more than the straightforward human rights which we require for our own peoples. If we are to negotiate on an honest basis, we must require those human rights to be extended to the Jews in Russia.

Mr Simonet. — (F) I am afraid that the simultaneous translation has given rise to a small misunderstanding, since the word 'conscience' has two different meanings in French. I am not presuming to pass judgement on the consciences of Members of Parliament; I only wish to draw their attention to the fact that this problem does not concern the Community as such but is a problem for political cooperation. As such, it should form the subject of a common position to the extent that, as I hope, the Nine present a united front and speak with a single voice at the Belgrade Conference. I have noted your request and at the next meeting on political cooperation I shall certainly stress the importance which Parliament attaches to this problem; but I cannot speak for my colleagues on this matter.

Lord Bethell. — Is the President-in-Office aware that last March a Soviet Jew, Mr Anatoly Shcharonsky, was accused in the Soviet press, in crude terms reminiscent of the Stalin era, of spying on behalf of one of the signatory states of the Helsinki Agreement, and that he was subsequently arrested and charged with treason, a crime which carries the death penalty? Would it not be particularly appropriate for Mr Shcharonsky's case to be raised by the Nine on an individual basis in Belgrade?

(Applause)

Mr Simonet. — (F) I cannot dissociate the problem which you have just raised — tragic though it is from a human point of view — from the overall policy which the Nine have to draw up for the Belgrade Conference. I do not know whether Parliament has already adopted a position concerning *détente* — that is to say, on the ideas which will dominate the discussions next October. What I believe I can say is that, at the level of the Member States and certainly of my own country — which is the only one on whose behalf I can speak for the moment since, I repeat, I have no authorization to speak on behalf of the Nine on this matter — we believe that *détente* is a global process and that the various problems it raises must be considered, including respect for human rights and the implementation of procedures drawn up for this purpose; nonetheless, we do not intend to single out a particular question and, *a fortiori*, an individual matter from the totality of problems raised by *détente* which are to be dealt with in Belgrade.

Mr Radoux. — (*F*) Mr President, the 35 countries which signed the Final Act of Helsinki committed themselves to undertake certain actions, jointly or separately but with the same end in view. Can the principle of non-intervention in the internal affairs of a country now be fully observed? Does not each state have the duty of enquiring into the implementation of the Final Act in each of the States which signed the Act?

Mr Simonet. — (*F*) Mr Radoux, the discussion of procedure which will be the main topic at the preparatory meeting will cover a number of aspects of the application of the Helsinki Agreement, one of the most sensitive of which is whether control of the implementation of its provisions could be considered as interference in the internal affairs of a signatory state. To repeat what I said a moment ago, as far as Belgium is concerned we do not feel that it would be wise, when discussing substantive and procedural problems, to isolate a particular problem and on the basis of that problem to turn the Belgrade Conference into a tribunal for judging one or other signatory state.

Mr Cifarelli. — (*I*) Of course we are unable to comment when Mr Simonet speaks in his capacity as Belgian Foreign Minister.

However, since we are dealing here with the cooperation between the Foreign Ministers of the nine Member States, whom he will be representing for the next six months, I should like to ask him if he does not feel that many of these replies are rather timid in view of the general line set out by President Carter's policy.

Reports in the press indicate that the speech which the United States Ambassador was to make on Russian television, a speech in which he is said to have called directly for respect for human rights, has been censored. If this helps to bring forward a solution to this difficult problem, let us allow them to censor us as well!

Mr Simonet. — (*F*) The Nine should begin by reaching agreement on a common position, thereby guaranteeing that the existence of the Community as such will be recognized by other signatory countries. This, as you know, is one of the areas of disagreement.

The Nine should agree on this position and, I repeat, they should also reach agreement with other countries, in particular with the United States, so that a consensus can be formed on human rights within the general framework of *détente* of which the Helsinki Act is a only a part.

Mr Aigner. — (*D*) Does not the President-in-Office share the view that the defence of basic values and fundamental rights and the defence of human dignity and freedom should not be decided principally on the basis of the powers which a Community body has?

Does he not also think that when taking decisions in the field of, for example, external economic relations, the Council could properly consider the moral nature of its negotiating partner? Just as I, for instance, in my private affairs base my relations not only on economic data but also on the moral nature of my partner. I mean, it should be quite possible for the Council of Ministers as such to take account of the moral aspect of its partners in its considerations and forward its recommendations to the Foreign Ministers. I believe that it is wrong to compartmentalize the various spheres of authority as is being done here.

(*Applause from the European Conservative Group*)

Mr Simonet. — (*F*) It is one thing, at discussions like those at Helsinki, to proclaim certain values which reflect the policy of the Member States of the Community, but it is quite another to introduce into this kind of discussion a kind of moral precondition, which would, I believe, in the long run totally isolate the Community. If we set out to reduce drastically, as certain Members of Parliament wish, our relations with developing countries and if, on the other hand, we take it upon ourselves to pass moral judgement on our trade partners, I greatly fear that we shall cease to be the leading economic power in the world and become instead the leading autarkic power. We must strike a balance between our political aspirations, our wish to defend our system of values, and the harsh realities of international economics and politics. I believe that in this way we shall have a chance of success. But if we rush blindly into a crusade to raise the moral level of political life and, if possible, of the political behaviour of our partners, we shall rapidly find ourselves in an *impasse*.

Mr Giraud. — (*F*) As one of the founder-members of the French Committee for the Defence of Anatoly Shcharonsky, I would like to ask the Minister if, without taking dramatic action, he does not feel it would be useful to raise this problem before the Belgrade Conference begins, since the death penalty with which Mr Shcharonsky, who has been accused of espionage, is threatened may be carried out before October.

Mr Simonet. — (*F*) It may well be possible to do so, and I promise to consider the matter.

Lord Castle. — I wonder if the President-in-Office is aware of the universal disappointment there is with this statement this morning. His profession of a general attitude towards human rights is shared by us all, of course. We can make these generalized statements, but from time to time in this Chamber we have cases of the ignoring of human rights, torture practised by various nations, and we have never hesitated to condemn them. It is unfortunate that the impression he has given this morning is that if we do

Lord Castle

so in future we cannot expect the support of the Council.

(Applause from various quarters)

Mr Simonet. — *(F)* I should like to put this question to Parliament: Does it believe that a political institution would be acting responsibly if it were to cause the Council, the Member States and the democratic countries generally to carry on the dialogue, which even from the point of view of the Helsinki procedure is already extremely complicated, in such a way as to provide certain participating states with a pretext for withdrawing from the dialogue, which, whatever its shortcomings, is an important step on the road to *détente*?

Mr Waltmans. — *(NL)* In the opinion of the President-in-Office, what will the consequences be if undue emphasis on one aspect of the Final Act of Helsinki causes the evaluation meeting in Belgrade to end in confusion, and what does the think will be the consequences for the long-term policy of *détente* in Europe?

Mr Simonet. — *(F)* I shall answer the last question first. I believe that a failure of the *détente* effort, or, more exactly, of that element which is associated with the Final Act of Helsinki and its extensions (including the Belgrade Conference), would, at the present time, be extremely serious. I therefore believe that we must do all in our power to prevent the Conference from failing. I repeat my conviction: we shall not succeed unless we take account of the problems which interest all the participants. It is easy to negotiate, to discuss, to assert and to demand if one considers only one's own concerns and values. The discussions concern a whole package. They should, of course, cover problems such as human rights, and I hope there is no misunderstanding between us on that account. However, we cannot ignore the point of view of our partners nor the conditions governing their participation. That is why I am insisting that the negotiations are a single whole and that we must agree to discuss certain points which interest the other participants.

Lord St Oswald. — Did I understand the President-in-Office in his last reply to say that the Belgrade talks can only end successfully by ignoring matters which are uncomfortable to the Soviet powers and their satellites?

Mr Simonet. — *(F)* That is not what I said; what I said was that all the problems raised in the discussions leading to the Final Act must be considered. I also said that unless we wish the Conference to fail we must refrain from turning the discussion into an indictment based on one aspect of the problems covered by the Convention.

(Applause from various quarters)

Mr Brown. — Following that reply, I do hope the President-in-Office will understand that there is no

greater fundamental issue in the world than the freedom of the individual...

(Cries of 'Hear, hear!')

... and when he is making up his balance-sheet with on the left-hand side the income, on the other side the outgoings, I hope he will understand we have a long history of people trying to equate human freedoms with monetary rewards and it has always failed. I beg of him to understand it is freedom first and economic issues afterwards.

(Applause)

Mr Simonet. — *(F)* I regret that I have to tell Mr Brown that I take exception to his caricature of my statement. I did not for a moment suggest that we should, so to speak, barter the values embodied in our political systems to which we are deeply committed for short-term economic interests. I merely wished to remind Parliament, and in particular certain Members, whose zeal in defending their views I understand and indeed share to a large extent, that opening negotiations is not the same as launching a crusade. Before starting a crusade one should consider carefully what the outcome is likely to be.

Mr Berkhouwer. — *(NL)* Could then my question, possibly the last on this matter, not prompt a compromise answer, a compromise statement that if we want success in Belgrade we must pay equal attention to the three famous baskets of Helsinki and treat them as mutually interdependent?

Mr Simonet. — *(NL)* Yes.

Mr Spénale. — *(F)* Mr President, I have been following this debate very closely, and I fully appreciate the concern of the President-in-Office to ensure that *détente* does not fail. However, I feel that we must adopt a very firm tone when dealing with the question of fundamental rights. A country which walked out of the Belgrade Conference because it had been called upon to respect fundamental human rights within its own frontiers would stand condemned in the eyes of the world. It would be a very difficult thing to do. It is therefore possible to speak of human rights with firmness. I hope that the representatives of Europe will adopt a firm tone.

(Applause)

Mr Simonet. — *(F)* I fully agree with Mr Spénale, but firmness is not necessarily the same thing as unyielding opposition.

President. — I have allowed the discussion of this question to develop as fully as possible because it concerns a fundamental problem to which, I know, this Assembly is particularly sensitive.

President

In the answers he has given on this subject, President Simonet has undoubtedly given evidence of a high degree of sensitivity and at the same time of great prudence.

I believe I am interpreting the sentiments of this Assembly, which is a political assembly, when I say that on these questions of human rights, which we have discussed on so many occasions, it wants the European Community to regard itself, not as an economic, but as a political community and consequently, within the framework of political cooperation, to reach a common position and show itself capable of raising its voice with both energy and prudence.

(Applause)

Question No 38, by Mr Cifarelli :

Subject: Democratic government in the Nine Member States

Is there any truth in the press reports that certain foreign ministers declared at Leeds Castle that it was inconceivable for a country which ceased to be governed in a democratic manner to remain in the Community? If so, will the foreign ministers indicate the specific grounds on which this position was based?

Mr Simonet, President-in-Office of the Foreign Ministers. — *(F)* Before replying to Mr Cifarelli I would like to state, Mr President, that I fully agree with the conclusions you have drawn from this interesting debate.

In answer to Mr Cifarelli, I should like to state that meetings such as the Leeds Castle meeting to which Dr Owen invited his colleagues from the Nine, are regarded by the Foreign Affairs Ministers and the President of the Commission as informal meetings held for the purpose of private discussion without minutes or decisions. I cannot therefore comment on statements which may have been made at this meeting — at which, moreover, I was not present. I should like to add that had I been there I would not have violated the secrecy which is incumbent on this type of meeting.

Mr Cifarelli. — *(I)* I should like to explain that I tabled my question because of what has been written in the newspapers in my country and elsewhere: the press has given a lot of prominence to these discussions.

I take note of the fact that Mr Simonet was not present and I accept his answer. However, I must make it clear that my question is chiefly concerned with the situation in Italy. I wanted to know whether the subject of Eurocommunism was discussed on that occasion together with the future of Italian politics once certain governmental changes had taken place which some consider possible or probable.

Mr Simonet. — *(F)* I can only repeat that I am unable to reply to Mr Cifarelli's question.

Lord Bethell. — Is the President-in-Office aware that this is the second occasion on which questions about the Leeds Castle Conference have been ducked and dodged? Is he really saying that he has no idea what was discussed at Leeds and that he has no means of finding out what was discussed at this important conference, and we simply have to rely upon vague leaks in the press?

Mr Simonet. — *(F)* That is more or less true. This meeting took place outside the framework of the Community and of political cooperation and I should have to rely on statements which my predecessor might have made. As he has not discussed it with me, I can only tell you what I read in the newspapers. And I should not do it as well as the journalists!

(Smiles)

Mr Patijn. — *(NL)* Is it true — whether this was decided at Leeds Castle or elsewhere — that on the occasion of the decision on direct elections the Council is considering making a statement on the democratic nature of the Community so as to avoid having to make a similar statement when new Member States accede?

Mr Simonet. — *(F)* I am somewhat at a loss, since I have to rely on rumours. In reply to Mr Patijn, I can only say that I do not think so, without, however, being able to be more affirmative on the basis of the information at my disposal.

Sir Brandon Rhys Williams. — Quite apart from what may, or may not, have been discussed at Leeds Castle, is it not obvious that one of the benefits of the adoption of the procedure for holding direct elections throughout the Community for the European Parliament is that every Member State adhering to the Rome Treaty will have committed itself to hold regular democratic elections at stated intervals at which candidates will be free to raise whatever they like, and the voters will be free to make known their views?

Mr Simonet. — *(F)* To the best of my knowledge, this must have been agreed upon prior to any hypothetical discussions at Leeds Castle.

Mr Aigner. — *(D)* During the period of his presidency, would the President-in-Office at one of the next meetings of the Foreign Ministers be prepared to discuss whether it is not an essential element of the existing Community that democratic structures should be guaranteed and that it is impossible to hold direct elections in this Community if, for example, the basic democratic conditions no longer obtain in one of the Member States? I think this is a basic requirement in

Aigner

this Community and it should be discussed at one of the next Council meetings.

Mr Simonet. — (*F*) Here, I believe, we are treading on very dangerous ground. To begin with, the basic principle underlying the Treaty of Rome is respect for certain values, including the values of democracy. In the second place, there is, so far as I know, no procedure for excluding a Member State which the others feel is no longer respecting the principles of parliamentary democracy. Thirdly, I know of no Member State in which the possibility of substituting some other kind of regime for a democratic regime currently arises. I believe, without wishing to give advice to Parliament, that it would be somewhat out of place for it suddenly to set itself up as an agency for granting certificates of democracy to this or that country.

President. — Question No 39, by Sir Derek Walker-Smith :

Subject : Air transport of passengers and cargo

To ask the Foreign Ministers whether, having regard to the fact that the Montreal Additional Protocol No 3, extending and amending the Guatemala City Protocol, and the Montreal Protocol No 4 revise and bring up to date the Warsaw Convention 1929 in regard respectively to the air transport of passengers and cargo, representations can be made to those of the Member States and other countries as appropriate which have not yet voted the necessary signature or ratification to do so as soon as possible.

Mr Simonet, President-in-Office of the Foreign Ministers. — (*F*) The topics raised in the question have not yet been considered within the framework of political cooperation. I am therefore unable to provide the honourable Member with a reply on behalf of the Nine.

Sir Derek Walker-Smith. — But is not the President-in-Office aware that all the major European airlines are anxious that these protocols be brought into operation as soon as possible and that they attach great importance to this matter and they believe that it will involve significant and substantial advantages, both to passengers and to carriers? Will he therefore act urgently in this matter, especially by reason of the fact that a Committee of the Senate of the United States is to consider the protocols later this month and a clear indication of the unanimous view of the Member States of the Community on this matter and the importance which they attach to it will have a helpful influence on the deliberations of the Senate and the action of the United States?

Mr Simonet. — (*F*) I can bring to the notice of my colleagues the importance Parliament attaches to this question, but it cannot, I feel, usefully be dealt with at Community level. It should be dealt with at interna-

tional level, and I can assure you that I shall take up the problem with my colleagues.

Mr Osborn. — Will the President say whether the Foreign Ministers do not think it wise for the Community in fact to concern themselves with air transport? Secondly, will he in his position urge the Foreign Ministers of the countries that have not signed this Protocol to do so? I understand the United Kingdom, Denmark and Belgium are the only member countries that have signed so far.

Mr Simonet. — (*F*) My reply to the last speaker is the same as that I gave to Sir Derek Walker-Smith. These problems do not directly concern the Community. I shall report to my colleagues and see how we might possibly deal with it. That is all I can say for the moment.

President. — Question No 40, by Mr Price :

Subject : Effect of the economic activities of investors from the EEC countries upon the political situation in Southern Africa

To ask the Foreign Ministers what conclusions they have reached about the effect of the economic activities of investors from the EEC countries upon the political situation in Southern Africa, consideration of which was requested by the recent ACP-EEC Assembly in Luxembourg.

Mr Simonet, President-in-Office of the Foreign Ministers. — (*F*) As the general declaration on Africa made by the Foreign Ministers of the Nine on 18 April 1977 shows, the Nine have for some time been concerned over the situation in Southern Africa. The problems raised by the situation there figure regularly on the agenda on political cooperation. The Nine's attitude towards all aspects of their relations with Southern Africa is continually under review, and this includes, of course, the question of investment in the region.

Mr Price. — Does the President-in-Office not think it slightly hypocritical for the Nine to make statements of political solidarity with our African friends in the ACP and against the activities in South Africa when in fact the Nine are, on an economic basis, propping up South Africa and, to a very great extent, Rhodesia also? Is he aware that investments in South Africa and Namibia have increased by over 30 % in the last four years, and over 80 % of those investments is British and French? Is he aware that Europe takes half South Africa's exports and of all the investment that goes into Africa as a whole over half goes into South Africa? How quickly are the Foreign Ministers going to discuss investment policies, because our credibility with the ACP States, as was obvious at the Conference, simply will not stand up unless we take economic measures as well as making political statements of solidarity?

Mr Simonet. — (*F*) I am sure the honourable Member is aware of the limits placed on action by the Nine with regard to industrial investment, which, for the most part if not entirely, is controlled by private groups in which, moreover, European interests are not always predominant. I realize the need to strike a balance between statements of political solidarity and purely political means and, on the other hand, the use, where necessary, of more specifically economic weapons, but I do not believe that investments are exactly the most suitable area for their use.

Mr Corrie. — Will the President-in-Office accept that South Africa is not the only country in the African continent where there are problematical political situations and that *apartheid* and genocide are more prevalent in some of the other African states, and that if the Community is going to cut down and discourage investment in South Africa it should look at other countries within that continent where investment should also be discouraged?

Mr Simonet. — (*F*) I think we have dealt with those aspects too. I would like to draw Parliament's attention to the fact that it is possible at times to influence the financial flow when it is controlled by public authorities but not when it is controlled by private interests.

Mr Hoffmann. — (*D*) Further to the reply from the President-in-Office, I should like to ask whether he is aware of the extent to which these investments and commercial transactions are backed by government and semi-official insurance undertakings. There are a number of such undertakings who also act with regard to South Africa. Does that not give us sufficient grounds for acting at governmental level?

Mr Simonet. — (*F*) To the best of my knowledge, there are no guarantees in any of the Member States of the Community for industrial investment in countries like South Africa. I would suggest that, if Parliament is interested in this problem, it should put a question dealing specifically with guarantees to private investment in African countries.

Mr Bersani. — (*I*) Does the President-in-Office not believe that in many cases it is not purely private initiatives which are involved, but that there are considerable concentrations of investments and financial operations which often include public money or public participation and that in these cases the Community institutions should therefore adopt a different policy?

Mr Simonet. — (*F*) I repeat what I said a moment ago: I feel that a debate on this matter should take place on a better basis than a supplementary question. We should then have to assess the respective share of public and private capital in order to give you an

adequate answer. But that should be the subject of a separate question.

President. — The time allowed for the second part of Question Time has elapsed.

I call Mr Howell on a point of order.

Mr Howell. — Mr President, yesterday you gave me an assurance that my question to the Commission would be answered. The first point I want to ask is, can that statement be honoured and can I have an answer to my question?

The second point I want to raise is the procedural point, since the report by Mr De Koning, which caused my question to be ruled out of order, is now, I understand, to be withdrawn. It does seem to me a crazy situation that we've got ourselves into, where something can be entered on the agenda and then withdrawn and, as the result of this, a question is lost.

President. — During yesterday's sitting it was understood that your question would be dealt with after the questions addressed to the Commission. Since, however, it has not been possible to deal with all these questions, your question will obviously be given the same treatment as those that preceded it.

Mr Howell. — Mr President, I think that this is rather an exceptional circumstance. I feel that my question should be answered. Had Mr De Koning's report not been included in the agenda, I should have received an answer in the course of Question Time yesterday. Now that this report is going to be withdrawn, it does seem to me that it would be reasonable and sensible to answer my question now.

President. — If Question Time had not been subject to a time limit, your question, like the others preceding it, would certainly have received an answer during this sitting. Since, however, Question Time is now concluded, I have no alternative but to ask you to let me know whether you wish your question to be answered during the next part-session or, alternatively, to be given a written answer.

I call Lord Castle on a point of order.

Lord Castle. — My point of order, sir, arises out of the nature of Question Time Sir, you will have noticed, as the rest of the Assembly will, that in his last reply to me the President-in-Office confirmed that we, as the Parliament or Assembly, were to be deprived of exact knowledge of meetings similar to the Leeds Castle Conference. Now I think that perhaps you yourself might think it part of the duties of your post to complain that this Parliament is deprived of direct knowledge, on the evidence, mark you, of the President-in-Office, and perhaps a letter in the right quarter saying that this is keenly felt by Members of this Parliament would do a lot of good.

President. — I do not think that that was the meaning of President Simonet's statement. Mr Simonet stated that he was not in a position to give an answer regarding the matters discussed at this meeting since he was not himself present. At all events, any Member of Parliament, with the procedural instruments at his disposal, can, if he wishes, seek more detailed information. Any questions will be put on the agenda, and the Council will certainly be obliged to express an opinion on the matter.

At the moment, however, I would ask you not to begin a procedural discussion at a moment when we are about to launch a debate in which many of the points referred to by Lord Castle and possibly other speakers will probably be dealt with.

I call Mrs Kellett-Bowman.

Mrs Kellett-Bowman. — Mr President, I do feel that the matter raised by Mr Howell is one of very considerable principle. Who is to know where Mr Howell's question would have appeared on the agenda since it was not accepted? Now it might be a very serious matter for freedom of speech in this Assembly if a question could be put off by other Members putting forward an oral question with debate which swamped the question, and if the oral question with debate were then withdrawn, thus depriving the Member who had originally intended to put the question of any opportunity of getting in on the matter, which might be of very considerable current importance, as was the question which Mr Howell sought to put forward.

President. — Mrs Kellett-Bowman, the problem is not exactly as you have presented it. Yesterday Mr Howell agreed that his question should be included at the end of the questions for Question Time. Since we were not able to deal with all the questions accepted, the only possible course now is that the author asks for his question to be deferred to the next part-session or to be given a written answer.

I call Mr Corrie.

Mr Corrie. — Mr President, would it not be fairer if the question that Mr Howell wanted to ask had been included with the questions for Question Time, since, when the time arrived for questions, if it was then disallowed it could simply have been scored out? If some other question on the same subject as Mr Howell's question was withdrawn, his question would still have been in a fair place on the order paper. But if it is totally withdrawn before questions are published, there is no way he is going to get his question in at the end of Question Time.

President. — Mr Howell's position is similar to that of other Members whose questions did not receive an answer during this part-session's Question Time.

I call Mr Klepsch.

Mr Klepsch. — (D) Mr President, I have shared your view from the start. I asked to raise a point of order

because I do not think that this Assembly should now act as if it were the Committee on the Rules of Procedure. I would ask you not to call on anyone else to speak but to send the matter for discussion to the Bureau or the Committee on the Rules of Procedure. Furthermore, we want to begin the debate with Mr Simonet.

(Applause)

President. — Question Time is closed. I thank the representatives of both Council and Commission for their contributions.¹

7. Programme of action of the Belgian Presidency — European Council meeting in London — EEC-EFTA relations — Unemployment among young people

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

- the statement by the President-in-Office of the Council on the programme of action of the Belgian Presidency and the European Council meeting held in London on 29 to 30 June 1977 ;
- the statement by the President of the Commission on the European Council meeting in London and the programme of action of the Commission ;
- the oral question, with debate, by Mr Lange, Mr Schmidt, Mr Laban, Lord Brimelow and Mr Glinne, on behalf of the Socialist Group, to the Commission on relations between the Community and the EFTA countries (Doc. 180/77) :

On 1 July 1977, free trade in industrial products between the countries of the European Community and those belonging to the European Free Trade Association will — with the exception of certain sensitive products — have become a reality. Relations between the Community and the EFTA countries are regulated in a series of similarly-worded Agreements ; these Agreements contain a future adjustment clause. The exception in this respect is Finland.

What are the Commission's views on the future of relations between the EFTA countries and the European Community ?

- the oral question, with debate, by Mr Pisoni, Mr Pucci, Mr Noè, Mr Fuchs, Mr Granelli, Mr Lücker, Mr Vandewiele, Mr Ney, Mr Schyns, Mrs Cassanmagnago-Cerretti, Mr Van der Gun and Mr Alfred Bertrand to the Commission on unemployment among young people (Doc. 179/77) :

In the light of the final communiqué of the Downing Street Summit held in May 1977 and the fact that, in the current period of recession and economic crisis more and more young people are unemployed or still seeking their first job in all the Community countries, will the Commission

¹ See Annex : Questions which could not be answered during Question Time with written answers.

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1. launch Community measures in this field immediately ;
2. make a detailed study of the conjunctural and structural causes and the effects of unemployment among young people in the Community countries ;
3. draw up an objective report on the current scale of this problem in the Nine, and
4. propose more practical and effective measures than in the past in order to improve the present situation and future prospects of large numbers of young people in Europe ?

I call Mr Simonet.

Mr Simonet, President-in-Office of the Council. — (1) Mr President, ladies and gentlemen, Europe is moving at a slow and measured pace towards a goal, the precise nature of which is no longer very clear to many of us. Fortunately, the penny-pinching attitude to Europe adopted by many Member States has not yet led to a standstill ;

but something must be done if the faint hopes of those responsible for leading Europe to full economic integration and real political union are not to be extinguished altogether, especially since the effects of integrating the economies and developing the institutions for such a political union will not be restricted to a geographical area defined once and for all in 1972. It is the duty of the government of every state which holds the Presidency of the Council of the Communities to ensure that grounds for hope are not undermined and, if possible, are even increased.

The action undertaken by the Belgian Government with this in mind is based on scrupulous application of the Treaty and related instruments, on seeking out areas in which the spirit and method of the Community approach can come into play, and on constantly aiming at an essentially political approach to Community problems. The Belgian Government is, in taking over the Presidency, fully aware of its limitations in dealing with the considerable, but not insuperable, problems facing the Community. It will, however, be showing during its term of office the firm conviction required to safeguard the vital interests at stake for our peoples, even if they are sometimes led to forget such interests by the combined temptations of national selfishness and the desire not to lose what they have gained

It will eschew pedantry and sterile legalism. It will endeavour to encourage each of the Community institutions to fulfil its rôle under the Treaties in accordance with its own internal *modus operandi*. This will apply particularly in the case of the European Parliament, for which the direct elections to be held in the near future will be an important and, it is hoped, in the long run a decisive step forward.

The Belgian Government will also be encouraging a political analysis of European Union, the broad lines of which were given in the report by the Belgian Prime Minister. Unless it is to go back on its own principles, the European Council cannot leave that report on the shelf to become, in the words of Paul Valéry, 'one of those tomes put in disgrace, with its back forever turned to life'.

Finally, the Belgian Government is convinced that the planned accession of new Member States will, if proper socio-economic and political preparations are made, provide the impetus necessary to further the great task of integration and union towards which the peoples of Europe have been striving in various ways for nigh on a quarter of a century.

The idea of Europe suffers from being all too often identified in the public mind with endless palavers during the course of which abstract problems are discussed in incomprehensible terms. Direct elections can, and indeed must, impress it firmly on the spirit of our peoples.

During the second half of this year, legal and technical preparations will be completed for elections by universal suffrage to the European Parliament. It is not only inevitable but indispensable that a directly elected Parliament should make itself felt more in the day-to-day process of fashioning Europe. This is what will gradually give the future Parliament its moral authority, a possible and desirable basis for the formal and open extension of its powers.

If the European Parliament is one day to become a Parliament with full powers, both a legislative body and a check on a European executive, this must take place in the spotlight of democratic debate and not in shady dealings in the lobbies.

The Belgian Presidency will endeavour to introduce into relations between the Council and the Parliament practical solutions to problems of collaboration, and to create the climate of mutual confidence which must in future prevail between these two institutions. This will require a considerable effort by the Presidency to inform, explain and supervise, and you may rest assured that I shall not shirk the task. On the other hand, this also presupposes a considerable effort by the Parliament if the task of the Presidency is to be made easier.

The second aim we shall be pursuing is the achievement of European Union. Since 1972, this has been the stated objective of the Heads of Government of the Six.

The European Council received Mr Tindemans' report in January 1976 and in December of last year adopted the main points of the report as guidelines for our future activities, requesting the Ministers for Foreign Affairs and the Commission to provide separate

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annual reports of its implementation. During the Belgian Presidency, the first of these reports will be submitted to the European Council next December.

It will probably not be possible then to draw any very encouraging conclusions from practical achievements in this area. With all their energies taken up by the problems of inflation and unemployment, the countries of Europe are having difficulty in maintaining the *acquis communautaire* and holding down the instinctive resurgence of nationalist tendencies which still have their poisonous charms. Under such difficult conditions, they have not been able to devote the attention and effort necessary to the forging of a European Union. The progress we have made and hope to make during our Presidency may, taken on its own, seem slight and incoherent; but its true importance emerges when it is seen in the overall perspective, of our future activities as set forth by Mr Tindemans in his report at the request of the Heads of Government of the Nine and adopted by the European Council at The Hague. It is towards this that the Belgian Presidency means to work.

Finally, we should not forget the attraction our Community continues to hold for the outside world, one which will doubtless lead to its further enlargement.

Negotiations with Greece will be continuing during the second half of this year. It is probable that during the same period the Commission will be submitting its report on Portugal's request for accession, and several statements of intent suggest that Spain too may be submitting a request for accession to the Community.

The continuing attraction of the idea of Europe for the governments and peoples of a democratic Europe is proof of the vitality and strength of our Community, and the only right Community reaction to such requests from outside is a positive one. The Belgian Presidency will be making a constructive contribution to achieving this. It will, however, also be important to examine the implications for the Community of any further increase in the number of its Members. The economic, political and institutional implications are considerable. Belgium would be failing in its task if it did not stress during its Presidency the need to examine every fact of this question without beating about the bush and with the clear intention of finding adequate solutions.

The political problems I have just outlined will be coming very high indeed on the order of priorities. They should not, however, make us forget the other main aspects of the European task, such as economic and monetary union. In this area, what matters most is still the fight against inflation and against unemployment, especially that of young people and women. There can be no escaping the fact that, as a result of their failure to adopt a common attitude to

the recession, the Nine have all suffered the consequences, and doubtless suffered more than they would have done if they had presented a united and coherent front.

The main aims of the Community in the economic and monetary field during the coming 6 months of the Belgian Presidency will be to strive effectively to reduce the discrepancies between economic and monetary conditions in the various Member States; to lessen the structural differences between our economies; and to endeavour to get the Community to present a united front in international economic and monetary debates.

On the problem of reducing discrepancies in the economic and monetary situation, we think there are two things Europe should be doing: the coordination of monetary and budgetary policies should be increased; at the same time, since the increase should be accompanied by an adjustment of the credit mechanisms, the amount of credit available should also be increased, but made subject to more conditions.

Any increased co-ordination of monetary and budgetary policies presupposes common agreement amongst the Member States on compatible aims in these two areas. We therefore hope that all the Community States will define clearly the ultimate aims of their monetary and budgetary policies, and in particular the sort of aim — internal or external balance — to which they will give priority if a choice has to be made. Once they have been thus defined, such aims should be concerted and agreed on at Community level.

The choice of instruments used by each country to achieve such aims (for example, interest rates) and the implications of this choice for the achievement of the aims of the other EEC countries should be coordinated at Community level.

Finally, and this is very important indeed, it will be necessary to co-ordinate the medium-term aims (money supply, credit, etc. which are or will be chosen by the monetary authorities of each Community country.

If they are to be effective, such aims for monetary policy should be accompanied by clear and compatible aims for the budget.

The adoption of coherent and jointly agreed monetary and budgetary policies should lessen discrepancies in the rates of inflation of the various Member States of the EEC, improve the equilibrium of balances of current payments and capital movements and thus contribute to greater stability in foreign-exchange market.

If increased economic and monetary co-ordination is accepted, it should be accompanied by adjustments to

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credit mechanisms in the Community. And, as a sign of how important we feel it is to lessen the differences between the countries adhering to the so-called 'snake' agreement and the other Members of the Community, we propose that the member of the Commission responsible for economic and financial questions should take part in meetings of the Ministers and Central Bank Governors of the countries concerned.

This would be in accordance with the proposal made by Prime Minister Tindemans in his report.

Medium-term financial assistance, the amount of which was fixed six years ago, should also be adjusted, particularly as at present most of the medium-term credit has already been used up.

While we are suggesting that medium-term credit be increased, we also propose that it be paid out in instalments, subject to precise conditions laid down for each instalment. Also, in order to offset structural and social imbalances and strengthen investment, there should be better co-ordination of the existing funds: the Regional Fund, the Social Fund, the Guidance Section of the EAGGF and the European Investment Bank. The operations of the various funds and the EIB should be gradually transformed into aspects of an overall structural policy. In this connection, consideration will have to be given to the possibility of the Commission's issuing loans, and in accordance with the wish expressed by the European Council this is to be carefully examined by the Council of Finance Ministers. The extent of the EIB's activities should, moreover, be increased to finance investment in the least-developed regions of the Community, and to contribute to projects helping to stimulate the economy in areas suffering from industrial decline. The Bank will also have to increase its support for investments in the energy sector.

(At this point the speaker continued in Dutch)

Mr President, regarding the internal structuring of Europe, a number of projects are tied to a fixed timetable. We shall endeavour to ensure that the Council takes the decisions necessary if the deadlines are to be respected.

One of the first things involved will be the full implementation from 1 January 1978 of the system of the Community's own resources. This means that in addition to agricultural charges and customs duties, a part of the value-added tax, determined on a uniform basis of assessment, should be contributing to the Community's own resources before 1 January next year.

The Council decided on 21 April 1970 that the full system should enter into force on 1 January 1975. This deadline was met in the case of agricultural charges and customs duties, but for the value-added tax the difficulties proved so great that an additional period of time was necessary. We intend to finish this task in the coming months so that the Community

may achieve financial independence between now and 1 January 1978, something which would represent a considerable step forward in the process of European integration.

I have already stressed the importance of the European Social Fund and the European Regional Development Fund in attenuating the structural differences between our economies. If they are to be able to carry out their vital task properly, certain reforms will have to be introduced. In the case of the European Social Fund, the Commission recently made proposals which would enable the Fund's activities to be concentrated above all on those regions most affected by unemployment. The Fund would also be able to assist unemployed women to a far greater extent than before. During the second half of this year, the Belgian Presidency will see to it that the proposed reforms are translated into legislation.

The European Regional Development Fund must also be subjected to a rigorous reappraisal in the next six months. The Commission has made proposals to strengthen the Fund's character of Community solidarity.

Industrial policy must be concentrated primarily on areas of advanced technology and on areas in difficulty, particularly the iron-and-steel industry, shipbuilding and the textile industry.

In the iron-and-steel sector, the Commission has provided guidelines for stabilizing the market as far as both quantity and prices are concerned, and restructuring the European iron-and-steel sector on a long-term basis.

The implementation of social measures in favour of workers affected by any restructuring must be actively pursued. In accordance with the final communique on 27 June by the Tripartite Conference, the Presidency will be taking steps to see that the work of implementing these measures continues and that results are achieved in the coming six months.

(At this point the speaker continued in English)

In the energy field, all the Community's efforts must be conditioned by one undisputable fact: the Community is, and will remain for a very long time, the world's largest importer of energy. The course it must pursue is therefore clear: it must reduce its dependence on imported energy while at the same time diversifying its sources of supply.

It will soon be three years since the outbreak of the so-called energy crisis. It will be three years at the end of this year since the Council defined with facts and figures its aim of reducing energy. Rarely has the adage *festina lente* been taken so literally. It is now certain that the aims defined in December 1974 will not have been achieved by 1985.

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This is the situation, which none can deny and which must be seen in a context which hardly provides grounds for optimism. Calculations of the medium- and long-term demand for oil show a serious danger that, unless the energy policy of the industrialized countries is radically revised, at a given moment demand for oil will prove greater not only than what the producer countries are politically prepared to put on the market, but than what they are physically capable of producing.

On a world scale there are other disturbing signs. I am thinking in particular of the nuclear policy, the general outline of which was given by the President of the United States on 7 April and which could hold up the installation of our own electronuclear capacity, and indeed prove a threat to the solidarity of the Community.

To summarize briefly the Presidency's main concerns, I would recommend that Community energy policy embrace three fundamental lines of approach:

First, nuclear energy, with the particularly delicate problems of the effects of the new American policy;

Secondly, two areas of activity intended to improve the Community's achievements in the energy field: on the one hand the rational use of energy and, on the other hand, investment in new forms of energy;

Thirdly, a policy for coal. The outlook indeed shows that imported coal will have to fulfil the role of intermediary between fluctuating demand and steady supply, a role previously played by imported oil. Our whole problem is to find a balance between the long-term need to retain our capacity to import coal when necessary and the need to avoid endangering the Community aim of maintaining internal production. This is a particularly difficult task given the current state of the Community market, but the various Commission proposals have provided a useful starting-point in the search for a solution.

(The speaker continued in German)

Mr President, I have already noted that in the field of external relations, the Community can be proud of a number of very impressive achievements.

Nevertheless, there are still a certain number of problems awaiting a solution. Apart from the fisheries question, which is far from being the least important, relations with Comecon and the multilateral trade negotiations are also on the agenda.

Regarding fishing on the high seas, the Member States decided at the end of last year that they would take concerted action to extend their fishing zones to 200 nautical miles in the North Sea and in the North Atlantic Ocean on 1 January 1977. The Community fisheries policy adopted in 1970 should therefore be adjusted to meet these new requirements.

It is no secret that there have been difficulties concerning internal Community arrangements. This is a problem which has been outstanding for some months now and must be settled as soon as possible, especially since the absence of internal fishery arrangements does not make it any easier to negotiate with third countries. Fishery negotiations to be held with third countries and in particular with certain East European countries must be completed in the second half of this year.

The whole body of the Community's economic relations with the Comecon countries have in fact been assuming particular importance for quite some time. It will be remembered that it was proposed to the Chairman of the Executive Committee of Comecon that the dialogue between us should resume next September. That is when I shall be receiving the Comecon delegation and introducing Mr Haferkamp, Vice-President of the Commission, who, in accordance with Community provisions, will be responsible for conducting subsequent negotiations on the Community's behalf.

Finally, the multilateral trade negotiations embarked on in Geneva under the auspices of GATT and on the basis of the Tokyo Declaration of 14 September 1973, now appear to be entering a particularly active stage. At present there are only six months left before the deadline of 31 December 1977, which those taking part in the negotiations fixed at the end of 1975 as the date for completion. It is wiser not to be too optimistic, but there does seem a good chance of making some serious progress in the course of this year. This is in any case one of the primary aims of the Community and therefore of the Belgian Presidency.

(The speaker continued in French)

Now that I have dealt with the programme for Community matters during our Presidency, it remains for me to say a few words about political co-operation. It is difficult to draw up a programme for this, since, in most cases, it concerns adoption by the Nine of a common attitude to current events on the international scene. Belgium attaches the utmost importance to the fact that Europe is more and more frequently being heard to speak with one voice on world affairs. Belgium has contributed to this development in the past and intends to continue to do so in the future, especially during its Presidency.

In practice this will mean the joint action which the Nine intend to take in the United Nations and at the Belgrade Conference, for which the Nine have made careful preparations and at which the Community will rightly insist on being recognized as a political reality. Both at these multilateral gatherings and in specific cases in which the voice of the Nine must be heard, Belgium will endeavour to maintain our cohesion and give the necessary prominence to our joint action.

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The European Council of 29 and 30 June illustrated yet again the value of periodic meetings of Heads of State and of Government. This meeting did, however, confirm the need to work towards a method which would strike a balance between exchanges of views and points on which decisions may be reached, bearing in mind that where such decisions concern matters covered by the Treaties, they must be governed by the rules laid down therein.

Mutual exchanges of information sometimes make a contribution to preparing for or re-activating a debate in the Council of Ministers; this was so in the case of the JET project, which, in principle, may be discussed by the Ministers for Foreign Affairs on 25 and 26 July 1977, provided the preparations at the political level offer some hope of a successful outcome.

Economic and social policy was the subject of a detailed discussion which led to a number of conclusions. In this area, the Council focused mainly on the problems of unemployment and inflation, the various phenomena which have a bearing on them and the measures which could be taken to remedy the present situation. The European Council expressed satisfaction at the outcome of the Tripartite Conference and the agreements reached in the Council on Social Affairs, and asked the Economic and Financial Council and the Social Affairs Council to continue their work on investments and employment in particular, giving especial consideration to the needs of young people and women.

The European Council also drew up a declaration on the situation in the Middle East which is in line with the stand previously taken by the Nine and offers further clarification of the underlying principles.

Mr President, ladies and gentlemen, the pact which unites us has created among us a 'Community of destiny'. And this common destiny, which has its roots in the remote history of each one of our peoples, exerts a powerful magnetic attraction over countries which fear economic isolation and are anxious to consolidate democracy. Their determination is an indication to the Community of its own credibility and its capacity to continue along the road to political union— of its own credibility inasmuch as it must adopt an overall approach to enlargement which will not only safeguard the *acquis communautaire* but also ensure that it can be extended to other areas while being adapted to each of the present and expected applicants for membership; and of its capacity to continue along the road towards political union inasmuch as enlargement must, like other events in the life of the Community such as direct elections to the European Parliament, act as a trigger to set the wheels of Community development in motion again rather than as an obstruction

In particular, agreement must be reached on a decision-making machinery which does not make enlargement synonymous with paralysis.

The time is now past when the Community's main concern was to apply a series of written rules within pre-arranged time limits. From now on it must continually re-create itself so as to keep in step with the relentless march of time and face all contingencies. It must build common policies gradually and seize on every opportunity to make the 'qualitative leaps' which will bring it closer to the goal of real economic union. Our institutional system will enable us to do this provided it is applied rigorously and the allocation of powers is respected on all sides. The Commission, by its right to make proposals, and the European Parliament, by its right to deliver opinions, can obtain an overall view, identify the common interest and bring together the various considerations on which an appropriate solution can be based. The rôle of the Council is not to slow down the process but to bring it to completion by taking the decisions and to ensure that the holders of national power act within the European framework which they themselves have opted for and do so with the support and participation of their peoples.

Belgium is determined to direct its efforts towards this end during its presidency. It is convinced that you will understand the necessity of this line of action and that a fruitful co-operation between the European Parliament and the Presidency will develop as a result.

(Applause)

President. — I call Mr Jenkins.

Mr Jenkins, President of the Commission. — Mr President, ladies and gentlemen, we have just heard an important, wide-ranging, linguistically most accomplished (*laughter*) and inspiring address from the new President-in-Office of the Council of Ministers. I congratulate him most warmly upon it. Henri Simonet is for me an old friend and a new co-president. I look forward to working most closely with him during the half-year of the Belgian presidency. It comes at an opportune time. There is a lot of unfinished business. If the series of what I would call upper middlegrade decisions, many of which have been mentioned by Mr Simonet himself, could be taken during the next six months, they would provide a platform of confidence from which we could launch some more far-reaching designs.

This is essentially the new President of the Council's day, and I do not intend to compete with him by making a full-length opening speech: this, however, is the last part-session before the summer recess, and I thought it right and in keeping with the spirit of the Commission's relations with Parliament that I should

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intervene to give a relatively brief report both on last week's European Council in London and on progress with the Commission's programme of work. There are also two oral questions to me, with which I shall deal towards the end of these remarks.

First, Mr President, the European Council. Either too much or too little is generally expected of European Councils. There is rarely a balanced public expectation of the results that might be achieved. I have personal direct experience of only two such councils — in Rome, in March, and in London last week. I approached neither expecting miracles. But I believe it reasonable each time to expect some advance in dealing with major European issues. At Rome we did make some advance, particularly in putting in hand some useful work. In London, we discussed some of the results of that work, but to my regret there was more discussion than decision-making.

I must first state my disappointment that a decision was not reached on the site for the JET project.

(Applause)

The Commission fully shares the concern which this Parliament has frequently expressed over many months and years past, and again expressed most forcibly this morning, about the inability to reach agreement on this issue. Such agreement is vital, both for the credibility of the Community and because of the inherent future value of the project itself. That it should be done is more important than where it is done. It is not yet lost as a project, but time is now very short. The Commission, with, I believe, your support, will do everything in its power to cut the knot and get a decision from the Foreign Ministers' Council at the end of this month. We must also get, and can now look forward here with some confidence to getting, a clear and announced decision on the multiannual programme of the Joint Research Centre, which was agreed in principle last November, accepted *ad referendum* by all governments in March, and should have been implemented as from 1 January of this year. When, as I hope, we get this clear and announced decision, that will at last give a stable perspective to our research efforts in this respect.

There was also at London, Mr President, the question of a new Community loans mechanism, to deal with vital sectoral problems, with great regard to employment issues, and with great regard too to energy questions. Most governments were favourably inclined, but not all. We shall, however, continue to pursue this. The Commission must be practical but it must also be forward-looking, and it must not either be put off or cast down if a novel idea does not immediately command the unanimous support of governments. That, I am sure, is the attitude which you would wish us to adopt. I will discuss this idea further a little later in my speech, in the context of our general work programme.

Mr President, in the past six months, the Commission has made a start with a wide range of practical proposals and reforms. We believe that they are balanced and constructive. We have tackled agriculture and steel, the Social and Regional Funds, and the Community budget. Let me offer a brief comment on each, for I imagine that these topics will be raised today, and each also forms part of our longer-term strategy.

Our proposals for agricultural prices were low, properly so in view of the need to master the problem of inflation in the Community. We also proposed further reductions in monetary compensatory amounts to open up the way for a gradual return to the unity of agricultural markets. Although the Council fixed prices higher than we would have wished, the eventual settlement was nevertheless one of the lowest in the history of the CAP. We also insisted upon, and the Council adopted, an action programme designed to curb the surpluses of milk. The general direction of the Commission's proposals was, I believe, clear. It was towards a solution to some of the problems of the CAP. We shall continue in this direction, and the Council must do so too.

On steel, which was debated at length yesterday, we have presented and have had accepted a wide range of measures. They are designed to ensure the survival of the European steel industry, for nothing less than that is here at stake. The industry needs a viable base for the future, and this can only be given by assistance with restructuring. This is essential for the industry, for jobs and for the economic health of the Community.

On agriculture and steel, decisions have been taken and are being implemented. The Social and Regional Funds and the budget are on the Council agenda. First, we have made proposals to increase the effectiveness of the funds. I hope the Council will match them with effective decisions. The Council has, indeed, made a start on the Social Fund. We have tried to cut out a large part of the red tape which had encumbered this fund, to intensify its use in the most needy sectors and regions and to open it up to a range of labour-market policies beyond the accepted necessary, but relatively narrow, vocational training functions. And may I point out, in relation to remarks which were made earlier in Question Time this morning about the relatively limited increase in the size of the fund, that while that can be looked at again in the future with experience, what there will be, under our proposals, is a very substantial increase in the rate of disbursements. That is what our speeding-up procedure will mean, and that is what affects what the fund can do on the ground, how much in the way of contributions we are able to make in a given year. Second, in our Regional Fund proposals, we open up a part of the fund, which would not, as in the past, be locked in by national quotas. We also propose to strengthen the links of the fund with other Community financial

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operations, as well as significantly to increase it. Let it also be clear that the purpose of the fund is not as a mechanism to enable national governments to cut their own regional expenditure. It is a much-needed supplement, and not just a substitute for national expenditure.

(Applause)

Third, the 1978 budget, which I hope and believe will be the first to be financed from our own resources, reflects key Commission priorities, particularly in proposing substantial increases in the reformed funds to assist in easing unemployment and getting more effective and forward-looking Community energy policies under way, although we are, of course, in the budgetary field, still hemmed in by the excessive, but for the moment unavoidable, preponderance of agricultural expenditure.

This brief catalogue of some of our proposals provides an important element of the agenda for decisions over the next six months. They spring out of the normal rhythm of the Commission's programme of work, but in each of them we have looked forward to produce the necessary reforms I have described.

But there are two other issues which have been raised, which in my view are of overriding importance for the Community: enlargement on the one hand, and the economic and human complex of divergence, inflation and unemployment on the other. We began as a new Commission with these in January; they were with us in London last week; they will remain an overwhelming priority not just for the Belgian presidency, but for the Danish one which will follow, and beyond that. They will be central to our capacity to interest the voters of 1978 in the Community of the next five years.

I do not want on this occasion to set out again in detail the Commission's approach to the question of enlargement, but I will say a few words about it. It must be a politically acceptable response to sustain democracy. That is fundamental. It must also be economically responsible in facing up to the practical consequences, and to make a reality of the democratic commitment, we must deal with these practical consequences. I want to emphasize three. The first is institutional. The adaptability of our decision-making machinery was stretched in the move from Six to Nine. The move to Ten or more will further strain the system, which is already creaking. Commission, Council and Parliament have a duty to use the possibility of enlargement, the problems which spring from it, to make the Community work better. We must, above all, improve this decision-making process. The Community interest must be put first in solving Community problems. The Council has started to consider this matter. The Commission will make proposals to meet this need. Second, we must deal in this enlargement context with the issue of Mediterranean agriculture, which itself extends beyond the purely

agricultural dimension. On this, too, the Commission has undertaken to produce, given the wide-ranging and vital nature of the problem, with all available urgency proposals to deal with the problem as a whole. Third, we must recognize that the structural differences and difficulties of the emerging democracies of Southern Europe are to some extent an extension of the Community's own present economic problems. We cannot complain of the existing dangers of economic divergence within the present Community, fail to do anything as a Community to tackle them and then unthinkingly accept the prospect of enlargement. We are in favour of enlargement, but not of ignoring the real problems which it raises.

The future, Mr President, of European integration and the strengthening of the Community's central economic mechanism are here linked. Their implications go beyond the period leading up to direct elections, but in that time we must demonstrate to our peoples that we see the logic of the position and know what our political response must be. The combination of inflation and unemployment since 1973 has been the most debilitating political disease we have suffered since the Community began. We have a straight choice in combating it: either the pseudo, the false solution of national protectionism — and we know where that led in the 1930's — or a disciplined Community approach. The Commission's policy is to meet this need. First, as I have said, we have organized the better coordination of the financial instruments at our disposal. Second we have proposed as I indicated earlier, a development of Community loans mechanisms, modest now but potentially powerful, to start to fill the gap in our financing capacity which I re-emphasized to you in my programme speech in February. As a Community we have, I believe, available untapped sources of credit in international capital markets. There is a job to be done by way of financial intervention and investment in the most hard-pressed sector of the European economy. It cannot, I think, be claimed that our plans here are over-ambitious. We are asking for a one billion u.a. authorization for this new instrument spread over rather more than one year, compared with the current rate of borrowing by all Community institutions of 2 1/2 to 3 billion units of account per year. The European Investment Bank will also be making a moderate increase in its lending capacity, and that, which I greatly welcome, has been approved.

I do not claim for these measures, even when we can get approval for them, more than they will bear. The main levers of economic decision-making remain, for the immediate future at least, with national governments, but the responsibility of national governments is therefore twofold: to coordinate their measures in the general European interest and to give to the Community itself the tools to do the job required, the jobs which are laid on the Community and on the

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Commission. The Commission with these loans proposals has broken fresh ground. This was necessary and right if we are to start to regain a sense of momentum and purpose and put before the European direct electorate of the future a programme of proposals that demonstrate that Europe is worth voting for.

Now, Mr President, I would like to conclude this statement by replying to the two oral questions, with debate, which have been put down for this morning.

The first, about employment among young people, raises one of the most worrying problems of our time. It was anxiously debated both at the Western Downing Street Summit in May, and at the European Council last week. I cannot pretend that any government or organization has any complete answer, but in the European Community and its Member States we are taking a variety of specific measures to create jobs, provide vocational training and help areas or sectors which have been particularly hard hit.

The question, as precisely put, falls into four parts: with your permission, Mr President, I will deal first with the second and third parts, which call for certain studies. Work of this kind has already been undertaken from time to time by the Commission. I refer particularly to the detailed reports of the Standing Employment Committee prepared in 1975 and 1976, to our Working Paper of November 1976, to our analysis of what is being severally done by Member States, and to our periodic reports on youth unemployment. To assist the appropriate committee of the parliament, I shall be happy to circulate copies of our Working Paper of November 1976 and of the most recent of our series of reports on youth unemployment.

As for the measures taken or planned by the Community, relating to the other parts of the question, I mention four main groups. First, by modifying the regulations of the Social Fund, we have committed over 200m u.a. to programmes for unemployed young people. Since July 1975, over 100 000 young people have benefited. Second, our recommendation on vocational preparation, which the Parliament discussed last November, is about to be published, and action will, I hope, follow. Third, the Commission has proposed two new initiatives to the European Council. The first would permit grants from the Social Fund to support recruitment, and employment premiums in particularly hard-hit sectors or regions. The second would enlarge the range of opportunities available to young people by supporting the extension of general training schemes, providing working experience within firms, and meeting some of the needs for additional workers in areas of special benefit to the Community. Obviously, the success of such measures depends to a large extent on the quality of national vocational guidance and training. Finally, therefore, we have proposed that the Community should increase its technical assistance to Member States to help in this respect.

As the House will know, the European Council has invited the Commission to continue its work on this subject and has asked the Social Affairs Council to meet in the early autumn to decide what further common action can be undertaken.

I turn now, Mr President, to the second question which has been put down. It concerns relations between the Community and members of the European Free Trade Area. On behalf of the Commission, I would like to welcome the important development in relations between the Community and the members of EFTA which took place on 1 July. The Agreements which have now come into effect have every possibility of further evolution, as can be seen in the wording of Article 32. Besides these agreements, there are other agreements, notably in the field of transport, with some members of EFTA, or involving EFTA countries, which also provide opportunities for closer cooperation. While the core of future relations between our two Institutions, the Community and EFTA as such, must remain the safeguarding and development of free trade, there are no limitations on further cooperation at different degrees of intensity' (as the Heads of Government of EFTA States expressed it in May). For our part, we would like the closest collaboration between all members of the European family.

But although, Mr President, we attach great importance to working together with the whole European family, we must also strengthen the cohesion of our own Community of Nine. I believe that during the Belgian presidency we can make significant moves forward, and the Commission, in collaboration both with the Presidency and with this Parliament, will do its utmost to participate in that process and to make the 6 months' presidency one of real advance in the interests of Europe.

(Applause)

President. — I call Mr Lange.

Mr Lange. — *(D)* Mr President, I am much obliged to you for calling me again, but I think that now the President of the Commission has already spoken on this question it would not be appropriate for me to make a further statement. I should like to suggest I speak on this very complicated subject at a later stage in the debate so that we do not waste any more time now.

President. — I call Mr Pisoni.

Mr Pisoni. — *(I)* Mr President, ladies and gentlemen, we tabled this oral question even though we were aware that we could not expect this initiative to yield many results. The subject is one of the most complex and most difficult of those under discussion today. The size of the problem and its causes are already well known: less well known are the remedies which have been or are still to be proposed.

Pisoni

In spite of these difficulties we wanted to return to this question, because Parliament is unable to tackle it itself and because in our opinion the Commission and the Council must show greater perseverance and propose both conjunctural and structural remedies. There are approximately 6 million unemployed in the Community, and the number of jobs available is continually decreasing. Of these 6 million unemployed, more than 40 % are young people and workers looking for their first job: the situation is far from improving, and where it is not deteriorating it is vegetating.

I should like to refer to some points in the Commission memorandum entitled 'Growth, stability and employment: Stock-taking and prospects', which the Commission prepared for the Tripartite Conference last month. I noticed that this report does not fully tally with what President Jenkins has just stated, even though it was sent to us by the Commission.

I have to point out that this most recent conference did not from the comments which I have been able to gather, produce any concrete results but confined itself to generalities.

The memorandum states that the targets agreed in 1976 were these: a return to full employment by 1980; a reduction of the rate of inflation to approximately 4 — 5 % by 1980, and an average annual growth of GNP of about 5 % a year in real terms to 1980. These targets have only been reached to a very limited extent. The report concludes the survey of 1976/77 with these words:

Some progress has been made, but not much. The Community is below its growth target. The reduction in the inflation rate has been modest, and the spread of rates between Member States remains wide. There has been no greater convergence in the economies of the member countries, and there has been no real progress towards the employment target. The achievements over the past year have been below what had been hoped for at the time of the last Tripartite. The policies followed have been more or less in line with those that were recommended, but the problems were more serious than they had seemed.

These statements by the Commission and the facts of the situation cannot but give rise to concern. The remedies proposed and applied have been shown to be inadequate and incapable of setting the situation to rights.

The proposals for the future are not innovatory. They follow old familiar lines without contributing anything really new, and it seems to me that even what President Jenkins proposed a minute ago does no more than this.

The report says that in the fight against unemployment stress should be placed on reestablishing healthy economic growth. However, in the absence of a sufficiently high rate of growth and taking account of the difficulties of reestablishing full employment quickly,

some other measures which could maintain or stimulate employment more directly should not be neglected. Meanwhile, the classical methods of maintaining employment should continue to be applied and strengthened where necessary. In particular, job-finding and careers advice services should be improved, there should be an easier transfer from school to work, professional training opportunities should be improved and encouragement given to retraining, and aid should be increased to promote the mobility of labour as part of retraining programmes.

As one can see, the Commission, in spite of the reform of the Social Fund and the commitments it has many times entered into has not yet proposed any changes from the past. It recognizes that the situation is more serious than it appears; nevertheless, it seems resigned to accept this phenomenon as inevitable and to wait for the situation to improve of its own accord.

The Member States, for their part, have adopted some temporary measures which have had a modest success. Belgium is proposing voluntary early retirement and providing a system of paid apprenticeships for young people under 30 for a period of 6 to 12 months. In addition, it is placing an obligation on firms employing more than 100 employees to take on at least 1 % as apprentices. Germany has drawn up a programme to deal with unemployment which will cost DM 430 million and will create 200 000 new jobs. A second plan drawn up in collaboration with the Länder provides for the expenditure of DM 1 000 million and the creation, apparently, of 430 000 jobs. France has devolved its action to boost employment to the regions and created employment premiums and incentives. The Netherlands have set up a system of premiums for the employment of young people and subsidies to apprenticeships. Great Britain has proposed aid for six months to companies which take on young people under 20. Italy has proposed a battery of measures and a series of incentives for public and private companies to take on unemployed young people. These are limited measures which do nothing to remove the causes of unemployment amongst young people, and, as the Commission itself has stated, there has not even been any attempt to harmonize and coordinate the various initiatives taken in this sector.

There are, it seems, great opportunities for employment in manual work. According to some statistics hundreds of thousands of jobs are open, and this is shown partly by the fact that illegal immigration is continuing and hence these jobs are being taken by workers from third countries. An enquiry should be held in this sector as well in order to analyse those non-structural causes mentioned in the oral question.

Parliament is asking the Commission to make greater efforts than hitherto — using imagination and inventiveness — and is asking for remedies to deal with not

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only the conjunctural aspects of this problem but also the structural causes which have brought about the unemployment amongst young people.

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

The House will rise.

(The sitting was suspended at 1.00 p.m. and resumed at 3.05 p.m.)

The sitting is resumed.

I call Mr Fellermaier on a point of order.

Mr Fellermaier. — *(D)* Mr President, I think there is no point in my colleague Mr Albers' putting specific questions to the Commission on the subject of youth employment unless either the President of the Commission or the Commission Member responsible is able to be present during the sitting. How are these questions to be answered if Mr Albers can address them only to the House and not to the Commission? I must ask you to confirm whether the Commission is able to take part in this debate.

President. — We may resume the debate since a representative of the Commission is present. The Institution as such is therefore represented. Moreover, its president will be here in a moment. I call Mr Albers, who tabled a question for *Question Time* on the subject of unemployment among young people.

Mr Albers. — *(NL)* Mr President, I shall begin slowly in the hope that either the President or at least Mr Vredeling, the Commissioner with special responsibility for social affairs, will appear.

The fact is that the last time there was a debate on unemployment amongst young people during *Question Time*, Mr Vredeling remarked that the number of applications for projects concerned with unemployment amongst young people was considerably greater than the funds available. At least that is what I understood from his answer. I did intend to put a supplementary oral question for further information, but that was not possible. I therefore hope that now I can speak on my question and make clear a number of points, the Commission will be able to give me a very clear and detailed reply.

In common with other Members of Parliament, I am pleased that both the President-in-Office of the Council and the President of the Commission gave especial attention to the acute problem of unemployment amongst young people in their statements. Particularly because we all know that with the beginning of the holidays another large group of young people who have completed their schooling or vocational training will appear on the labour market with no chance of getting a job. We are thus faced with a particularly acute problem.

On the other hand, of course, it is clear that we are having to deal with the baby boom of the 1950's and

that when the children born in the first half of the 1960's appear on the labour market numbers will be considerably lower, because the use of other methods of birth-control considerably reduced the numbers of births in the 1960's. Therefore, when we discuss this subject and wish to take measures to counter it, these measures must be such as to have a very rapid effect.

When Commissioner Vredeling tells us that far too many projects are proposed for the Funds available, my question is: does this mean that practical projects must be rejected, that they have got no chance? What sort of projects are these and what are the effects of this delay? What does the Commissioner intend to do? Is there a lack of commitment appropriations or payment appropriations? As far as commitment appropriations are concerned, fortunately last year there was a considerable increase, so that I cannot imagine that there is a lack of commitment appropriations. The real reason, I think, has to do with the payment opportunities, and we know that when the budget of the European Community is put together each year, important items remain unused.

Even payment appropriations are not taken up in their entirety. Last year the Commission was able considerably to increase the amount available for combating unemployment amongst young people by making a transfer: I think it was from 38 million u.a. to 66 million u.a.

So, my question is: if it is now found that the funds are too small, should these other funds not be resorted to again? We can see that within the framework of Article 4 of the Council Decision there are not many possibilities. The Commission has the power to make a transfer between items in a chapter, but if it wanted to make a transfer from the chapter on expenditure relating to Article 5 to that on expenditure under Article 4 it would need the Council's agreement. You will therefore understand that when looking at this question it would be well for us to have detailed information on what the opportunities are and whether the Commission in fact is considering making proposals for transferring amounts in order to make it possible to carry out more of the projects than at present. That is what I wanted to say about my question.

(Applause)

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

Mr Giraud. — *(F)* Mr President, the task of replying to the Presidents of the Council and the Commission is not an easy one. As this is the first time I have been called upon to do so, I ask your indulgence.

I should like to begin by thanking the new President of the Council, Mr Simonet, for his communication. We were accustomed to see him in the seats reserved for the Commission and now he is occupying a

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Council seat. Today a number of his former colleagues are Members of Parliament. The President of the Commission has also left Parliament to take up his present position. In this Chamber we are all responsible politicians who, in various capacities, are working together for the same goals. As we are less than a year away from direct elections to the European Parliament, we must present a satisfactory, positive and concrete account of our work to our future electors. Thus, despite appearances, we are all at heart committed to the same goal. We shall either succeed together or fail together. We are all in the same boat. Public opinion is confused by the complexity of our organizations. For the general public, Parliament, Council and Commission make up Europe. It loses or wins the battles in which it must engage. Let us bear this in mind and act accordingly.

True to the thought of Jaurès, who is the inspiration for my political activity, I shall, on behalf of my group, try to develop the theme 'Strive for the ideal and understand the real'. The ideal is the construction of Europe; the real is made up of the actual conditions in which we work. The construction of Europe will inevitably be a long-drawn-out task, and the theoretical discussions about such ideas as confederation or federation are beyond the understanding of our peoples, and indeed of many of us.

The common desire is that, respecting the spirit and letter of the Treaties, we should strive effectively to achieve unity. It is regrettable that we were unable, or unwilling, to use the period of posterity which the Community enjoyed to take decisive steps and to undertake long-term tasks. In a period of crisis, when conflicts between national interests are sharper and divergences wider, everything is more difficult.

The unanimity rule, which was only intended for questions of vital interest, has become for some a means of blocking every solution. I believe that the Luxembourg compromise is still one of the reasons for our weakness. We always tend to adopt the minimum position so that, as at sea, the speed of a convoy is the speed of the slowest ship. However, this is not the place to indulge in scape-goat politics. Every one is bargaining and the blame cannot be laid on a single country or government. The one who today appears to be moving forward most rapidly is the one who tomorrow holds up the others. Fishing, JET, and wine are only three of many examples which serve to show that each in his turn, as if by rote, acts to block decisions. That is not to say that we should exalt our divergences but rather that we should try to resolve them. The source of our ills is the mistaken notion that every decision, one after the other, should benefit everyone. But the Community can only draw up an overall balance-sheet over a period of time; the one who loses or thinks he loses today will win or feel that

he has won tomorrow. The one who disburses today to aid the weaker will enable them to recover and so reduce the drain on his resources tomorrow. Perhaps he will benefit by another decision. The wheel turns and distortions are automatically eliminated. That is our goal. There is no strict division between the good and the bad; manicheism is as intolerable here as elsewhere. Everyone, according to his means, makes a contribution to the construction of the Community and the prosperity of each one contributes to the prosperity of all.

You have just outlined, Mr President, plans for the next six months. I should like to take up some of your proposals, first on the level of the Institutions and then with regard to the goals.

Mr Simonet has stressed the need for reciprocal and mutual information between the Institutions. This is something which concerns us all, but it is more important to specify the responsibilities of each of our Institutions. For the Commission it is planning and implementation; for Parliament, the choice of priorities, definition of goals, control of the implementation of the budget after it has been voted. For the Council, it is, as everyone knows, decision-making.

But at what level should these decisions be taken? COREPER is both praised and criticized. We believe that it can only draw up the decisions which are primarily the responsibility of the politicians, i.e., the Council of Ministers.

The European Council, although not provided for in the Treaties, has been accepted by all, at least in practice. In the view of praiseworthy optimists, it inspired great hopes.

We are a little disappointed in particular by a certain tendency towards *la fuite en avant*, to take refuge in spectacular declarations instead of making decisions regarding problems which fall directly within the Community's competence.

Is this Council a club for meditation, a high-level seminar, a decision-making centre or a court of appeal? It is obviously something of each. But it should not become a pretext for doing nothing between its meetings, nor should it hold up the normal decisions of the Council of Ministers without contributing conclusions or solutions when they are required. The Socialist Group would like more precise information on its decision-making procedures and on the relations between the various institutions.

This all concerns the problems of method; I shall now turn to questions of content.

We are all agreed on the need to work toward Economic and Monetary Union. Some of my friends will deal with these problems later on. I shall only say that today it is merely a pious hope and that we need to coordinate our policies more closely. The necessary enlargement of the Community will take place if we

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are determined to remain faithful to the fundamental notion of a union of the democratic peoples of Europe. Greece, Portugal and Spain wish, or seem to wish, eventually to join the Community. Whatever the real obstacles, big or small, to the eventual accession of these countries, Europe must admit them, since it cannot remain an exclusive club for countries which regard themselves as rich. With this in mind, we know that the solution of these very real problems will not be easy. But we should not let that discourage us.

The Lome Convention, which was a milestone in policy regarding the ACP, is one of the most noble achievements of our Community. With the Council and the Commission, we hope that in the months to come work in this direction will be continued.

Similarly, Mediterranean policy is an aspect of the necessary opening out of the Community to the world outside. It must be continued and developed.

At the same time, we cannot confine ourselves to this partial and limited view of the world. The Community must continue to develop its relations, especially in the economic sphere, with industrialized countries like Japan and the USA. With them we must search for equitable relationships, without hegemony or pressure; I am thinking in particular of the nuclear problem. We must enhance our relations with other European countries. We must continue to stress more clearly our solidarity with the third or the fourth world. At the same time, we must not close our eyes — as the discussion in this Assembly yesterday proves — to the difficulties arising from the deeper economic penetration of Europe by the third and fourth worlds. We cannot allow the survival of certain of our activities to be placed in jeopardy, especially as, in certain cases, it is large-scale companies, multinational or not, which, in search of ever greater profits, ultimately benefit from a certain type of vicious competition arising from economic distortion.

All these aspects of the Community's external policy should not divert us from our own problems, in particular those of women and young people, inflation, regional balance, the common agricultural market, energy, transport and the environment. We have direct responsibilities in all these areas, and the Socialist Group is well aware that we shall be judged on the way we solve them.

It would be dishonest to say that these goals can be attained without the use of proper means. Policies are always expensive, and loans do not provide a magical solution. I should therefore like to hear the opinion of the President of the Council on the need for increasing — as provided for in the Treaties — the Community's own resources, which are the only means of implementing the new policies we are drawing up and fusing them into an overall policy. This, I believe, is one of the essential tasks of the Commission.

I wish to thank the President of the Council of Ministers for refraining from outlining an over-ambitious policy. He is well aware of our limitations and has kept them in mind. He knows the workings of our Institutions; it is for him to make them function! For its part, the Socialist Group hopes that his presidency, disposing, as it does, of broad cooperation between our Institutions in the light of direct elections, will make possible those 'qualitative leaps' which he has mentioned — not indeed towards an ideal Europe but simply towards greater solidarity, justice, prosperity, liberty and peace for Europe and for all its citizens.

(Applause)

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

Mr Klepsch. — *(D)* Mr President, ladies and gentlemen, it has already become a tradition for this House to debate the programme of action of the new President-in-Office of the Council, and we have genuinely welcomed the opportunity of commenting on what will be the Community's policy during the next six months. I should, however, like to say quite frankly that this debate must be given new significance the more this House acquires political maturity. We do not wish to be merely a kind of wailing-wall — the regrettable lack of progress towards European union. In the opening speech made by Mr Simonet's predecessor, the late Mr Crosland, whose death we all mourn, there is one key sentence which he used with reference to those areas of Community policy where we deplore the lack of development. He said: 'The facts are incontrovertible, but the interpretation is not'. It is precisely this which should not, and cannot, happen in future in the European Parliament if we wish to be taken seriously, especially with a view to the forthcoming direct elections and our direct discussions with the citizens of Europe. And so this House should no longer serve as a forum where all kinds of apologies are made for the failure to achieve certain objectives of Community policy.

I should like to express a special word of thanks to Mr Simonet and the Belgian presidency for the programmatic statements we have heard here today. He will have the support of our group for every project which helps us make progress. We are also very pleased to hear in this declaration that the Tindemans report is the basis of a large number of progressive considerations. We have also been receptive to the unmistakable criticism of the lack of progress over the last six months, which we must admit is true. I should like to ensure that we are all fully aware which items in the work of the last six months are missing from the credit side of the results achieved, and I should then like to extend the list by adding those points which we hope to see dealt with during the new presidency.

Klepsch

We are, of course, aware that a change in the presidency means continuity rather than a break. Precisely for this reason, I believe we have the right to combine critical remarks concerning the past six months with demands to the new presidency, demands which of necessity — and for this reason it was proper that Mr Jenkins should have spoken as President of the Commission — are also directed at the Commission.

I should now like to get down to details. Let me first recall the Tindemans report. The European Council, meeting in The Hague on 29 and 30 November 1976, called on the Commission and the Foreign Ministers to submit an annual report on progress towards European Union. We want this report to be submitted, even if it contains nothing more than the statement that no progress has been made. And I should like to say quite emphatically that we are watching very critically the increasing and deplorable tendency for leading members of the Council, for domestic political reasons, to express totally different opinions when they are in informal meetings or in national committees from those they express here in the Council. We consider it absolutely essential to put an end to a tendency which we might express as follows: mistakes made at national level are frequently blamed on the European Community, whereas the positive results achieved by the Community are claimed as national successes. This is a false path which we must abandon, particularly in view of direct elections to the European Parliament.

As regards the enlargement of the Community, we are still waiting for the Council to define its point of view; my colleague Mr Bertrand requested this in his speech of 10 February 1977 on the programme of action of the Commission. This definition must be made with reference to the procedure we are to adopt with regard to the applicant countries — global negotiations or not — and with regard to the institutional framework of an enlarged Community. We have listened very carefully to what Mr Jenkins has had to say about this today, and we would ask for careful consideration to be given, because we can do very little with the contradictory press reports of what the Foreign Ministers have said.

We agree with Simonet that we must go beyond the 1972 resolution and that closer coordination must be achieved in economic and monetary policies. This is indeed the main requisite for the Community's continued success and its ability to solve problems. And so we have here one of the central tasks, which has justifiably been highlighted.

As for budgetary policy, we take Mr Simonet at his word and expect budgetary independence to be achieved by 1 January 1978.

Our reaction to the social policy must be chiefly critical. I am afraid, despite all the proposals for its positive development as supposed to take place in the

next six months. We deeply regret that the lack of unanimity between the Ministers for Social Affairs means that the new Social Fund will not enter into force, as expected, on 1 July 1977. The question whether the Fund should chiefly be used at regional or sectoral level is still a controversial topic in the Council.

I have only one comment to make on the Tripartite Conference: speeches about problems do not solve them, and when we read reports about such conferences, we ask ourselves what should be done to turn these proposals into practical measures. The recommendation promised for the first half of the year on the training of young unemployed people for a career has not been adopted by the Commission. No proposals have been submitted on the harmonization of immigration policies in the various Member States, although it was promised to us as part of the action programme for migrant workers. The Commission's communication on guidelines and procedures for an employment policy has not been submitted. This was promised to us for the first quarter of this year, and I should like to point out, since we are talking about immigration policy, that we have been spared enormous problems only because the Turks have shown great understanding.

I turn now to another topic, the agricultural policy. We have recently heard from London that the Callaghan Government want to examine the United Kingdom's role in the European Community and finally spell out to the nation the advantages which accrue to it from membership of the European Community. This is a very belated insight — and I must say that especially to the retiring presidency — because all of us in this Assembly remember the extremely difficult price negotiations we had under the British presidency, which were largely the result of the British Government's stubborn attitude, although it has now become the main beneficiary of the common agricultural policy. I say this without reproach, but the constant criticism and the continual cry from that quarter for a reform of the common agricultural policy should occasionally be seen in a somewhat different light: such a reform would principally result in a considerable reduction in the financial advantage which the United Kingdom enjoys from the common agricultural policy. In any case, we do not want to withdraw from a European agricultural policy into a kind of free-trade zone, as is the stated object of Mr Silkin, the British Minister of Agriculture: this is out of the question as far as we are concerned.

Let me return to an earlier statement where we can completely agree with Mr Simonet. We believe that a new attempt must be made to achieve economic and monetary union in order to secure what we have achieved so far. We should, of course, have liked to

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hear not only the clear statement by Mr Tugendhat on agricultural problems but also an unequivocal statement by Mr Gundelach.

Now a word on external economic policy. To comment on this is an enormous undertaking. I should like to emphasize two tendencies which the Council and the Commission have mentioned. One is a warning against any increase in protectionist tendencies in the Community. The Council gave a very guarded opinion on this; that gives me cause for thought. I believe that with reference to the GATT negotiations and to the numerous external economic negotiations which are pending — Mr Giraud has referred to specific questions — we must ensure that we maintain the Community's straightforward policy in the future.

In this connection let me say: we have been very much aware that in the statements made by the President-in-Office of the Council — and I cannot offer him only compliments today — one matter was totally absent. This was the issue of development policy, because neither the Council nor the Commission has said anything about the North-South Dialogue. What has happened to the Community policy which is to lead to the replacement of national development aid by Community aid? We feel that a start could be made with food aid. Here I must welcome one initial step towards coordination taken by the Council of Ministers; but we must continue with the financing of largescale projects, and I believe it would be beneficial if in this debate we could hear something from the Council on the question of the North-South Dialogue.

A lot of critical remarks have already been made about energy policy, and my group will state its position on this later, but I should like to remind Mr Simonet here and now of his words, which sound very optimistic. We assume that he will transform his words into deeds, but we must consider problems such as the following: we have by now read the findings of a whole series of scientific enquiries which I do not query and according to which, in the opinion of a number of experts, a 3% economic growth requires a 5% increase in energy consumption. I know that this is controversial, that others say that a 3% economic growth requires only a 3% increase in energy consumption; but if that is correct, then the increase in consumption has enormous significance for the Community energy policy in terms of the social welfare of this Community.

In the past we have discussed numerous proposals drawn up by the Commission for the Council, but if we look back somewhat critically over the past six months before looking forward to the next six months, we see a number of cases where all we do is simply bewail the deficiencies, the lack of decision, the stagnation. We talk about environmental and

consumer protection. Fifteen different proposals for directives and four proposals for decisions in this field have been submitted to the Council. The Council has submitted an environmental protection programme, but in view of its ability to take decisions has it not been too sweeping? There are no proposals on the protection of rivers, on the safeguarding from pollution of the Rhine and the Mediterranean, to mention just a few.

As for transport policy, the Council has issued neither the regulation harmonizing social provisions for road and goods transport nor that on the reference tariff system nor yet the directives on weight and dimensions for commercial vehicles, on which the European Parliament expressed its opinion as long ago as 1972. The major themes in transport policy have not even been touched on, such as harmonization of vehicle and fuel taxes, although we all know what enormous distortion of competition is caused by them.

Of course we are looking for a common position on the State-trading countries. We welcome the well-judged words on the continuation of negotiations with Comecon. We were pleased to note that nothing has changed since Helsinki in the position of the Council and the Commission on the Community's central interests. We should like to emphasize and support this. We should, however, have welcomed the reassurance that nothing has changed in the Community's position not only with reference to the forthcoming Comecon negotiations but also at the Belgrade Conference. On the other hand, we are pleased to note the progress made in negotiations with China, which illustrate how appropriate were the considerations on a uniform attitude to State-trading countries.

As for regional policy, we welcome the Commission's proposal on the reorganization of the Regional Fund, as we do what Mr Simonet called an examination of conscience. But I must stress that we still have no common support criteria, and it is not yet certain that the funds will be used to supplement rather than, as has unfortunately been the case in the past, replace national funds to encourage regional policy. Transferring money in the guise of the Regional Fund is not a genuine Community regional policy, nor is it an honourable procedure. I should like to emphasize this here and now on behalf of my group.

Ladies and gentlemen, with this series of examples, which could be continued at will — some of my friends will have things to say on this subject — I wanted to demonstrate that we are in a situation which can only be the object of criticism.

In conclusion, I should like to offer the new presidency my best wishes for its term of office. The next six months will require the joint efforts of Council, Commission and Parliament.

We are pleased that the forthcoming European elections are focusing on the Community the attention of

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the people, of political parties, of public opinion, and of the numerous associations and all those who are or will be interested in the decision of this Community. I say this with particular emphasis because many of our citizens are not at all aware of the high degree to which the Community and its policies guide their lives. This growing interest gives us a chance to show what we stand for and to turn this Parliament into a forum which, together with the Council and the Commission, strives to produce the best proposals. We should like to say most emphatically to the President-in-office of the Council that he will have our full support for any progressive measures and for all activities in this line which he undertakes. But he will have to listen to our criticism if we receive the impression that we are in a period of stagnation as we were during the last six months. So we wish him good luck and every success.

(Applause)

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

Mr Berkhouwer. — (NL) Mr President, one might see Mr Simonet's introductory speech on taking office as a sort of 'State of the European Union' address. When I read the English press this morning, a variation of what Hamlet said occurred to me, namely, 'There is something rotten in the state of Europe'. Briefly, I noted 'Italy, something for everything', talking about the 'historical compromise', 'Germany in a new slump', 'British Steel losing money at dreadful rate this year', talking about the steel crisis. And so on and so forth

Meanwhile, at the beginning of the holidays millions of our European citizens are excitedly going on their holidays as participants in what is called the consumer society. Recently, however, it has become apparent that in this consumer society a sort of consumers' strike has broken out. A new factor. It has even been said, should we not artificially stimulate this demand for consumption? I am not sure, Mr President, whether that is the remedy. Since 1973 we have known perfectly well that economic growth is unavoidable if we want to satisfy all the demand which we have, but I believe that economic growth alone is not a panacea. As a Liberal, I consider myself to be someone who does not live on bread and wine alone — and not even milk alone. On this subject I read in today's *Tribune* an article by Jacques Barrault, a Frenchman of similar persuasion to myself, in which he says something which affected me deeply. He wrote

Following the increase in people's lifespan over the past 20 years, inhuman urbanization, movements of population and changes of every kind, each individual feels the need to find the meaning of a communal life which would allow him no longer to feel isolated and defence-

less against the aggression of modern life, but to blossom out in complete liberty.

I believe, Mr President, that it is a great task for us, without placing too much emphasis on the satisfaction of material needs, to pursue the spiritual fulfilment of man, the development of the individual into a real human personality in the sense that Jacques Maritain describes it.

I now have a few stray comments to make on the state of affairs in the Community, largely of a political nature.

By way of introduction to this, I found an apt comment in the *Neue Zürcher Zeitung*, and I am pleased to be able to quote it because I am now venturing upon somewhat dangerous terrain concerning the internal situation of one of our countries. The title is 'The Unproductive Nine' and it largely follows the same line as Mr Jenkins took last time. The article states:

While the political leaders of the Nine were still meeting in London, the British were announcing in Parliament their unilateral action of fishing policy. This cannot have improved the mood of the conference, which can only be described as unproductive.

As to this unproductiveness, I believe the Heads of Government of this last European Council will be completely in agreement. Anyway, the *Neue Zürcher Zeitung* goes on to say — I quote, I am not saying this myself:

The British period of presidency has now ended without the hoped-for success. After six months in the chair, the London government has left behind more unsolved integration questions than it inherited in January — most of them of its own creation.

Thus the *Neue Zürcher Zeitung*.

Mr President, there are, of course, some mitigating circumstances, which have to be mentioned for the sake of fairness. This is the first time that the United Kingdom has had the presidency of the Council, and we have, of course, in this period lost our friend Anthony Crosland. Many times he gave us evidence of his good will. Nevertheless, it is a very sad state of affairs in Europe that makes us ask whether it has to be that 'Britannia rules the waves', the waves of the North Sea, with a sort of Navigation Act and a new herring war leading to a situation, where Dutch herring fishermen now have to stand before Scottish courts. Scottish courts are naturally part of the United Kingdom. Mrs Ewing is overjoyed about this, and I take note of the fact. Scottish courts sentence Dutch herring fishermen under United Kingdom law, because if they were separate that would perhaps not happen.

I am wondering, however, whether that was really necessary. Did it have to be that way? Isn't it a remarkable coincidence that once you have landed the

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herring yourself you say: Yes, now we will impose a ban for the protection of all?

I thought that at the very least this displayed a lack of the 'fair play' that I cherish, the fair play that as a child I learned in the United Kingdom and because of which the United Kingdom is so dear to me and to all Dutchmen. We also learned that you have to be a good loser when you lose and not only when you win.

I now come to the Belgian presidency under Mr Simonet. I was delighted that he has shown himself here as a talented linguist. That was not always the case with earlier presidents. I am completely in agreement with one of the best passages from his speech, in which he said that the task of every country which holds the presidency of the Council of the Communities is to preserve the reasons for hope and if possible increase them.

We now have some hope under the new Belgian presidency. We are delighted by the presence of members of the Council — yesterday Mr Eyskens, now Mr Simonet in our midst — and we hope that this will continue in the coming half-year.

Turning to the Institutions, I can for the sake of brevity agree completely with what Mr Giraud has said about the European Council, in regard to which Mr Giraud is on the same track as Mr Jenkins. Because when I read Mr Jenkins's statement I see that he too, has no good word for the European Council. That is, I thought, very clearly to be read between the lines. Perhaps he did not say it in so many words, but he came very close.

This, then, poses the question for me whether Mr Simonet or the Council could not do something to remove the obligation on the European Council to meet three times a year if there are no reasonable expectations of anything coming out of it. Must this be so? three times a year calling all the important people out and taking them off somewhere? I know every country which holds the presidency likes that. But does it have to be like that? Can't we retain the institution as such but convene it only when there is a reasonable expectation that it can come to certain decisions? that it is in fact able to cut through knots or unblock bottlenecks?

For the sake of brevity, I also associate myself with Mr Giraud's remarks on enlargement. As far as enlargement to include the new three is concerned, there is but one course of action. One either says yes or no. Well, it is impossible to say no; there are the Treaties, there are the promises which we have all made, and so the only answer is yes. But that yes will have to be developed and a solution found for the difficulties which do exist.

I should like to end by referring to the European elections, to which I was pleased to hear Mr Simonet devote a passage of his speech. The Council naturally has a great task, if only because the Council, with or without consultations with the governments, will still have to set the date or the period: May-June next year. We ought to be aware of the fact that at the

moment the situation in the Community is that the European elections depend on the decision of and in one of our nine national parliaments and, indeed, the oldest parliament that we have in Europe. On behalf of my group, however, I have one hope, and that is that in this oldest parliament of Europe the youngest directly-elected parliament for Europe will be given its foundations. This will be one of the high-lights in the year of the jubilee of Her Britannic Majesty, Queen Elizabeth II.

On this subject, we in Europe can perhaps be glad of the fact that half of our countries enjoy a certain continuity because of our constitutional monarchies. In addition, in no less than one third of these countries women sit alone on the throne of the country which they govern. I believe that the position of women is nowhere so strong as in three of our countries, so far as the monarchy is concerned.

Thus, in spite of everything I am not without hope. Mr President, recently the Commission issued a report which was in part concerned, if I am not mistaken, with the end of the transitional period for the three new members: Denmark, Ireland and United Kingdom. I now come to the subject which Mr Klepsch touched on — I regret that he is not in the Chamber at the moment, but I hope that he will take note of what I say. In that document the Commission states that in the transitional period alone the United Kingdom's trade with the Community increased by not less than 75 per cent. Then there is the massive aid which Europe is giving to the United Kingdom's currency; there is the massive aid which the Community is giving so that the United Kingdom can still buy cheap food from the countries of the Commonwealth (that coffee, tea and oil have become so expensive is no fault of the Community); and then finally, there is of course, the massive aid from the Regional and the Social Funds.

Well, then, in common with Mr Klepsch I should like this brought home to the British: they should stop making up stories that everything which is not going well is because of membership of the Community. It is not a case of 'what is good for Britain is good for Europe' or *una bona*. The fact is that we must try to bring about what is good for us all, acting together as a Community. On this point I agree with what Mr Giraud said. It is a question of give-and-take. One cannot take all the time, sometimes one must also give. That is the essence of our Community. Since the whole of the free Western world is suffering under the scourge of unemployment and inflation, no single one of the nine governments in the Community or any of the political parties in those countries can say that this situation has arisen because we are a member of the European Community. If one is honest and has political courage, one must recognize that one is making an enormous profit out of that membership and that the situation would be a lot worse if one were not a member of this club.

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Mr Simonet is now in charge of what is, perhaps, in a certain sense the most powerful, but sometimes also the most powerless organ of the Community. I hope that he will change this powerlessness into the authority which this organ can have, and I hope that he will find the strength and wisdom to achieve in the next six months what in his own words the citizenry of Europe will demand — namely, that in the middle of next year there should be direct elections in all nine countries to the European Parliament. I wish Mr Simonet all the strength he needs for this task.

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

Mr Cousté. — (*I*) Mr Simonet began his speech by saying that Europe is moving at a slow and measured pace towards a goal whose precise nature is no longer very clear to many of us. He went on to say that the penny-pinching attitude to Europe adopted by many Member States has not yet forced it to a standstill. This attitude, apparently shared by Mr Jenkins and a number of my colleagues, is to my mind too pessimistic. I think we attach too much importance to action, to the impossibility of achieving our objective as quickly as we want to. We are making progress, and this is because, if we take a realistic view — which we all do — our ultimate aim is an independent and united Europe, a Europe of confederated states.

European unification is an enormously ambitious aim when one considers that not so long ago Europe was ravaged by war and it is now in the throes of an economic crisis. We are trying to create a Community on the scale of the major political and economic groupings — the Soviet Union, the United States, China and perhaps, in the future, the Arab countries. This is an immense project, but its aims are precise. For this reason my group welcomes the existence of the European Council, although, as Mr Jenkins rightly says, it does not meet as often as we might wish. We have seen that it is effective, but perhaps we might think, in due course, of setting up a political secretariat, a permanent body, as we have already suggested. However that may be, may I say, ladies and gentlemen, that there is one essential prerequisite — the political determination of the governments. We must be realistic in our approach: we must not try to achieve something that is never likely to be achieved. It is not enough to criticize others while glossing over our own weaknesses and national egoism. It is up to us all, on behalf of our workers, our undertakings, our farmers, to see that political decisions are taken by those who have the decision-making power so that unemployment does not reach a disastrous level and undertakings do not have to be closed down; but we cannot claim that these problems will be solved at European level.

Having established this, I must make it clear that the views I am expressing are quite different from what

has been heard so far. As soon as we set up a European Council to represent a confederation of European states which, if it succeeds, will become a federation, and a parliament which, if it succeeds, will become a federation, and a parliament which is directly elected even if its powers are not increased, our Community and our institutions will inevitably develop more satisfactorily.

We must be realistic: and I think this is the attitude we need to take towards the new dispute that has arisen — the question of transferring the activities of some of our institutions, and notably Parliament. We hear — and reports to this effect even appeared in such papers as the *Républicain Lorrain* on 2 July — that it is proposed to disregard the decisions of the Member States with regard to the three provisional seats — Brussels, Luxembourg and Strasbourg. I feel we must deal with all these practical problems by means of measures agreed by the governments and not adopt risky solutions which are ultimately at variance with our long-term interests.

I should add that in the past days we have been discussing Europe's everyday problems in this Parliament and I think Mr Simonet and Mr Jenkins, who today are responsible for the conduct of our affairs, should note the points we raised in those debates, because they reflect our concern at the problems of monetary inflation and prices and industrial problems. What was the conclusion of the debate on the iron-and-steel industry? — that the Commission should use all the powers conferred on it under the ECSC Treaty, otherwise this industry will be in the same situation in the Community as in the countries outside the Community to which Mr Lange's question refers — namely, the EFTA countries.

If we do not implement the Treaties, if we do not use their provisions to the full in the interests of the Community, what can we do? And the same applies to the anti-dumping measures.

Since 1 July 1977 we have all been pursuing a common policy; there are no longer different arrangements for old and new Member States. We have a common policy, but this policy must be based on reality and not on vague hopes. There is no miracle solution for the problems of the textile and footwear industries — in other words, the problems of employment.

We must realize that an independent Europe is a united Europe. It must be defended and I should like to ask Mr Simonet, in his capacity as President of the Council, why we should not review, if need be, the mandate the Council has given the Commission for the GATT negotiations. It is some time now since the mandate was given, is it still realistic, is it still appropriate to the situation as regards agriculture, industry and services in the Community? We must take a realistic view of the matter, without being too pessimistic.

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mistic, and use the means available to us, as a Community institution, under the Treaties it is our duty to implement.

May I in this connection thank Mr Pisoni for raising the question of unemployment among young people. He has outlined the problem and the methods employed by the various Member States to deal with it. When I see the situation in my own country, where we have some 650 000 young people coming out of the schools and universities, 420 000 of whom will be signing on with the national employment services to try and find their first jobs and, in addition to them, more than 200 000 untrained young people who are neither adjusted to the situation nor suited to the jobs they can be offered, I must say that we are very concerned. This was the main problem raised in the European Council, the Summit Conference of the industrialized countries and even the North-South Dialogue. I think that the Community, in view of the influence it has, should support all the measures taken at national level, whether in Italy, as Mr Pisoni mentioned just now, or in France, where the social charges for jobs created for young people have been reduced, apprenticeship schemes are being developed and jobs created in craft industries and small and medium-sized undertakings. These are basically national measures, but the Community can, and should, offer assistance through the Social Fund, the Regional Fund or the European Investment Bank. The Community institutions, both the Commission and the Council, will be judged on what they do in this field, not on what is the responsibility of the Member States. Thus, at the present stage in the development of European union, a genuine European market and European economic integration, we have one particular responsibility: to take a lucid view of the situation. It is with this in mind, ladies and gentlemen, that we must assess the position and take action.

Also, we must not be too critical in our attitude to the common agricultural policy. Whether we like it or not, it is the only real Community policy, and it has taken considerable effort to achieve it. As Mr Simonet and Mr Jenkins said *à propos* of the fixing of agricultural prices, it does comply with many of the principles of market unity; it is thus part of the Community patrimony and we must continue to build on it. As the President of the French Republic said a few days ago on his return from the European Council, our states must be united in a European confederation. Then we shall be able to prevent the problems we are dealing with, which have political implications because they concern people with professional responsibilities and perfectly legitimate interests, from creating an explosive political situation in our countries and we shall not destroy the confederated structure we are trying to create. We need this lucidity and this political determination so that we have the courage not merely to talk about what we are going to do but to work together towards a united Europe

(Applause)

President. — I call Lord Bessborough to speak on behalf of the European Conservative Group.

Lord Bessborough. — Mr President, I would like with others to congratulate Mr Simonet on his appointment as President-in-Office of the Council of Ministers and I would also like to congratulate his prime minister on having made him foreign minister. I sincerely hope that a former energy Commissioner will be able to solve that prime problem which has been mentioned by all of us today, that is to say the siting of JET. I believe that if you have been an energy Commissioner you can probably resolve any problems, and I think Mr Brunner — he is not here now — would agree that it is one of the major difficult areas in the Community. The achievement of an energy policy was perhaps almost beyond Mr Simonet himself, although I thought we were coming near to it, and I thought on various occasions that he was able to arrange for the Community to speak with one voice. Well now, his linguistic skill has meant that he has spoken to us in several tongues, but nonetheless, I believe that, as President-in-Office of the Council, he will speak with one voice on many occasions, even if his tenure of the office is very short. Personally I greatly regret that the Presidency of the Council should be for so short a period. I would hope in the future that it might be extended beyond six months.

I have great hopes for the Belgian presidency. I hope they will achieve more perhaps than the UK presidency which is said to have achieved little. *Le Monde* yesterday said they had achieved nothing, but I think that was an exaggeration. I was glad to hear Mr Simonet approach the problems in their political perspective and say that he would present practical solutions using Tindemans as his guideline. I applaud his realism and his modesty in approaching his task.

I would stress the importance of the Council presidency falling to Belgium, which is immersed in the European tradition and has some intuition — if I might put it like that — about the direction in which the Community should go. I only wish the UK presidency of the Council had shown the same insight. I am sure, if I may address the President of the Commission, that he will have that insight. He does have it, and he should have time to show it.

Our task as politicians, whether as Ministers in Council or Commissioners, or Members of the European Parliament, is the determination of measures to relieve the Community of its twin anxieties of inflation and unemployment. The catalyst of change rests with private enterprise, with the Community's firms — and I would stress the watchful and tactical support which the European Conservative Group can give to ensure timely progress towards direct elections and in seeking European union. Perhaps one may catalyse the other.

Lord Bessborough

I am only going to speak very briefly, but I would like to say just a few words on industrial policy. First, I am sure that the whole of my group wholeheartedly support the priorities selected by Mr Simonet, as indeed do groups with like-minded ideas behind me, to the right and even to the left. We support those priorities, as Mr Cousté has done. First of all advanced technology where there is a need for a systematic analysis of the technology used in each industrial sector in the Community — I went into this three, four years ago — and in each of the Community's principal external markets. Such an analysis cannot avoid, in my view, the defence equipment manufacturing industries, which do after all account for 3 to 4% of the Community's gross national product. The Council has evidently identified them: iron and steel, which we discussed yesterday, shipbuilding and textiles.

But Council and Commission must — and I am sure they do and will — pay further attention to the imminent difficulties, for example in the aircraft industry and the motor industry. What happens, for example, if the Japanese decide to build their own aircraft as well as motor cars? Well, as I have indicated, Mr Simonet is uniquely a President-in-Office with experience as Commissioner for energy. He has the talent and the experience, and he has political support in the European Parliament for a Community energy policy — one which in all Member States encourages a large nuclear construction programme as a greater power for good than the absence of a programme and hence the absence of adequate energy in the 1980s. If the Community does not invest in new sources of energy, our motto — and Simonet spoke not only in three of our languages, but also in Latin — could well be: *respicit finem* — think of the end of the world, or: think of Armageddon.

In all the circumstances, electricity in the Community ought not to be produced by oil, and this might be described as Simonet's law. Why not? It is essential that the Community's access to enriched uranium supplies should not affect the nuclear-power construction and the operational plans of Member States. There must not be a uranium hegemony by the owners of enrichment plant. Furthermore, increased effort in the handling of waste must be seen to be made in order to convince those who are sceptical about the safety of the fuel cycle. The Commission's recent proposals concerning the rational use of energy deserve sympathetic examination in Parliament, and, when approved, decisive action by the Council. The proposal to encourage the use of coal in electricity generation, on which I was rapporteur, ought now to be approved by the Council. Parliament's amendments have been accepted by the Commission, as was announced in this Parliament on Monday. Now it is for the Council to do so.

Finally, to end where I started, we have faith in Simonet to resolve the siting of the Joint European Torus — that hope for a new, clean, unlimited source of energy — thermo-nuclear fusion, using hydrogen from the sea. I am very glad, Mr President, that Simonet has become President-in-Office of the Council.

(Applause)

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

Mr Spinelli. — *(I)* Mr President, speaking on behalf of the Communist and Allies Group, I should like to deal first with the report by Mr Jenkins, President of the proposal-making authority of the Community, and then with the report by Mr Simonet, President of the decision-making authority.

In our opinion — and I think this is a view which others share — the fundamental issue of the Community's internal situation, the one which poses the most serious problems for our countries, is the continuing slump. The rate of inflation has been slightly brought down in all our countries, but this has been possible only at the cost of rising unemployment, which it has been impossible to restrain.

In addition, we are seeing a continuing division of labour between advanced and emerging countries, the result of which is that imports onto markets which have been traditionally ours are continually increasing. All this is happening at a time when energy continues to be costly.

In this situation it is clear that the task facing all the states of the Community is to take measures against inflation, against budgetary deficits, by means of policies to spur investment in order to provide work, to transform and restructure our industries and to make sure that the economic recovery takes place equitably in all regions. These policies are, and will continue to be, national policies, and this entails a twofold danger for the Community.

Firstly, the divergences between the different national policies will tend to increase just as incompatibility will increase as tensions and difficulties in relations between the various countries come to the surface. Nationalist tendencies are coming to the fore again, and in the economic sphere this means protectionism. We did think that we should never again hear what has in fact been said by French, British and Italian politicians who recommend their countrymen to buy Italian, buy British or buy French, forgetting completely that the common market exists for exactly the opposite reason.

The second danger posed by these interventionist policies — which are in fact inevitable — is that they tend to keep in existence firms and structures as they exist at present in the hope of restoring the old system at some time in the future.

Spinelli

These two great dangers mean that our economies may become increasingly unhealthy, increasingly unable to cope with those very problems which they wish to resolve and increasingly likely to create grave political crises in our respective countries.

It is the Community's fundamental duty in this situation to ensure that its Member States avoid these dangers, that the monetary, economic, structural and research policies conducted by the various states are convergent, compatible, increasingly integrated and capable of being translated into a strong, unified, open economic system — able, in other words, to face the rest of the world — and move towards a better Europe than that which entered the crisis.

At the beginning of his presidency, Mr Jenkins pointed out, quite appropriately, that in order to fulfil this task, the Community had to proceed with two great changes — first, it had to cease to be a community whose expenditure was devoted essentially to agricultural policy — a review was and is necessary of the agricultural policy in order to reduce the fantastic waste of money used for supporting artificial prices and to give much better assistance to agriculture as a whole in order to incorporate it in the process of revitalizing our economies, and secondly, it was necessary to coordinate financial methods and create for the Community new means of utilizing instruments to influence the policy of the Member States.

Our group approved this new purpose: in this way, we shall form a community whose destiny will be not only to restore but also to transform Europe.

What has the Commission done in these six months?

While asking this question, I know very well that one cannot expect the Commission in six months to have done everything which was announced by Mr Jenkins. In particular, the Commission is not responsible for the defects of the very slow and inefficient decision-making process of the Community. It can, however, take many initiatives, as with its proposed increases in the Social Fund and the Regional Fund and the quite original proposal, formulated in general terms by Vice-President Ortoli, to create a fund of 1 000 million for structural reforms. This is an important step in the right direction. However, we do not yet know what criteria will be used for coordinating all the means which the Community has, and will have, at its disposal.

We do not yet know what total sum of money, according to the Commission, the Community must have in order to exercise decisive influence. It is in fact clear that below a certain level it will not be possible to exercise any influence on governments' policies. Only by doing this is it possible to deal with real problems such as unemployment amongst young people and women.

In my opinion, in six months, the Commission could have informed Parliament of the criteria it intended to use for its grand financial plan.

The Council, as Mr Jenkins told us, has some objections to the Ortoli proposal. This is not surprising: the Council by its very nature is against new initiatives. It takes a long time to be convinced. Therefore, since this is a great political problem, the Commission ought, before the battle in the Council, to have a great debate in Parliament in order then to request from the Council, with our backing, a certain amount of coordination and a certain amount of financial involvement. This would give us the opportunity to tell our peoples, particularly in the run-up to the European elections: 'This is what should be done, this is what the Council is preventing us from doing!'

On the subject of advanced technologies and industries, we should have liked to know — and the question here is directed more to the Council than to the Commission, since the Commission programme is now under examination by the Council — whether for the aeronautics industry, there is any probability of taking into consideration the sole fundamental change which it is necessary to introduce and without which no European industrial policy is possible — namely, the fixing of deadlines for national aids to the aeronautics industries and the substitution of European aids and support.

Turning to regional policy, we ought in my opinion not only to increase the Regional Fund but also to have a global system of incentives and disincentives covering all European regions. We should not limit ourselves to giving alms to the poorest regions. Balance, in fact, can only result from an investment policy in both underdeveloped and overdeveloped regions. The Community could bring its influence to bear here.

I do not want to spend a lot of time on the vital need for regional aid to be additional and not substitutive, because even with a small knowledge of mathematics one can see that since both of these sums are variable it is not possible to show precisely where Community aid is added to, or substituted for, state aid.

I would, however, like to look at the other element which according to Mr Jenkins has to be changed, and that is the agricultural policy. It has to be said that in these six months the Commission has not come up with any new proposals. The system of fixing prices remains the same and the results are the same. One may be relatively satisfied, because this time the price-increases in the Community have not been excessive; when I think, however, that a gigantic cereal crop has been predicted and that we shall guarantee certain prices in spite of the enormous quantities which will accumulate and which will have to be sold off at low prices, I fear that we shall have a very high expenditure on agriculture because of the false criteria which have marked the agricultural policy so far.

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Now that we are faced with this question of cereals, the Community ought to start considering how to participate as a Community in world cereals agreements so as to make sure that stocks are used merely to smooth out cycles in supply and not to clear up the effects of mistaken pricing policies. The agricultural policy should also be given a greater sense of direction, concentrating particularly on the problems of Mediterranean agriculture.

In six months the Commission has given us nothing, and this is beginning to provoke discontent. There can be no halt to protectionism unless common policies are prepared for agricultural as well as industrial renewal and restructuring on a balanced regional basis and with Community instruments.

Another point raised by Mr Jenkins is the reply to be given to Portugal's application for membership and a probable application by Spain. I hope that, when replying to Portugal's application, the Commission will not repeat the political error it made when it had to give a reply to Greece, to whom it gave an essentially negative reply when it should have given a positive one. And I hope that serious preparations will be started in view of the probability of Spain's application, since both Mr Jenkins and Mr Simonet have stressed that the entry of these countries poses problems both for themselves — problems of adaptation, transition, etc. — and for us. There will be problems relating to the functioning of our institutions and even a linguistic problem, since when Greece is a member how shall we find the people to translate from Greek into all the other languages? As for the institutional difficulties, we shall need to change our policy, because one cannot ask the countries who are coming in to accept the 'Community patrimony'; we shall have to think of a policy which is no longer tailored for six or nine countries but for 10, 11 or 12 countries. Otherwise we shall be forcing them to follow a mistaken policy and our own policy would also be wrong.

So the Commission ought to start thinking about the changes to be made to our political orientation and institutions, and should initiate a debate here in this House before reforming the institutions.

Another deficiency to which one of our colleagues has also drawn attention and which in the present situation seems a very serious one, is the complete absence of any thought to the need to relaunch seriously the North-South Dialogue. Let us not rest on the laurels of our good relations with the countries of the Lomé Convention; rather let us remember that the number of developing countries who are hoping for something from the countries of the north, in particular Europe, is far greater than the number of countries associated with us.

I should now like to say something about Mr Simonet's speech. I well appreciate the fact he emphasized,

that the powers of the presidency are rather limited, and so not too many requests should be addressed to the President nor too many reproofs at the end of his mandate, as though he had it in his power to take decisions and therefore was responsible for decisions not taken. I do not therefore intend to criticize the previous presidency, nor do I have any doubt about Mr Simonet's good faith. I know him and I know his sincerity. I should simply like to give a judgment on the Council's capacity for action.

The Council is a defective body because it has excessive powers — legislative and executive powers which it cannot by its very nature exercise and which it claims to continue to exercise. The result of this is that decisions are either not taken or taken too late, or bad decisions are made, or inadequate decisions. Mr Jenkins and Mr Simonet have told us that they are thinking of how to tackle the problem of the Council increasing in number and that the difficulties are becoming increasingly great. I should like to warn in good time against a danger here. I do not want people to think that because a Council of 10 or 12 members is unable to function a small directorate should be set up of three or four large powers, leaving the second-rate countries outside — a system similar to that in the UNO, where there is an Assembly including everyone and a Security Council of which very few countries are members. I should like to warn against the temptation to think in these terms because it is certain that no one would accept domination by two, three or four ministers representing two, three or four countries. This problem must be seen in the perspective of an elected Parliament, which would become aware of its duty to consider a reform of the structures.

On the subject of the elections, I should like to say just on thing; I should like Mr Simonet to say to his British colleague and our British colleagues to say to their colleagues in the British Parliament that everything today depends on them, that the British Government and the British Parliament should respect the commitment that Government has entered into to have the necessary legislation adopted in order that the elections are held on time. There are no other obstacles. The French, who also had difficulties, have shown themselves capable of overcoming them and are ready for ratification. It would be a serious matter if, because of intentional or unintentional delays, we were to end by postponing an election which an increasing number of people are awaiting with interest.

Turning to developments within the Community, Mr Simonet spoke of the problem of the Communities' own resources. On this point Mr Simonet knows that he is somewhat in conflict with himself, since the VAT project, which emerged from the work he carried out as Commissioner, is today held up principally by

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objections from the Belgian Government; if the method of raising the VAT, as set out in the agreement, is modified in the implementing regulation, we shall be renouncing our own resources at the very outset.

I have read that the Belgian Minister, speaking to Parliament on this problem, said that if we had the same rate of VAT in every country it would be natural to ask for this form for Community taxation purposes. But since for the moment the whole thing is fictitious there is no need to do so. Yet by not doing so we shall never make the second step, because the first step has not been made. In my opinion, Mr Simonet ought to tell his government that if the other countries can ask their citizens to fill in a further form, the Belgian Government can ask its citizens to do so too and so finally put the mechanism into operation.

On the subject of Greece's accession, I have already said that we have to realize that this entails the need for some changes to the Community itself. Mr Simonet has indicated to us various macroeconomic monetary and budgetary objectives; in my view, attempts to revitalize the economy should take into account present regional, social and ecological needs without entertaining illusions which would create social tensions that prevented us from going forward.

I am sure that the Community will be able to develop its relations with the EFTA countries: one of these, Portugal, has already applied for membership of the Community; we await the others, but in the meantime we shall develop and improve cooperation. We are also certain that as far as possible relations between the Community and COMECON will develop: the most important thing is that relations should develop with all the countries of Western Europe and not only with bureaucratic organizations. To intensify these relations is as useful for us as it is for them.

This year in all probability the crucial test for the Community will be the agreements within the GATT to be concluded by the end of the year on the freedom of exchange. Let the Council and the whole Community remember that we shall not succeed in extending freedom of exchange if at the same time we do not implement valid economic policies.

Finally, Mr President, from these benches we shall firmly support the construction of Europe; not of any sort of Europe — a Europe of traders, as Willy Brandt used to say — but of a Europe of the people, of something different from what it has been up until now.

Mr Simonet concluded his speech by recalling that in order for the Community to make progress, the institutions would each have to do their own work as laid down in the Treaty. No, Mr Simonet, by following the

Treaty the Community has become jammed and will continue to stand still and not develop!

In the next six months we shall have to set about a profound transformation of the Community, for the reasons and in the ways that I have stated, if there is to be a real decision-making centre, real democratic control, responsible participation by the Member States and not the present irresponsible participation of the States in the Council as it is organized at present. Thank you, Mr President.

(Applause)

IN THE CHAIR : MR SPÉNALE

Vice-President

President. — I call Mrs Ewing.

Mrs Ewing. — Mr President, I would like to thank the President-in-Office of the Council for his interesting speech today and similarly Mr Jenkins, President of the Commission.

I would like to start with a comment on the speech made by Mr Klepsch, who criticized the Prime Minister of the United Kingdom for attempting to reappraise at this time the position we find ourselves in the United Kingdom in relation to the EEC. I would like to take up the cudgels for Mr Callaghan. I am sure he will be the first to be surprised at my doing so, but I think it is unfair to be critical of the Prime Minister of a Member State doing this against the background where what happens here and indeed in the institutions of the EEC is not headline news. Now that is not the fault of particular newspapers or journalists or even perhaps our fault entirely. It may be partly our fault; perhaps we should be doing nothing more than to try and convey to the electors back at home all that happens here, the importance of decisions made here, rightly or wrongly, and there are only so many hours in the week. Whoever is at fault, there is a failure, certainly in my experience of the electors in Scotland, to understand fully what is going on in the set of institutions as a whole, and in the Parliament in particular. So I do not feel it is sensible or fair to criticize Mr Callaghan for attempting at this point to make a fairly frank reappraisal of what the advantages are, such as they may be, and also what the disadvantages are.

Now I would like to say, before I begin on this theme, that it is my opinion that there are certain gut reactions, at least in my experience of the electorate of Scotland — and you are listening to someone who travels extensively, speaking at meetings every week, right round Scotland. There is a gut reaction favouring the idea of Europe. There is a gut reaction that there

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have been too many wars and a little harmony would be a good thing. There is also gut suspicion, perhaps based to a great extent on ignorance, but also on certain aspects of the policies — and you won't be surprised if I mention the fishing policy, perhaps also the energy policy — that there is not enough democratic accountability in the set of institutions as a whole, that this Parliament is rather a dressed-up charade, making excellent contributions to the thinking of the really powerful arms — the Commission and the Council — that we are here to make it all look quite democratically respectable but that really we do not exert what I would call a proper control over the executive. In other words, there is a gut reaction that there is too much bureaucratic centralism, which is rather faceless, too little concerned and often ill-informed, when decisions of vital consequence to vital industries and consequently to vital sections of populations are being made. That is certainly my assessment, for what it is worth. So there is a mixture of goodwill and suspicion, and against that background it seems to me perfectly reasonable that the Prime Minister should try to undertake some serious reappraisal. I am sure he faces much of the feeling that I am trying to describe.

I think this House should also remember — and here it is not in any sense the fault of any Member State outside the UK — the excessive zeal that was shown in the campaigns of many pro-Marketeters, and the misleading statements that were made to the British electors. It may very well be that with less of this zeal and a little more accuracy, the people of the UK would have come to the same decision. We do know that, and we shall never be able to find out. What we do know, if I might stick to the two industries I have mentioned, is that we were assured as electors by the pro-Marketeters in the referendum campaign that the common fisheries policy would be renegotiated, and yet in this House, in my experience alone, which is not as extensive as that of many of you, we had the previous Commissioner, Mr Lardinois, saying to us: 'There will be no renegotiation of the common fisheries policy'. There is one example; another example, concerning energy, was — again the misleading statements were made — that so far as the control of North Sea oil was concerned no powers of decision would be taken out of the hands of the British Government regarding the rate of extraction of the oil, the price to be charged for the oil, or the choice of markets on which the oil would be sold.

Now we already see, those of us who come here, that these statements were certainly misleading: if the statements made very frequently by representatives of various Member States are fair and honest, then we were misled, we were led up the garden path on both these very important questions. It is not the fault of Members from Germany, Italy and the other countries that that happened, but it did happen, and the consequence now is that as certain of these things are

hitting us full square, a very understandable reaction is coming from the general mass of the electors, who frankly speaking, cannot see any particular advantages but can easily identify possible, perhaps I should say potential, disadvantages in the energy field and present disadvantages in the fishing sphere.

I would like to think that one of the problems can be cured by direct elections, of which I am a supporter, which means that I shall be leaving shortly to go back and make sure that I can get my chance to catch the Speaker's eye, which unfortunately is a little harder in Westminster than it is in this forum. If you support the idea of an institution — and all of us who come here are part of it — how can you prefer it to be undemocratic rather than democratic? I would rather be elected by whatever system directly if I were to come here, than be Mr Callaghan's nominee, which, strangely enough, is what I am. I think that the former is more democratic than the second, so while I can understand opposition to the EEC and all its works, I cannot understand the argument which says we should not make it more democratic, because in some ways that would make it more credible. Some people of my own party including my leader, hold that view, but I cannot understand it. However, my party approved the support for direct elections, so you may take it that those of us in Parliament are going to participate in these elections and we hope that this will not only make this institution more human, more understandable and more directly connected, but it might also mean that it makes the Commission less powerful. On the other hand, it is very difficult to see any signs that the Commission has any intention of giving any powers up, and when I have asked the Commission what powers they consider giving up, to make our democratically-elected, presumably full-time Parliament worth coming to, they have been very shy and coy and have not answered the question. Are there any powers the Council of Ministers intend to give up to this new and hopeful body that many of us believe would be an improvement? These are questions that I can get no answer to, so we are apparently going to have a further dressing up, only this time it is going to have a reality of democracy with not much to do, we are still going to have our debates and put constructive ideas or compromises into them — often serious compromises and I am thinking of Mr Prescott's excellent compromise on fishing, which was rejected by two votes, when a whole contingent of Germans with hardly any fishing interests came in and voted in a nationalistic way. When you think of all this, are we going to be asked to go on doing this and yet not be given any of the powers at present enjoyed by the Council and the Commission? That is a very serious question. When Mr Gundelach came very courageously to face a very large gathering of united and determined fishermen recently in my part of Scotland, he mentioned the fact that Norway had been lost to the EEC because of fishing. They got the

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matter right, they were not taken in by misleading statements.

While we are on the subject, I might perhaps refer to the speech by Mr Berkhouwer, who tried to say that none of the price increases were in any sense due to our entry into the EEC. We just have to remind ourselves that Norwegian prices have not increased at the same rate as those within the EEC: there may be special reasons for this, but that is a fact we cannot get round.

I think that Members should bear all these things in mind. Perhaps it is annoying to go back to the history of the referendum, but it is a fact that must be borne in mind and it is very reasonable therefore for Britain to be re-appraising. There are many writers of Fleet Street and journals all over the world who say, on the basis of assessments made in very scientific ways, that if at this moment there were another referendum, the chances are that even in England we would vote to come out of the EEC, and certainly in Scotland it is my opinion they would do so.

(Interruptions)

These may be unpalatable facts, and of course there will be many who do not share my view. I can hear some of the noises indicating that I am right in that.

With regard to the question of fishing I was very struck by the annoyance displayed by Mr Berkhouwer, who seemed to think there was something wrong with Scots courts fining Dutch trawlers, of which virtually a whole fleet approached the Shetland waters to violate a ban which is perfectly legal in terms of the Hague Agreement: a non-discriminatory ban is permitted to national governments! This is being done to conserve stocks and yet, strangely enough, the Dutch got a quota to celebrate a festival, a herring-eating festival. Well, with all respect, there are villages in the Shetlands which will have no work because of this ban. Nevertheless, the government in its wisdom, or unwisdom, considered that without the ban there is no possibility of conserving the stocks. But here we have the Dutch fleet sailing up — so much so that the Dutch Government had to disown them, and Mr Berkhouwers seems to think there is something wrong with people who break the law being properly and adequately fined in Scots courts. Well, I cannot agree with him. I would ask this House to consider whether it is not odd — if I could turn to my own country of Scotland — that in a world that is allowing maritime nations to take 200 miles, we are being patted on the head and told, 12 miles is all we are going to get, and if we want more we shall just have to learn to be good losers. I think that's the expression. Please stand there, and let us cut your throat, let us help ourselves to your rich pond and the oil in your North Sea, but don't ask us to accept the social implications of a Community with a human face if the victims happen to be the fishing communities not only in Scotland but round the shores of the UK and of Ireland! I have spoken of this many times, I am sure you are all tired of

listening to me, but this does not make it any the less true. Mr Gundelach, at the meeting, in the north-east of Scotland, said he accepted that the case for the social implications had entirely been made out, but he thought there were alternatives. Well, we have never heard in what way any alternatives suggested are going to safeguard these regions. The regional policy is meant to be a dynamic way of looking at regional problems and improving the situation all over the poorer areas in Europe, and to that extent I agree with Mr Spinelli, who felt there should be greater emphasis on the size of the Regional and Social Funds and less on the CAP, which, again has been one of the reasons for the suspicion of the electorate in Britain, where they do not see any particular advantages.

I should like to say a word about the CAP. We have in Britain marketing boards which have a history of good service and which work, and we learn that there is a threat to the existence of these boards from the EEC. I personally hope there will be no such threat. Indeed, I suggest that other countries in the EEC could look at our particular type of marketing boards and learn something from them with a view to considering how, so far from abolishing them, perhaps the role of such boards could be extended. The first time I visited the Commission building, years ago — I was not a Member of this House, but I was a Member of Parliament — I remember one of the chief civil servants telling me that there was really no place for hill farmers, and he used the unattractive phrase to me that they would go the wall. Well, there is a bad situation facing our hill farmers, just as I said today there is a bad situation facing our pig producers, and for part of this we do blame the EEC. It is as if they were saying to people in Scotland, we know you are used to eating the best beef off the hill, that is your tradition of eating, but it's too bad, because you are going to have to get used to eating old dairy cows which are past their best and do not quite have the same taste. Although I may seem to be making a facetious point, behind that are the statistics of our agricultural industry. Any attempt to alter the proportion of hill farms to dairy farms might have very disastrous effects both on our agriculture and indeed socially.

On the question of the Regional Fund, I would like to welcome the Delmotte report. I am sure that the Commission and Council must do so too, particularly the new emphasis in this report on the future of the Regional Fund and its recognition that the gap between the poorer regions and richer regions, so far from decreasing is actually, despite our well-meaning efforts, increasing. The heavy emphasis on the need to establish and coordinate various forms of national and Community aid, with an attempt at large-scale regeneration rather than piecemeal aid, is good as far as it goes but does not always seem to get us much further forward.

Additionality has been mentioned, and I would like to endorse the criticisms of this.

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I would like also to congratulate the Italians on the fact that they give, as far as I can see, more information to the electors about the actual details of the fund, whereas we in the UK sometimes find it difficult to get precise information on how the money is being spent. Of the other Member States, France and Germany are also, I feel, to be criticized for being reluctant here, and if there is going to be shyness in telling people about one thing that surely no one can quarrel with, the ideas behind the Regional Fund, then even the good things that are being done are not getting across to the electors, because on the whole in the UK very few people have much detailed information about the actual extent to which the Regional Fund has given assistance. I must be fair and say that Scotland has received quite a lot of help on this.

May I conclude, Mr President, by saying that an independent Scotland — if it comes into existence, as I believe it will — has a choice: whether to trade extensively with the EEC or to trade more extensively outside the EEC. That is a real choice, as our trading balance shows from statistics prepared by the Scottish Council.

(Laughter)

We do not wish to be poor losers, Mr President, but I would remind this House that we do have a choice, and that choice will be made by the people of Scotland when independence comes.

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

Lord Bruce of Donington. — Mr President, on behalf of my group I would like to offer our felicitations to the new President-in-Office of the Council and also to thank him for the statement that he made this morning. We would also like to thank the President of the Commission for the very full account, with which he presented Parliament this morning, of the first six months of his presidency.

I was a little disappointed that colleagues from the Christian-Democratic and Liberal benches should have used this occasion to make a series of not always thinly veiled attacks upon my country, the United Kingdom. Since of course, I am speaking on behalf of my group, the Socialist Group of the European Parliament, it would not be appropriate for me to answer them here. Sufficient for me to say that I will meet them on any television channel, any radio channel or in any newspaper and will thrash this issue out with them at any time ...

Mr Berkhouwer. — Why not here?

Lord Bruce of Donington. — Mr Berkhouwer himself was good enough to compliment the United Kingdom Parliament as being the oldest parliament of all and yet said, of course, that it was somehow significant that we should be holding up direct elections to

the European Parliament. May I remind Mr Berkhouwer that one of the reasons why we are the oldest parliament is that on occasion we have been slow, because mainly the decisions we have made tended to prove right in the event. We have often acted alone in my country, and if we had not acted alone on some occasions many people would not be sitting here this afternoon.

I want to deal on behalf of my group with the issues that have been raised both by the President-in-Office of the Council and by the President of the Commission, particularly in regard to direct elections. Direct elections are due to be held either in 1978 or 1979, and I want to issue a warning and the warning is simply this: as and when direct elections have taken place, and Parliament is populated by a larger number, the people of Europe should not be under any illusions that the new Parliament will have any more power than the existing Parliament. This is vitally important for them to understand, because the Member States and other signatories to the decision have made it perfectly clear that a condition of their signature was that the European Parliament should have no further powers. That does not mean to say that Parliament will not have more influence. In my view, provided it proceeds along sensible lines with carefully thought-out policies and certainly with due debate, Parliament can undoubtedly have more influence, but more powers it will not have. It will not be able to legislate.

I would like to emphasize in that regard, particularly to the President-in-Office of the Council, that the European Parliament, as at present constituted, has for the last two years been trying to obtain powers in the way of financial control. For some two years, a devoted band of people in the Committee on Budgets, including my good colleague Mr Michael Shaw, of the European Conservative Group, have been working on a revision of the Financial Regulation in collaboration with the Commission and, so far as we were aware, also with the approval of most of the Council officials involved in it. Much to our surprise, therefore, the report that has come back from Council in connection with what we thought were agreed new regulations for control, has been in the main a rejection of the recommendations. I want to ask the President-in-Office of the Council — since he is very often able to point at nations that are obstructive — which were the nations on this occasion that prevented the agreement being arrived at for the approval of the Financial Regulation as submitted by the European Parliament after consultation with the Commission? Who exercised their veto then? Was it the United Kingdom?

Mr President, whatever happens in Parliament, it is important to realize this: whatever legitimacy we may have as a result of the holding of direct elections — and legitimacy has an advantage — let us face it, legi-

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timacy should not be used as a fig-leaf to cover political nakedness. People should not be mesmerized by institutions, and all the panoply and the procedures of them, that they mistake them for genuine policies.

It is when we come to policies that we are in some difficulty. And, indeed, the President-in-Office of the Council and the President of the Commission can give us but little clue. The President-in-Office of the Council did offer the opinion this morning :

Fortunately the penny-pinching attitude to Europe adopted by many Member States has not yet led to a standstill.

When the President-in-Office of the Council replies, I would like him to elucidate that point. Who are the penny-pinching members to whom he refers? He should be well aware that in any event the resources of the European Community are finite. After 1978 they cannot go beyond an amount computed by 1 % of the total VAT base of the Community plus what revenues are obtained from customs duties and excise duties. We are pressing up against that limit now. We cannot go above that limit without amendment to the Treaty itself. So did the President-in-Office of the Council mean that certain Member States were being mean in their contributions to Community funds, or did he mean it in a wider sense? Did he mean that, in the plans and suggestions put forward by the Commission, those countries with strong currencies and very good high export potential and a favourable balance of trade should begin to refinance growth in their own countries? Did he mean that? It is important that we should know. So far as my own country is concerned, if my own group will permit me just to interpolate this comment after the attacks that have been made upon my country, may I say that the net contribution of the United Kingdom in the year 1976 amounted to 397 million u.a. In 1977 it will amount to 570 million u.a. and in 1978 to 796 million u.a. This is net, after all foreseeable receipts, so I hope the President-in-Office of the Council was not referring to my country.

Once again, however, Mr President, we are back to the problem which was posed by the President of the Commission himself in his opening address some six months ago. He pointed out two problems. The first was a problem of unemployment coupled with inflation and the problem was one. The second was the problem of the divergent economies. Now what I have to ask the President of the Commission, in supplementing what he told us this morning, is just what has been done at Commission level to deal with these problems which six months ago he posed as central. There are at present in Europe between 5 and 6 million unemployed. There are, at the same time, factories, undertakings that can produce goods. There are at the same time in Europe people still living in distressed circumstances. The people of Europe will

not accept the current explanations that these things are somehow an inevitable working of the system, to be solved by some obscure monetary methods or economic policies which are not comprehensible to them. It is not a matter of common sense — and the people of Europe have common sense — that there should be on the one hand, poverty in many quarters of Europe, and on the other hand the potential to produce the goods they require and also the men and women available to produce them. This is a central economic problem.

I am not saying, Mr President, that the problem is not difficult. It has defied many economists, a variety of economists, yea even Mr Milton Friedman it has defied. But still the problem has to be solved and one of the functions of the Commission is to obtain the best technical advice, wherever it can obtain it in the world, to bring these people together to identify the problem in far more specific terms than either national politicians or national economists have so far been able to do. I won't rub the President of the Commission's nose in the fact that for about 18 months now his own Commission has been sitting on two Maldagh reports that made important contributions towards a suggestion for solving the problems of inflation, although I have raised it many times in this House and indeed have had a promise from Mr Davignon that the matter would be dealt with and Parliament would soon have its opinion. So the first task of the Commission is to make a real endeavour, in conformity with its responsibilities, to identify the problem in more specific terms. It can then avoid the necessity, every time it publishes a review of economic progress, of repeating substantially everything that is suggested in the OECD reports covering exactly the same periods and exactly the same subject.

I am not saying that the Commission has done nothing. In point of fact they have done a lot and my group would like to support the Commission on one count which may have very considerable significance. We well know that the funds of the budget and the Regional and Social Funds are far too minuscule to have any effect upon the economic disparities within regions. The percentage of funds available for this is so derisory as to be outside the mathematician's range of error. It is minuscule. But the Commission has come forward with a proposal and the President of the Commission, in the first speech he made to this House, announced this programme of industrial investment on selective grounds with proved conditions. This my group would wish heartily to support and we sincerely hope, as I expressed this morning by way of question, that the Council will do everything they possibly can to aid the Commission in this respect.

The Commission's task, of course, remains the principal one, because the Council cannot act except on proposals from the Commission. Mr Jenkins himself

Lord Bruce of Donington

identified the problem in his opening speech to this Assembly. He said:

Together with the Council, we have to forge practical links between the predominantly national economic policies of individual countries to provide soundly-based technical solutions to Europe's economic problems and to underpin the solutions by consensus, not only between governments but between the interested groups concerned.

He envisaged doing this through further development of the existing system of national policy coordination. I am going to put a straight question to the President of the Commission. Does he really think that, in the exercise of this function, it is very helpful for the future of Europe if he makes a direct attack upon the government of a Member State, albeit a government where he himself originated? He said in an article in the *Observer* of 3 July that in spite of having joined in 1973, and having confirmed that in 1975, Britain had not yet wholeheartedly tried to make a success of Europe.

We in Parliament are used to expressions of view. Indeed, the more views that are expressed the better. I have no quarrel with a member of the Commission making criticisms of individual Member States in regard to specific policies that they may have found it necessary to carry out. I am sincerely hopeful that, if criticisms are going to be the order of the day, the net may be cast far wider than it appears to be at the moment. But it is not right, in my opinion, for the President of the Commission to attribute to the government of a Member State a lack of will and effort to make Europe work, because this I would specifically deny on behalf of my country. It may well be that on a whole series of questions we have thought it politic to go slow in one direction, to go fast in another. This is the very stuff and essence of politics, but if there is going to be cooperation there has got to be a degree of mutual toleration, where at any rate the motives and the efforts of others are not challenged, however much the wisdom of their policies may be legitimately challenged.

Mr President, we in the Socialist Group are unique in that we are the only group in this Parliament with nine nations belonging to it. It would be idle for me to pretend that there are no differences between us from time to time. But we have at last learned, and are still learning, the benefits of getting to know one another, of tolerating the various differences that exist between us, because we are convinced that if Europe is going to progress on sound economic lines, however slowly this may be, it can only proceed on the basis of mutual trust and toleration between those of widely differing races and in some cases widely differing policies.

(Applause)

President. — I call Mrs Kellett-Bowman.

Mrs Kellett-Bowman. — Mr President, I would like to begin by thanking Mr Bertrand for his great kind-

ness in allowing me to change places with him in order to speak before our plane takes off.

I would also like to congratulate Mr Simonet on his well-balanced speech this morning, covering such a wide range of matters in such a cool and sensible and forward-looking way.

I agree almost entirely with what has been said by previous speakers on the subject of youth unemployment, but I would like to discuss one very important aspect which has received wholly insufficient attention to date, and this is the longterm effect on the industrial situation of the Nine of the lack of opportunity for the young today. I know only too well the hardship which is caused by the present appallingly high rate of youth unemployment. I have in my own area not only a very large number of school-leavers whose prospects of employment in an area of extremely high unemployment are very slender indeed, but in addition a teacher-training college and university which also swell the ranks of the young unemployed. I feel that we in the Community, and in the United Kingdom in particular, are failing to look at the longterm implications of this current very serious situation. Our job-creation schemes and so-called new deal for the young unemployed are essentially shortterm, and some are downright idiotic, such as the one in Dorset, announced in May, to pay youngsters £50 a week to feed cheese and sugar to ants because the drought of last year has left them hungry. But others are not so stupid — they are perfectly well-intentioned, but they are designed mainly to take the young off the labour market until such time as the falling birth-rate provides smaller numbers of school-leavers in the early '80s, as Mr Albers pointed out.

I know that these measures include work-preparation courses, involving training on employers' premises, in further education establishments, at skill centres, but most of the projects and courses are of very short duration and do not lead to professional or trade qualifications. Thus, they overlook one factor, which is of crucial importance to eventual industrial recovery in the Community and — what is more important — to the continued progress of this recovery once we manage to get it under way. As was stressed by the British Chancellor of the Exchequer at the Tripartite Conference which I had the pleasure of attending last Monday, once the recovery is under way, we may well experience severe bottlenecks which lead to overheating and an abrupt end to the recovery. And the Community, I believe, should prepare now to prevent these occurring.

One of the more serious of these bottlenecks will undoubtedly be a shortage of skilled persons. It was

Kellett-Bowman

announced last week that in the United Kingdom there has been an unprecedented reduction of over 15 % in apprenticeships in the building trade, because the construction industry there is at a very low ebb indeed, and the same applies to a large extent in the engineering industry. There are, therefore, a large number of youngsters seeking apprenticeships who have no hope whatever of obtaining them. However good our vocational guidance services are, as referred to by Mr Jenkins this morning — the apprenticeships simply are not there to be guided into.

On the other hand, I hear from my German colleagues that exactly the opposite situation exists in parts of Germany, where in very many areas too many apprenticeships are chasing too few would-be apprentices. Yesterday, on behalf of the Social Affairs Committee, I went to look at the Europa Academy in Otzenhausen — I apologize to my German friends for my pronunciation — and was most interested to find there a group of young apprentices from the United Kingdom from firms such as ICI and IBM and the Atomic Energy Authority, etc., who had been sent there for a joint course with young German and French apprentices. A most far-sighted and interesting development. More such courses, I understand, are to follow there and in similar institutions.

Now, could we not, as a Community, take this a step further and finance apprenticeships in Germany, or indeed in any other Community countries where firms cannot find enough young candidates for these jobs, for youngsters from countries where insufficient apprenticeships are available? In this way, we shall not only give hope to our youngsters, but we shall also have enough skilled people available when the economic upturn comes, and be able to avoid the bottlenecks which have brought previous periods of expansion to a grinding and disastrous halt.

The President of the Council said this morning, in answer to Mr Howell's question: 'Financial weapons open to the Community are making a useful contribution'. I would respectfully suggest to him that to see that our young people are fully trained to make a useful contribution to the life of the Community, and themselves to lead a full life, would be the best contribution of all.

(Applause)

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

Mr Bertrand. — *(NL)* Mr President, I should like to address myself first and foremost to the President-in-Office of the Council in order to tell him that, after all the compliments which he has already received about his ability, his experience and intelligence, his flexibility, his diplomatic gifts, I shall not add to these because as a fellow-countryman I do not want to be accused of lacking objectivity.

I would like to thank him deeply for his efforts to present a well-constructed programme for the six months of his presidency. I am grateful to him because he has done it in a realistic way and has given an account of the present *malaise* in the European Community. This is due not so much to non-implementation of the Treaties as to the effects of developments in the last five years in the financial, economic and commercial spheres on the institutions of the Community. The existing Treaties offer no opportunity to respond to the new challenge we are facing for the reasons that you yourself have summarized: the oil crisis and monetary collapse leading to combined inflation and unemployment. The economists have so far been helpless, and the normal functioning of the Community has now seized up and can no longer meet the demands imposed upon it.

Having brought this to your attention, I should like to run through the main points of your speech and put one or two questions here and there in order to have a correct interpretation of certain things which you have mentioned.

We can all agree with what you said about direct elections. However, I was gratified that you had the courage to say as President-in-Office that the elected Parliament will have greater moral authority and will therefore acquire the foundation needed for an attempt to increase its powers formally. I should like to point out to Lord Bruce that a directly-elected Parliament is simply the result of implementing the Treaties such as the Treaty of Paris and the Treaty of Rome. The Parliament will have the powers which are laid down in these Treaties. But this does not remove the fact that this Parliament, just as your British Parliament, will find it easier to extend its powers when it is directly elected. I only have to point to today's example. Until 1958, a minister never appeared in this Chamber. As President of the Council of Ministers of Transport I was the first minister to come to this Parliament to explain the decisions of the Council of Ministers of Transport. Today the President of the Council is present: he is present for a whole day in every part-session. Today the President of the Council has announced to us what programme he wishes to carry out. This has happened without a reference to it in the Treaty, in the form of a gentlemen's agreement. I therefore wish to stress how important it is that these direct elections should be settled.

Does the President-in-Office of the Council feel he will be able, once, in the last country where there has been so much talk about it, everything for elections has proceeded normally, to convene the Council of Ministers of Foreign Affairs in order to set the definitive date of the elections during his presidency? I should like to know whether he wishes to include that in his programme for the six months of his presidency so that no time is lost once a solution is found in the ninth country.

Bertrand

I am also very grateful to the President for making the European Union a topical subject again. And also that he remembers that it was nine heads of government who gave form to the idea of European Union in October 1972, and not this Parliament. The nine heads of government decided in Paris in October 1972 to bring about European Union before 1980. We should not be criticized for discussing this now or coming back to it regularly: not we but the heads of government suggested this. They asked us to draw up reports on it for Parliament, the Court of Justice and the Commission. We did that, and then asked one of their own number to draw up a report on the contents of these documents and on the various conceptions of European Union. They asked Mr Tindemans to do that: they, and not we, made the request. Mr Tindemans carried out his job and they received their report. There should now be an end to the hypocrisy of these governmental leaders who shift the responsibility for one thing after another which they themselves have launched in order to achieve a success with their communiqués.

I am grateful to you for raising once more the question of European Union and refereeing to the latest decision of those very same nine government leaders when they met in November of last year in the European Council in the Hague to ask for an annual report from the Council and Commission on the implementation of the proposals made in the report. They received from Mr Tindemans.

I am surprised — and here I address myself to the President of the Commission — that in his speech he said nothing about this task with which the Commission was also entrusted by the European Council to draw up a report on the implementation of the Tindemans report. I am surprised that Mr Jenkins said nothing on behalf of the Commission on what the Commission intends to do and whether it will submit certain proposals from the Tindemans report to the Council to stimulate debate on them and to find out what opinions are. Here I am thinking, for example, of a new step towards economic and monetary union, or of the proposal to allow the Commission to be present during consultations by the countries belonging to the Snake so as in this way to create a Community system. Has the Commission nothing to say to us about this? May we not expect any proposals from it? We should then at least know whether something was being proposed by both sides.

Speaking as a representative of the people and on behalf of those who have elected me who do not know what is happening in the Community, I would like to ask the President-in-Office of the Council the following questions. You say as President that the Tindemans report is still on the table, that it will receive attention. Nevertheless one of your colleagues,

in one of the most important countries of the Community, stated officially in his parliament, not in a speech outside Parliament but in his parliament, that for him the Tindemans report no longer existed, that it had been discarded and that nothing more was to be said of it. Whom should we now believe, Mr President? The foreign minister of that important country or the President of the Council? The man in the street is asking me that. I should like to have an answer so as to know what the real state of affairs is now on this question.

On the subject of the enlargement of the Community, you said some very interesting and sensible things which Mr Jenkins went on to underline. He said that enlargement — I am quoting the Commission's words — would bring institutional problems for the Council, Commission and Parliament. The already existing economic divergences, too, would become even more marked with possible enlargement. These factors put the integration of the European Community in danger if the necessary countermeasures are not taken in time. I would remind you that in February Mr Jenkins said that these countries must be careful that their accession does not become a Pyrrhic victory insofar as they find themselves entering a Community which no longer works. That is what I heard in February. This concern is also evident in the President-in-Office's speech when he says that the Belgian Government will do its utmost to make a constructive contribution to bringing about enlargement.

There is no one in the Nine who will say 'No' to a country's application for accession to the Community as long as it meets the two recognized conditions: a democratic parliamentary system and an economy sufficiently developed to join the common market. Nobody will say 'No', because we are an open Community. But each of us knows that if we allow these three countries to enter within a certain time, there will be insuperable institutional problems. Mr Spinelli outlined these very clearly. Every day we are witnesses to the fact that the Community of the Nine no longer takes any decisions, that everything is deferred until the distant future, that the Council of the Nine cannot find any reasonable solutions within the compass of the proposals made by the Commission. If the Nine are already stagnating, it is transparently clear that with 12 there will not be stagnation but in fact a regression.

Further I should like to know what proposals we may expect from the Commission on what can be done at the institutional level. I ask that because the Council cannot take the initiative; the Council must wait for proposals from the Commission and then take a negative or a positive position. I therefore ask you what the position is as regards the introduction of a majority voting system in the Council. Is that now settled, or do the declarations of the last European Council merely consist of empty phrases without any real content?

Bertrand

Is there or is there not going to be a serious examination of the problem of the decision-making process in application of the Treaty of Rome? Because for me the articles of the Treaty of Rome are legally more important than the Luxembourg agreements, where it was simply recognized that there was something on which they did not agree and nothing more. Will the Treaties now be applied by going over to a system of majority decisions? If that had been accepted the JET problem would have been solved long ago and neither Britain nor Germany could have claimed that the JET question was of vital importance to their countries, because with a majority of seven no sensible person would believe that. This is just to show what senseless things people are capable of at the moment because they do not have the courage to speak plainly on certain things in the present situation. Hence my question: will the negotiations with Greece be carried through; will, once the Commission has delivered its opinion, the negotiations with Portugal be continued at the end of this year; and will there be a quick response to Spain's application without other problems being brought in at the same time? That is my question. Will, or will there not, be discussions on the adjustment of Community institutions at the same time as discussions on the negotiations? If not, I fear that we shall head towards an impasse posing some very difficult problems for us.

I must also thank you, Mr President, for your words on the subject of economic and monetary union, inflation and unemployment. That was in fact the largest part of your speech, and I was very pleased that you attempted to lay down a certain line, but at the same time it was still only a groping towards certain things. The President of the Commission said, 'We have submitted a large package of proposals on all sorts of problems to the Council', and I may thus conclude — I suppose — that this package from the Commission was received favourably by you and that your speech was an effort to have these proposals put into effect and to get a decision taken. If this is the meaning — well you cannot say that here, you have to remain loyal to your government and that should be made clear here. As a member of your government you stand by that government, and so you defend your ministerial colleagues. I, too, am familiar with this situation from experience: it is an internal matter for the government which must be covered by collective responsibility.

I now come to the European Council. According to the President of the Commission, either too much or too little is expected of European Council meetings. He found that at the last European Council there was too much talking and not enough decision-making. Mr Berkhouwer took this up and asked why the European Council has to meet three times a year? Why does it not meet as and when necessary? Why is this aspect so institutionalized? This again was a decision of the nine heads of government which they took

with the intention that this body should introduce a new impulse and by its nature exercise a certain authority. It now seems that none of these conditions is met properly. I shall come back to that in a minute. But Mr Cousté is of a different opinion. Mr Cousté says that the European Council is a constructive body and is perhaps a necessary factor for development and that it must be provided with a secretariat in order to carry out its functions better. Mr Cousté is pursuing a logical political line, because he wants to set up a federal Europe with a government which represents the Member States.

I am very sorry, Mr Cousté, but we Christian Democrats are of another opinion. We feel that it is not logical to create a federal body while these Member States hold on to their sovereign rights and are not able to solve numerous questions at the national level. If these governmental leaders say that they can no longer deal with inflation alone, they cannot deal with the problem of employment policy alone, they can no longer solve the problem of unemployment, they should be logical and transfer all of this to Community authorities so as, with their cooperation, to find a sound solution for these problems within the framework of Community institutions.

(F) I am going to make you a proposition, Mr Cousté, which may bring us together: let us make the necessary effort to build together a federal Europe within the framework of a European confederation: this is the formula I propose to you. I know it is ambiguous, but in any case it is a formula which we can discuss in order to find a solution.

(NL) I now come, Mr President, to the section on EMU, inflation and unemployment, in order to emphasize that little or no results have been achieved in these areas. And there are naturally some things in your speech, Mr President-in-Office, which I do not clearly understand. Consideration will have to be given to the possibility of the Commission's issuing loans, and in accordance with the wish expressed by the European Council this is to be carefully examined by the Council of Finance Ministers. Thus you said, and I quote: 'The extent of the FIB's activities should, moreover, be increased to finance investment in the least developed regions of the Community, and to contribute to projects helping to stimulate the economy...' and so on.

Well, on that topic the European Council last week took a political decision of exceptional importance which makes me very uneasy about the future. It approved a proposal from the directors of the Investment Bank to increase the bank's capital, and gave instructions for this decision to be carried out. At the same time, while the Commission proposal was not rejected, a delayed funeral was arranged by forwarding it to the Ministers of Economic Affairs and Finance without the least comment. Thus, yet another decision has been taken in which the European Council shows its preference for intergovernmental cooperation and

Bertrand

intergovernmental institutions; it does not like to make available to Community institutions funds which would enable a serious Community policy to be carried out.

I regret this very much and today I wish, on behalf of the Christian Democrats, to point out the danger of this development. It is manifesting itself again and again nowadays and it directly contravenes both the spirit and the letter of the Community Treaties and the questions connected with them.

The Commission is making an ingenious proposal to give a new impulse to certain sectors, particularly the energy sector, with a loan scheme for selective investments, and although the capital of the Bank is increased, funds are denied to Community institutions. We know what it means for an enquiry into this to be set up within a certain time, and I would urge the President of the Commission, Mr Jenkins, not to give in on this. I want to emphasize here that Mr Spinelli said: we must undertake action which will make it possible to arrive at a firm solution.

As far as the internal construction of the Community is concerned — another section of your speech — you rightly draw attention to the problem of our own resources. There is no need to tell you that we attach an almost dogmatic importance to the question of these resources, because for us it will be the clinching moment for the recognition of the Community as such. But in order to acquire our own resources, which we should try to do before 1 January 1978, in my opinion two important questions still have to be decided. Firstly, will the United Kingdom honour Article 131 of the Act of Accession and pay its contribution as laid down in this document? Lord Bruce mentioned just now the amounts which the United Kingdom has to pay in 1976, 1977 and 1978: the country accepted these amounts when signing the Act of Accession, and it must hold to them. This seems to me self-evident, and I should like to know what measures you intend to take in order to have Article 131 applied so that the amounts from the United Kingdom are settled before 1 January 1978, in view of the fact that this is a *sine qua non* for securing our own resources. Secondly, what is the situation with regard to fixing the unit of account? Is there a Commission proposal to have a decision taken on the unit of account by the Council? Because a fixed unit of account is also necessary if one wishes to set up a system of the Community's own resources within the framework of VAT harmonization, on which Mr Spinelli again just spoke. The previous Belgian Government did not seem so enthusiastic about this, but perhaps the wind has changed with the new government in Belgium so that the problem can be solved satisfactorily. This matter can be thrashed out amongst ourselves in Belgium.

Another question. When you spoke on energy policy, Mr President, to my surprise you began speaking in

English. Perhaps the aim was for it better to be understood what is meant by carrying into effect a Community energy policy. I must tell you that I am rather angry about the stolidity and hypocrisy of the European Council. In its communiqué, the European Council affirmed the necessity for Member States to arrive at a common energy policy. I have now to address you who sat for four years on the other side of the table and for four years urged those who are now your colleagues to implement a common energy policy. To put such meaningless, laughable things into a European Council communiqué can only damage the prestige of this Council and risk discrediting it. As early as the Copenhagen Summit Conference of December 1973, there was declared agreement on a common energy policy; but this did not settle the matter and it has been chewed over dozens of times since in the Council. In any case, I wish you much success: you can, of course, count on us completely.

The JET scandal knows no bounds and I entirely share Mr Jenkins's disappointment. What is far more serious, however, is that the JET question is in my view the most glaring demonstration of the miserable presidency which preceded you. Characteristic was the fact that in various cases, such as agricultural prices, JET, etc., the President attached greater importance to defending his national interests than exercising his presidential function as you have today described it.

On the JET problem, I turn to Mr Jenkins and I should like to have a reaction from him. We have been discussing the JET problem for two years. It was first dealt with in the Commission, and Commissioner Brunner submitted complete proposals. Then the matter was referred to the working party of experts. This worked the whole problem out and eliminated a number of gaps. It was discussed at COREPER level. It was discussed in the Council of Science Ministers, the Council of Energy Ministers and the Council of Finance Ministers. The dossier on the proposals was forwarded to the European Council and this suggested two candidates. It was unable, however, to find the political courage to cut the knot and sent it hypocritically back to your Council, which had to try to find a solution on 27 July but without adding any comments or suggestions.

To my amazement, I read in the paper this morning that last Tuesday the Conservative Shadow Cabinet Minister for Energy in the House of Commons, Mr Tom King, asked the Minister for Energy, Mr Benn, why he had not succeeded in getting JET to Culham. Mr Benn defended himself doggedly and stated that the decision on JET could only be taken by the Science Ministers. When a minister in office says something like that in a national parliament ten days after the European Council had said that the Ministers of Foreign Affairs must decide, the man in the street says, 'How can I believe them now?'

Bertrand

How do you think, in such a situation, we are still to be taken seriously with a view to bringing about direct European elections?

I am perhaps somewhat impassioned in my discourse; inside I am very calm, but I must raise these matters so that you shall know how the people are reacting to them. When a question is brought up in a particular way it may well arouse some bitterness; all the same, it is a matter of tremendous importance.

With regard to the Community's external relations, my especial attention goes to political cooperation, and I should like to ask whether you can tell us how you hope to give more *élan* to the further development of political cooperation during your presidency. We are all agreed on political cooperation. We are all agreed that by means of political cooperation as it has taken place up to now — first according to the Davignon procedure, then on the basis of the second report submitted to Parliament — we must begin to speak with one voice in international negotiations and in all international organizations.

You know the concrete proposals which were presented by the rapporteur, our prime minister, for finding common elements of political cooperation so that we should be prepared to eliminate the differences between us in our relations with the United States, the Third World, in the North-South Dialogue and in the GATT negotiations.

Can the President of the Council tell me what he thinks of this, whether he feels there is a possibility for the artificial division between the nine Ministers of Foreign Affairs, who are one minute wearing the hat of inter-governmental representative and an hour later changing that hat to meet as a Community Council, to be resolved during his presidency so that a first step could be made towards a real common foreign policy?

And now one word in conclusion. In London it appears that a decision was also taken — nobody has told us anything about this — on Giscard d'Estaing's proposals to recast the organization of the European Council to improve its functioning. It would be interesting to hear from you what new procedure is envisaged for the European Council, how a distinction is to be made between items which may prompt publication and items on which decisions may be made and whether the items on which decisions may be made should in fact be dealt with according to the procedure laid down in the Treaties.

These things occurred to me after the communiqué of the last European Council, which apart from the declaration on the Middle East was conspicuous for a complete lack of content and cohesion. This can only increase the confusion surrounding the significance of this cooperation of governments in a body which they themselves wanted.

Mr President, I have perhaps been rather severe on certain points, but that was because I wanted to have an answer from you and from the President of the Commission to certain questions prompted by your speech. I can, however, assure you that in fulfilling your difficult task you can count on the Christian-Democratic Group to support you as much as possible when the problems are difficult and protracted.

I wish you every success.

President. — I call Mr De Clercq.

Mr De Clercq. — (*F*) Mr President, I should just like to express a few personal views on unemployment among young people.

After four years of economic recession, the Commission has finally realized that something must be done about this problem. It was not until December 1976 that the Council adopted a resolution on preparing young people for employment. The ministers agree as to the measures to be taken and the way in which they should be implemented. Last March, the Education Committee adopted the programme for 1977 and 1978. In July 1976, the Commission made a recommendation on the vocational training of young people who were unemployed or threatened with unemployment and presented a report on the measures adopted by the Member States to combat unemployment among young people.

These are all positive steps and it cannot be denied that the Commission is attempting to deal with the situation. But what is the Council's attitude? We must ask the Council whether the Commission's two proposals will ever be put into practice — the proposals for aid from the Social Fund for employment subsidies and the development of vocational training schemes and social service programmes. It is time that a detailed and regular assessment was made of the employment market in certain sectors of the economy so that young people seeking jobs know where they might find openings.

At the same time, permanent vocational training centres must be set up to provide intensive vocational training courses with a view to supplying the needs of the industrial sectors which might be able to offer employment. These courses must be organized without delay and the administrative structure must not be too cumbersome; a flexible and practical system would be the most expedient. To combat unemployment, therefore, preliminary steps must be taken to prepare young people for employment. They must undergo their technical training and their apprenticeship at the same time. The apprenticeships should be subsidized by offering assistance to undertakings. The Commission is proposing employment subsidies; this is a first step.

(*Applause*)

President. — I call Mr Lange.

Mr Lange. — (*D*) Mr President, this morning I did not take the opportunity of speaking to the question on relations between the Community and the EFTA countries because the President of the Commission had already started to discuss the matter, but I think we should consider a few other aspects. We have heard a great deal today about the enlargement of the Community in the south. We have heard of the difficulties which might be caused by the three applicant countries, probably on account of their weak economies. But we have also heard that these countries should be accepted into the European Community, even on conditions which did not impose on them the burdens of full membership, which would mean a relatively long transitional period. No one has any objections to these countries' being accepted into the Community, be it as a means of giving political support to their internal democratic development; but I feel that the Community must beware of one thing: it must beware of pursuing a policy which is solely orientated towards the south. Parts of Europe — and I assume that the President-in-Office of the Council is aware of this — are afraid that the applications for membership from the three countries you named this morning — or rather the applications from Greece and Portugal and the declaration of intent by Spain — may lead to the Community's orienting itself too much economically and politically towards the south and forgetting the remainder of Europe which lies outside the Soviet Russian sphere of influence. That is the background to this question we have submitted.

Mr Jenkins himself referred this morning to the fact — which once again came to the fore during the course of the debate — that since 1 July 1977 a huge free-trade area for goods and services has come into being. Here we have to except certain sensitive products, which have been named in the individual treaties between the Community and the EFTA countries and to which a longer transitional period for the reduction of customs duties applies.

An EFTA Summit Conference took place in May, as Mr Jenkins mentioned. A relatively brief communiqué declared EFTA's willingness to promote free trade in the world and general economic development and its desire to strengthen relations with the European Communities. I will gladly admit that in the light of demands for enlargement, or rather, applications for membership, it is important for the Community that its internal structure and stability should not be jeopardized. We must therefore strengthen and consolidate the Community. There is no argument about that, but, Mr Jenkins, I believe that this Community — and in particular the Commission — should do its part to extend relations with the EFTA countries on the basis of the future adjustment clause contained in the individual agreements — and here I

mean *all* EFTA countries, not, as was said yesterday, just the northern EFTA countries.

There are many other aspects, but the point here is that an attempt should be made — at least this is how I and my group see it — to find a synthesis between what was the starting-point for the European Community — the common agricultural market alongside the customs union or within the customs union — and the free-trade area in the field of goods and services, because agricultural products are, of course, excluded from this free-trade area with EFTA. Now we know that in EFTA there are a number of products which are designated as agricultural products in the Community but which the EFTA countries consider commercial products. Here we must find a bridge under the future adjustment clause. Of course, relations must be strengthened in a number of other areas mentioned yesterday in the debate. This is necessary insofar as, if we bear in mind that this European free-trade area comprises the other seven EFTA countries, of which one has made an application for membership, and the European Community, then we can consider the European Communities in a certain sense as the heart of this free-trade area.

I am also thinking of certain other agreements which concern partly the Member States of the Community and partly the EFTA countries, especially the currency agreement which we call 'the snake'. Here there are possibilities for extending and strengthening relations in such a way that — at least as I see it — we aim eventually at extending the regulations valid in the EFTA countries and those valid in the Community to the free-trade area as a whole as time goes by. In this way we should avoid keeping the different organizations in Europe as two more or less separate entities so that the Europe which is outside the Soviet sphere of influence can organize itself afresh.

Mr President, ladies and gentlemen, I need hardly mention that the concern expressed by the EFTA countries is fully justified if we take account of the fact that some political spheres are not expressly within the Community's jurisdiction, even if Parliament has already considered them in a different connection. I refer to foreign policy and defence policy. If, therefore, we direct our attention exclusively towards the south, then a few questions in connection with these broad areas remain which may have economic and social repercussions if we neglect this part of Europe. We only have to look at the northern flank of Europe to see that the same political conditions must be fulfilled as on the southern flank, and we are well aware that this can only be brought about if we can safeguard the economic existence of the people who live there and if they also have the guarantee that they are safeguarded. I am, however, convinced that no individual country today can fulfil this condition to the extent that is required in the interests of its inhabitants. We must therefore attempt

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to strengthen economic relations between the European Community and the EFTA countries, and in doing so we must take account of the special position of Finland: it is, of course, only an associate member of EFTA, and the agreement between the Community and Finland contains no future adjustment clause. This should not, however, prevent us from accepting the request made by the EFTA Summit that discussions be held on all the appropriate topics, and I see no reason why we should not discuss all the matters which the EFTA Summit mentioned in its letter to Mr Jenkins. This would also give the European Community increased status in the world, despite its difficulties in solving some internal Community problems.

So we should make the attempt. The reason behind this question is to ask the President of the Commission, in connection with the letter from the Austrian Federal Chancellor, Mr Kreisky, concerning what was stated here this morning, whether the Commission has already made specific proposals. If this is not so, then I think the Commission must remain in close touch with Parliament and Parliament — *via* its committees — with the Commission on these matters.

The dates 1 July 1977 and 1 January 1978, when the transitional period ends for the three Member States who acceded on 1 January 1973, will be of especial importance, and this especial importance ought to be honoured by further appropriate political activities leading to greater integration in Europe, not weakening the internal cohesion of the Community but strengthening it and at the same time increasing the Community's status in the outside world and producing a desirable political and economic balance so that from north to south and from east to west outside the Soviet sphere of influence a balanced and more or less coherent political and economic unit is created.

Mr President, I wanted to add this in the framework of this debate on the question we have submitted. I hope that, if not today, then in the course of the next few weeks and months this matter can be discussed between Parliament and Commission in such a way that it leads to a satisfactory result for all parties.

(Applause)

IN THE CHAIR: MR COLOMBO

President

President. — I call Mr Prescott.

Mr Prescott. — Mr President, I had no intention of speaking in the debate, and I do not intend to take more than five, or at most ten, minutes of the time that still remains for my group. There are a number of reasons why I wish to intervene which I shall explain in the course of my few remarks.

Listening to the speeches of the President of the Commission and the President-in-Office of the Council, I was struck by a number of differing effects. I listened carefully to those speeches, and feel that in many ways there was a certain amount of realism in them, particularly when dealing with the structural problems which we have had occasion to debate here this week, taking steel as an example, as well as other areas of industrial policy which involve considerable structural, political and social problems. Nevertheless, while we had a dash of realism, there was a certain amount of contradiction in the presentation of the individual contributions, and what I thought, particularly from President Simonet, almost amounted to a kind of *Alice in Wonderland* approach. Of course we shall differ, I am sure, in the political interpretation of the role of the Community; nevertheless, if we keep the debate on the level of trying to make assessments, particularly as Mr. Simonet has to do within the six months for which he is the President-in-Office of the Council, it is realistic as he said, to avoid getting involved in the problems of identifying certain reforms that could be produced by a certain date. An outstanding example of that, possibly, is not only the achievement of political union but the much more difficult process of economic and monetary union.

I always found it very difficult to understand, from my limited training in economics, why it was that such eminent people could somehow believe that it was possible to achieve economic and monetary union by 1980. When that decision was made, the circumstances of our economies were considerably different from what they are at the moment, but I think that the evidence was clear, even at that stage, that the emphasis was falling increasingly on the divergence in economies, rather than the convergence. Indeed, that is one very real example of difference between the speech of President Mr Simonet's and Mr Crosland's approach to economics. I would probably enjoy an exchange of opinion with them on how to handle the various problems that present themselves in the economic and political field. Nevertheless, I thought Mr Crosland put to this Assembly a point of view which I found acceptable and more in line with reality — particularly if one is to accept that economic and monetary union is an essential part of any development towards a federal Europe. I don't think it's possible to have a federal Europe in that sense without having at the centre of it the decision-making structure which economic and monetary union requires or without the kind of political decisions required to achieve that. I certainly know of very few people who believe that economic and monetary union will somehow be here in the next decade. When I hear President Simonet saying that in the six months of the Belgian Presidency of the Council of Ministers Tindemans will be reviewed, I must tell him that I did think when I first came here two years ago that really would be the burning issue of debate. I was very much against the Community concept — on

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political grounds rather than economic — I now find that Britain is part of the Community, and I am bound to say that in my judgement it will remain a part, whatever the arguments that have been advanced here. That is part of the reality, almost like saying that you're stuck with us, and we're stuck with you, and we'll just have to try and make the best of it.

I don't really want to harp on a national attitude about that, I think that's been reflected enough in this debate. But I do feel that to raise the spectre of Tindemans as a way out of the kind of problems we are dealing with here has more to do with political consumption at home than with the reality of dealing with problems here. When I first came here I thought that would be the debate. Indeed, the first debate I took part in in this House was the debate on the Tindemans proposals, and in that particular debate I made the point there was a considerable case to be made for developing and articulating national interests within an assembly such as this. I get all too often the feeling, perhaps for historical reasons I can understand, that nationalism is something to be feared and something totally wrong. I know that there have been a lot of things done in the name of nationalism, things which I deplore also. It's a far greater motivating fear in the minds of people of continental Europe when arriving at decisions than it is in the rather more insular attitude — for historical reasons — of the British personality. I think we all understand the reasons for that.

But Members here will know that I do not believe an assembly like this is a parliament; it isn't, by the definition of the Treaty; it's only the parliamentarians who have ascribed to themselves the name parliament, it is an assembly, and it is that on purpose. I don't doubt there will be those who desire it to be a parliament and there are certain steps they will have to take to achieve that. Certain speakers have pointed out what that means. It must become a legislative assembly. That's an important part of any parliament indeed, essential prerequisite for any institution that wishes to call itself a parliament. But frankly, since that debate, what more have we seen in this assembly about Tindemans? Of course we have seen reports that have been floating around; we are forever drawing up reports and losing them and commenting on them. But in reality, even the Council of Ministers and the other European Institutions have done nothing about Tindemans. Of course, we have the 12-month report on what has gone on, and there may be some marginal considerations of Tindemans' that will be implemented, but as for the core of the argument about the advance to a united Europe, of which economic and monetary union is an essential part, that for all intents and purposes in regard to decision-making in the next six or 12 months — I would argue, even in the next decade — has been forgotten. If you accept that as an essential component of a federal Europe, then you are faced with the fact that the reality of whatever is to be for the next 10 years is not a federal Europe, it is something different, and

that has, I think, an effect upon an institution such as this. That is why I am very much prepared to see the powers and effectiveness of this institution as an assembly advanced and even improved. I do not think it is as effective as it could be, and the irony is that there are many Members here who resist the idea of advancing their influence and powers, under the banner of an assembly marked by greater utilization of its committees. But it does seem to be obsessed by the idea that once its Members are elected this will somehow automatically turn it into a Parliament. I do not want to go into that argument, I shall have enough to say about it in the British Parliament tomorrow, if I am able to get into the debate. But I do think there is a great danger of harbouring the illusion that this place, once elected, will be given greater powers. I think speakers have pointed out that if you want real powers to be given in the legislative sense, it is quite clear that you will need a change in the Treaty, and certain nations at this stage have set their face against it. Of course, I cannot say what will happen in twenty or thirty years if that's the time-scale of which people are talking, then all right, but it is outside my political life. I live within a period on which I hope to have some influence and that is a shorter period than 30 years — and at the rate we have been going here it might even be shorter than that. Nevertheless, the issue for us is to make a decision and I think the speeches that have come particularly from President Simonet, have tended to raise for us yet again what I think will be a rather fruitless debate on whether Tindemans is relevant at the moment. I would say that even those who believe fervently in a federal Europe — and I except, perhaps, Mr Bertrand from this — have never begun to argue fervently the case of Tindemans here in this Chamber — or, indeed, in the committees. It has not been the burning issue of the day, and I think Mr Bertrand may well agree with that. Therefore perhaps reality lurks in the background once we have put out the attitude that we hope it is going to be this, but when we return to the actual place of work, whether it be a committee or the Assembly, we do in fact, as practical professional politicians, accept some of the reality. To that extent I think President Simonet dealt with it when he talked about the question of harmonizing decisions. I am to some extent in agreement about harmonizing some areas, particularly shipbuilding, which is a classic case, and one has to accept the argument in an area and a world which is becoming increasingly governed by trade agreements and quotas. The continental European card is a stronger card than the national state; that again is a reality, and it is clear that there is a lot to be said for making joint sacrifices, there is an advantage accruing to all individual nations from an agreement to advance on some kind of common front. That I accept; that, I think, is the reality. But even if we could have achieved economic and monetary union — and Mr Tindemans really did only what he logically could do — even if we had tried to provide two systems and somehow linked them so that

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everybody could march forward, the rich would have got richer and the poor would have got poorer and the political problems entailed by adopting this course were not acceptable to nations, so that even his halfway house, his compromise — on a matter which I do not think one could really compromise on — was not a possibility. But even if we could achieve this, have the large countries like the United States, which have economic and monetary union and all this mechanism of control, solved their unemployment problem? Of course not. I am not necessarily saying I have got blueprint; I have certain ideas, though I don't suppose they would be accepted here, they are not in Britain. Nevertheless I have views and have confidence in them, perhaps because I have not been proved wrong. At all events I know what does not work, and I know for a fact that economic and monetary union as a mechanism does not necessarily guarantee that you will be able to solve the problems of unemployment and inflation. I don't suppose for one second that the President was wanting to intimate that, so where does the problem lie? It lies in achieving a federal Europe for political rather than for economic ends, and though I don't totally divorce the political and economic aspects, I think there is a certain dilemma, as President Jenkins tried to show us in his first speech to this House, when he asked, if countries as big as America can have differences in rates of income, in standards of living, from one end of the continent to another, and can somehow manage to reduce their incompatibilities, why cannot small countries within a European set-up do that? For one very specific reason. Whatever the argument about economic and monetary union — it certainly does strengthen decision-making, because it presupposes a very much more powerful decision-making centre — but I think it was really not a correct way to project the argument to suggest that because one can somehow reconcile these differences in a big country like America, surely we could do the same in Europe. We have not reached that level of political agreement: that is an important part of the solution — the political reconcilability that goes along with economic and monetary union. I have spent some time dealing with that. I think there is considerable argument against it, and I shall be sorry, certainly from our point of view, if we shall be spending a lot more time dealing with the issues of Tindemans when, frankly, the realities teach us that they are dead,

I want to finish on one particular point, because in a way it was a contradiction. It was pointed out — I think by President Simonet, but reflected in President Jenkin's speech — that what we must guard against is national protectionism. I remember those arguments all too well. We were labelled, I think by President Jenkins at an earlier stage in his political life, the 'siege economists, the ones that wanted to put up the barriers around Britain and somehow deal with economic problems in that way. There was an answer to that argument in that in a interdependent world it

is not easy to do that. But we did not argue that, and we were painted in that way. But when I hear that national protectionism is something to be deplored and is against Community policy, I have to ask myself why it is we are embarked on negotiating a kind of European protectionism, in shipbuilding and steel, because that is all you are doing, whether you like it or not. And is European protectionism any different from national protectionism? In principle and essence it is the same, except that it is done on a bigger scale. So we have come over here now to find that the kind of import control solutions we believed in as part of the measures to deal with the problems in a national context have now been brought into the European scene. And I support them here, as much as I did in the national context, because the economic logic of the case is the same.

Mr President, I want to leave the House with one thought. I have given notice to President Jenkins of a point that I would like to bring to his attention, the question of the influence of this place. In his first speech, he said to us that he wanted to treat this place as a Parliament; he wanted to treat the Members of this House as elected Members of Parliament. I argued in the Socialist Group that, frankly, that was nonsense. I do not doubt the intent and the desire to treat it differently, but, frankly, could it be any different from the way President Ortoli treated the House? That is, that we have the right to be consulted but not to make a decision? That right of decision lies with the Commission and the Council of Ministers we are presented with the result and we advise and comment.

Now, if the Commission really wanted to share any power with this institution, and we disagreed with a Commission proposal then the Commission could take their proposal to the Council of Ministers and say that it embodied the opinion of Parliament. You would then have legislative power; you would share in the legislative power of the Commission, which shares it with the Council of Ministers. But of course, that would weaken the role of the Commission *vis-à-vis* the Council, who would then say that they had not got parliamentary approval, and I recognize that as a dilemma. That is the real reason why President Jenkins cannot treat this House any differently than President Ortoli: they are all caught up with the sharing of power, and this institution does not share that power, though it could without a change in the Treaty. And if the Commission really wanted to do something with this Parliament, it could give it a share in its legislative programme.

That is the point at issue between us, but the real question concerns his desire to inform Parliament as best he can. We have a classic example today. There may be a way round this, but in fairness I have to point it out to President Jenkins. This House is to be informed of issues in the consultative process, and to be informed before reading of them in the press, and many Members here have declared that they would

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prefer to hear about the Commission's actions in the Assembly rather than read of them in the press, and I think the Socialist Group have made this point strongly both in private and in public to President Jenkins and others concerned. But a statement was made about controls on textiles this very afternoon in Brussels, when the Assembly was meeting here in Luxembourg. It seems to me that when President Jenkins was talking about the problems of industries — and I thought it was a realistic speech — he could have announced from that platform that the textile protection measures were going to be taken and announced in Brussels this afternoon. I know that there are highly technical problems involved in multi-fibres, but a statement could have been made that certain measures were to be taken by the Commission today and we should then have been the first to hear about it.

Now that is an indication of the reality of whether this place is to be given any extra power. My feeling is that it will not be, and that is one of my arguments about direct elections. You will have the illusion of being a Parliament by being directly-elected Members, but then you will only be used as a power against the Council of Ministers in a process where the power of the national parliaments, embodied in the Council of Ministers, is challenged by the Commission, using this place as the real voice of Europe. Now I think that is a dangerous solution, and it is a power I do not want to see. I have said it before, but I think this is but one example of the reality of the situation. I in no way impugn the goodwill of President Jenkins to this House. I want to make that absolutely clear. I think it is a real political point which I mentioned to him before this debate. I think it is the reality of the situation. It is not a question of an anti-Marketeer saying that this place is not a Parliament. It is the reality of the distribution of power, and I think that is one of the dangers of direct elections, though I think they will come. I have made my views clear to my group, and I have written in my own country about this. I still feel that it's an illusion, and I think that this one example serves to illustrate the point more adequately than I could have done in many speeches before you here today.

(Applause)

President. — I call Mr Simonet.

Mr Simonet, President-in-Office of the Council. — *(F)* Mr President, this has been a long debate and I suppose its length reflects the interest felt by Members of Parliament in Mr Jenkins's statement and my own. Since the President of the Commission was kind enough to keep his speech fairly short so that I could explain to Parliament the plans we have for the Belgian Presidency, I shall return the compliment and make my reply brief so that he can, if he wishes, reply at greater length.

I shall therefore take the essential points that Members of Parliament have raised, beginning with the last speaker, Mr Prescott. I think that, although I understand his point, he is confusing two different issues: first, the report by the Belgian Prime Minister on the achievement of political union, which has not, as far as I know, been abandoned by the Member States; and second, certain aspects of economic and monetary union which we must try to achieve if we are to prevent the economic policies of the Member States from becoming even more divergent.

As regards the purely political aspects of Mr Tindemans' report, I merely said — as Mr Bertrand has pointed out — that the European Council had instructed one of its members to draw up a report and that since the Council had asked for this report to be prepared and had provided for it in the decision by which the mandate was given, the report would be examined. Therefore, unless the Council does the opposite of what it has said, both the Commission and the Council of Ministers must make a political analysis of Mr Tindemans' report. That was all I said, and in any case, despite what may be said elsewhere, I have the actual letter giving the European Council's decision.

As regards economic and monetary union, clearly no one seriously believes that this objective, which was conceived and adopted when economic and monetary conditions were quite different, can be achieved by 1980. But my view — and this is reflected in the proposals put forward in the name of the Belgian presidency this morning — is that some thing must be done to coordinate budgetary policies in order to prevent the divergences between our economic policies from becoming even wider and the whole Community machinery from breaking down.

As far as protectionism is concerned, I think there are certain differences between the measures the Commission is currently considering, insofar as they relate more to the restructuring which is a natural consequence of industrialization in the new countries whose competitive position is more to the restructuring which is a natural consequence of industrialization in the new countries whose competitive position is more favourable than ours, and the protectionism proper which is sometimes envisaged in certain quarters in the Member States. In this case the Community should keep the matter open to discussion and comply with the elementary rules of free trade, because if it adopted the protectionism Mr Prescott has talked about, it would be a loss to everyone, not least the Community itself.

I have also been asked about the working methods of the European Council. These have been evolved pragmatically, and there are within the Council two schools of thought which are not mutually exclusive:

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one, perhaps more characteristic of the larger Member States, regards the European Council as a meeting-place where views and information are exchanged and the Member States seek to establish a consensus on matters of immediate or medium-term interest, on which they then provide guidelines for the Community institutions; the other considers the European Council simply as part of the Community machinery, which, of course, means, as I explained in my statement, that it must apply the Community rules. The position has not yet been clarified, and during our presidency we still have to consider how working methods can be modified at future European Council meetings to help the Council realize its full potential.

I have been asked by Mr Bertrand about the date of the election and the possibility of reaching a decision in the next few months. I do not think we can give serious consideration to this matter until the parliaments of all the Member States have voted on the bill ratifying the Convention; only then shall we have the necessary political conditions to be able to take a definite decision on the date of the election. In the meantime I cannot make any comment as to the date; all I can do is to express certain hopes.

I have also been asked for my views on the majority vote. Clearly — and it is to this that I was referring when I spoke of the possibly insoluble difficulties that might result from the accession of new Member States without adequate political preparation — we must try wherever possible to adopt the majority vote; and let me say that during our presidency we shall tackle this question pragmatically.

I have also been asked what steps I propose to take to eliminate the artificial distinction between political cooperation and the area actually covered by the Treaties. It is true that for a time some Member States carried the distinction between the two to the point of absurdity, because the two areas undoubtedly overlap and it is not always possible to establish the precise borderline. This problem has now been resolved and there is no longer any discrimination in the Council between purely Community matters and matters of political cooperation, but I think that until the scope of the Treaties is extended it is inevitable that a distinction should be made between questions of Community interest and those which do not yet fall within the province of the Community. Thus, rather than trying to progress too quickly and arriving at an *impasse*, I think it is better to work on a pragmatic basis, trying not to be influenced by preconceived ideas and not making too rigid a distinction, but nevertheless distinguishing between Community matters, which come within the scope of the Treaty, and non-Community matters. In this way it should be possible gradually to evolve common policies for the Community, some of which would relate to Community matters and some to the field of political cooperation.

That, Mr President, is very briefly what I wanted to say in reply to the various points raised, before handing over to Mr Jenkins.

I should, however, like to conclude by adding a brief comment about loans. I appreciate that many of you think that the text of the European Council's statement is unsatisfactory as regards the Commission's scope for issuing loans, but I should perhaps mention that at the Council of Finance Ministers there was strong resistance to the creation of this new instrument. However, the fact that the Finance Ministers did not simply reject the idea but will be giving it further consideration is, I feel, fairly important in itself, and we for our part shall do everything possible to advance the matter. I do not say we shall find a solution soon, but then everything takes time in the Community. I hope the Commission will be able to back up its request for a new instrument to finance structural measures through the resulting production, because this is obviously an argument that has been put forward against its proposal. I hope also that it will be possible to resolve the matter during our presidency, but this is only a cautious hope, because, despite what Mr Prescott said, and contrary to appearances, I do not think I am really like Alice in Wonderland. I have no illusions about the situation. I am afraid, therefore, that it may not be possible to resolve the problem of Community loans within the next six months, but I hope I can, in collaboration with my colleague the Minister of Finance, who will be presiding at the Council, at least make some progress towards a solution.

(Applause)

President. — I call Mr Jenkins.

Mr Jenkins, President of the Commission. — Mr President, I will endeavour to reply at least as briefly as Mr Simonet has done. I will begin, if I may, with some reflections on the point raised by Mr Prescott and other members about our relations with Parliament and the attitude to a general debate of this sort. I personally greatly welcome the fact that we have had today a very wide-ranging general debate in which a number of points — practical immediate policy, longer-term political considerations, federalism or anti-federalism, the longer-term direction of the Community, the powers of this House, how they might or might not develop — have all been raised. They do quite inevitably make it impossible in the course of a brief time to reply to the main range of points which have been developed. That I cannot attempt to do. But I do welcome the fact we should have these debates from time to time and my own view is that it would be desirable if we could take, perhaps somewhat more specifically than today, but one topic which was of central importance to the Community, and have a properly organized debate on this at each part-session. I think the Commission would benefit from it, and I think the Commission

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would benefit from paying attention to the views of this House, which I, and I believe Mr Simonet, have certainly done today.

When one talks about giving great attention to Parliament, treating Parliament — or the Assembly, as Mr Prescott prefers it — as a serious body to which the Commission pays great attention, it is not just a question of the legal allocation of powers, it is also whether one attends debates, whether one listens to what is said, whether thoughts in one's own mind are formed by the interchange of parliamentary opinion. In my case that is so, and I intend to keep it so.

Now he raised a particular point about an announcement which was made today in relation to our policy on textiles. This was not a totally new move, as far as this is concerned. On 21 June the Commission had already announced its intention to bring forward measures dealing with a particular aspect of the Multi-fibre Agreement. Parliament was sitting, and the statement was made, not in Brussels, but here. Now I think this poses a very real point of difficulty, about which I would like to think. I do not think I ought to have tried to make a highly detailed technical announcement in the course of my own speech. It would have totally unbalanced my attempt to speak to you in the perspective of at least six months and a little longer, within the compass of twenty minutes or so. Equally, I do not think that it would have been desirable to have waited longer. We had a long Question Time, we then had some points of order before we got going this morning on this important debate. Otherwise we would not have heard the President-in-Office of the Council, which would have mattered a great deal, and perhaps not have heard me, which might have mattered less, before we adjourned for lunch. But I would like to consider whether we might not move towards a position in which very brief statements of policy might be made in this House, on which there could be quick questions so that when the House was sitting it would be possible to make more announcements to Parliament in this way. This is one of the matters to which I would like, in consultation with you, Mr President, with the Bureau of Parliament and in other ways, to give consideration in order to try to deal with questions of this sort.

The question was also raised in relation to this particular announcement of whether the Community itself was not becoming a protectionist unit. No, by no means. The fact that in the world in which we live we sometimes have to deal with problems — the sectors are well known — where we get sudden and deep and unacceptable market penetration which may ruin the whole industry very quickly, and we have to take special measures of this sort, should not lead one to think that the Community is industrially in any way a unit of high protection or has any intention of becoming so. It has a very low tariff by world standards, it has a very uniform tariff by world standards, its tariffs are bound in the GATT to an exceptional

extent and we are undoubtedly a low-tariff influence, a free-trade anti-protectionist influence from this point of view, and we intend indeed to approach the multi-lateral trade negotiations in that spirit. If we were to take a markedly different view — there is no intention of doing so — and in any way to start a world move, or see a world move towards protectionism starting, then I believe that at the end of the day you would not have fewer unemployed but you would have many more unemployed in Europe and throughout the world and that would be a very dangerous thing. I hope very much that due regard will be had to that.

I am grateful for the support which has been given by many Members who have spoken to the proposal for Community loans. Mr Spinelli suggested that we might have brought it before Parliament and perhaps had a formal vote beforehand. We did not exactly do that, but I must say this is an example of a project on which we have exposed the development of our mind in the Commission, both Mr Ortoli and I, as our thoughts have developed over three or four part-sessions. There can be no question of our suddenly having sprung something. It stems out of my speeches in January and February and out of other statements which Mr Ortoli has made. Perhaps as a result of that, but perhaps also because the idea is inherently right, there were many honourable Members who spoke in favour of it and I think nobody spoke against it. We welcome that support very much indeed.

It is think perfectly true, as Mr Bertrand pointed out in a forceful speech such as he always makes — raising a great number of points, not all of which I am able to reply to in a brief intervention — that perhaps Ministers preferred the European Investment Bank because it was under governmental control. I have great respect for the European Investment Bank. We would propose to use some of their expertise as part of our machinery in this sense. I am very glad that they are increasing their resources for loans, though the amount by which they are enabled to do that is a matter of only a few hundred million units of account per year, which is relatively small in relation to the problem which is faced and certainly does not, in my view, exclude the need for our proposal as well. It is of course the case that the governors of the European Investment Bank are the Finance Ministers, which may be does make it a little more popular with some governments than a Community institution. But I believe that here, along the lines suggested by Mr Simonet, we can and will and must make progress and shall most certainly endeavour to do so to the best of our ability.

At a much earlier stage in the debate Mr Klepsch raised the point that we had said nothing, neither Mr Simonet nor I, in our opening remarks about the Community's part in the North-South dialogue. Perhaps the President-in-Office of the Council did not mention this because most North-South Dialogue

Jenkins

work, particularly in relation to the Paris Conference, went on before he took office. I did not mention it because I was trying to deal with — if you like — the more difficult, the more criticized aspects of our work, which are partly the internal aspects. To put it bluntly, the Community is stronger externally than it is internally; that is one of our imbalances and problems at the present time. In the North-South dialogue, in the Paris Conference, the Community as such was able to play a key role and was able to play a very significant part, being out in the lead, in keeping a group of eight together and also in arriving at a result which, while not a great triumph, because nobody has said the Paris Conference was that, avoided what to my mind was a greater likelihood than a triumph — the possibility of confrontation and near-disaster at the end of the conference. I think we did as a Community play a very significant role here, as we do in nearly all external aspects. One of our central problems is to balance our external strength with an adequate degree of internal cohesion.

This brings me to the point made by Mr Lange. I endeavoured to reply to his question earlier this morning. He made some subsequent remarks which I listened to with great interest. Our policy, of course, always has been not to let the Community be a source of division within Europe, yet at the same time we must not sacrifice our own cohesion, which nobody can believe is too great at the present time. But in relation to EFTA our desire is to have the least possible division in Europe. We welcome the fact that we have moved into a new relationship, so far as the free trade area is concerned, since 1 July. I myself acknowledged the letter which Chancellor Kreisky was kind enough to send me. It was then decided, in the Council of Ministers in June, that the President-in-Office — Mr Simonet's predecessor — should reply to him on behalf of the Community, which was done. There is a great desire to move forward as far as we can here.

Lord Bruce of Donington made an extremely robust speech, in one or two points of which he defended his fellow-countrymen, which is generally a good thing to do, even with one or two bits of criticism of me, but I forgive him all that for his staunch support for our Community action in the loans field and indeed so far as the coordination of financial instruments generally is concerned. But I do defend most vigorously my right to say a few words from time to time expressing my own views about the performance of the United Kingdom Government or any other government, or indeed the heads of government as a whole within the Community. I have not become President of the Commission, after 29 years in parliament, in order to become a political eunuch.

(Applause)

And I therefore defend absolutely my right to make this statement. Indeed, when he read it out I was astonished by my own moderation.

(Laughter)

I did not believe that anyone could very seriously deny what I had said, and indeed it was certainly much more moderate than some other remarks which were made from various benches this afternoon. But let me say that I do agree with Lord Bruce of Donington that if one is looking round the Community and asking why we do not advance faster, it is not the fault of any one country. It is to some extent the fault of us all — some are more guilty than others — heads of governments, of all institutions within the Community. The plain fact is we do not advance as fast as we can. I do not understand my friend Mr Prescott's fears that somehow Mr Simonet might launch us too quickly into a full-scale economic and monetary union or into great political developments. My fear always is that we shall go too slow. I welcome the fact that his approach is my approach. We must do two things — we must deal with day-to-day issues, week-to-week, month-to-month issues and try and get some desperately needed decisions on issues which have to be settled, some of which have been hanging about for too long. But at the same time, while dealing with these day-to-day issues, there is no reason why we should not lift up our heads and look a little further towards the distant horizon. That, I think, is the proper balance. I am entirely in favour therefore of introducing reconsiderations of Tindemans and I am entirely in favour of looking ahead towards economic and monetary union. I do not believe — any more than Mr Prescott or any other people do — that we shall get economic and monetary union overnight. The view that you could proclaim it and it would happen was perhaps a mistake. But I think it is an equal mistake to recoil from that into believing that economic and monetary union is not something which we should seek and seek extremely hard for the future of this Community.

(Applause)

I believe that many of the problems which we face today, many of the pressing problems — problems related to the CAP, to monetary compensatory amounts and other matters of this sort — arise from the lack of an approach to economic and monetary union. It is not something you can achieve by a proclamation, but equally it is not something which you should not regard as a desirable object to move towards at a sensible pace. Therefore, I am entirely in favour of the approach which the President of the Council has made, which is a practical approach, but at the same time an approach with a good element of vision in it. I believe even more after this debate that we can benefit from debates of this sort, that we can get both sustenance as well as criticism from this House, and that we can work together most productively in the next six months.

(Loud applause)

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

Mr Albers. — *(NL)* Mr President, you will remember that when we began the debate at 3 o'clock I put a number of questions and the chairman of my group feared that these would not be heard. You can now see that my questions have been taken note of but no reply has been given. The subject of unemployment amongst young people, on which Mr Pisoni also spoke, was not dealt with at all. What use have our questions been during this debate? That is what I should like to hear from you.

President. — Mr Albers, I believe that both President Simonet and President Jenkins referred to these subjects in their speeches, and I certainly think it would be difficult to carry the matter any further at this moment. But if you wish to pursue the subject further, as I would hope, you can make use of the appropriate procedural instruments. For this evening, with the speeches delivered by the Presidents of the two Institutions, I consider the debate closed.

I call Mr Fellermaier.

Mr Fellermaier. — *(D)* Mr President, having seen the agenda, the Commission was, I am sure, prepared for its reply to the oral question (Doc. 179/77) by Mr Pisoni and others on unemployment among young people, supplemented by specific questions from my political group submitted by Mr Albers. Even if we as political groups agreed when preparing today's agenda that these oral questions on unemployment among young people and on EFTA should be included in the general debate on the statements by the President-in-Office of the Council and the President of the Commission, I think the Commission owes us some explanation as to why it is at present not in a position to answer Mr Albers' questions. Of course we realize that the detailed figures requested by a Member of Parliament may not be to hand; but the answer to an oral question with debate must at least be concluded by a statement from the Commission that it will forward answers as soon as possible to those questions requiring them. It is quite unsatisfactory for no answer to be given to a specific question and for this question to be dealt with solely in a general statement. Mr Albers was quite justified at the end of the debate in expressing a certain displeasure insofar as this oral question was submitted as a topic in its own right and the Commission must have been in a position to prepare an answer to it. For that reason I should like to hear from the Commission whether at the next part-session of Parliament it intends to give a detailed answer to the questions which have remained unanswered today.

President. — I call Mr Jenkins.

Mr Jenkins, President of the Commission. — I think there may be a little misunderstanding about this.

There was an oral question on youth unemployment, which I was asked to deal with in the course of my speech, from Mr Pisoni and several other Members. I think it covered very much the same ground, and I did, with respect, provide an answer. It is not always the case that all answers are satisfactory, but this answer was not cursory; it was an answer of considerable length dealing with the four separate parts of the question which had been asked, and it took up about a quarter or a fifth of the speech which I had delivered this morning. So while it is inherently the case that one cannot always satisfy everybody, it cannot possibly be said that I did not provide a detailed answer on this point.

President. — I call Mr Albers.

Mr Albers. — *(NL)* Mr President, my question was written and printed on 15 June. That is more than two or three weeks ago. I fail to understand why, if a question is put on the agenda — and it is on the agenda — no answer can be given to it.

I asked for figures; I asked what Mr Vredeling meant when answering the oral questions last time; and I must say that this is a very unsatisfactory situation, because, as I have already pointed out, many fine speeches are made here and the impression is created that unemployment among the young is receiving our attention, but when we go into the matter in detail no answers are given. The result, as I said earlier, is like an aquarium where the fish brush past each other but nothing that is newsworthy actually occurs, and this leaves the citizens of Europe cold. — And this when the President of the Commission has said that this must be a Europe of the people! I must protest very strongly.

(Applause)

President. — I think we cannot possibly exhaust this subject today — or at any rate not the motives prompting its discussion: consequently, we shall certainly have occasion to return to it. The Commission considers that it has answered your questions, at least in part, but you can raise the matter again on a later occasion and so provide the opportunity for a more detailed debate.

The general debate is closed.

8. *Small-scale industries and the Community Institutions*

President. — The next item is the oral question, with debate, by Mr Leonardi, Mr Veronesi, Mr Masullo, Mr Lemoine and Mr Maigaard, on behalf of the Communist and Allies Group, to the Council on relations between small-scale industries and the Community Institutions (Doc. 175/77):

— Since the Council, Commission and Parliament have frequently:

President

- (a) declared themselves keenly interested in the problems of small-scale industries in the Community;
 - (b) acknowledged the essential rôle played by this sector of production as regards vocational training, employment and economic progress;
 - (c) shown a desire to pay adequate attention to the problems of small firms;
- given that up till now relations between the Community and enterprises have been maintained solely by the big national industrial associations, so that representation of enterprises associated in autonomous organizations has, despite their considerable membership, been neglected;

we ask the Council:

1. Does it know of, and how does it assess in economic and social terms, the existence within the Community of enterprises in EUROPMI, Permanent Liaison and Representative Office for Small and Medium-Sized undertakings?
2. With what organizations do the Council and Commission entertain official relations, and what criteria are applied in according such organizations recognition?
3. Does it not feel that the principles of equality and pluralism suggest that these relations should be extended to include other organizations in the sector?

I call Mr Veronesi.

Mr Veronesi. — (I) Mr President, honourable colleagues, this is by no means the first time that the problem of small and medium-sized industries has been posed in this House. Nor is this appeal to the Commission and the Council to concern themselves with this sector of production without precedent. Does it mean, then, that our initiative is a pointless repetition of similar moves in the past, or an ill-timed intervention in view of the fact that Parliament in September is to debate a deferred report on the situation of small and medium-sized industries in the Community?

We are convinced that both these views would be wrong and totally misleading. For while it is true that the subject has been debated before, and that the Economic and Social Committee is drawing up the report to which I have referred, it is equally true that relations between the huge Community institutions and the small and medium-sized industries are far from satisfactory. No practical steps have been taken — as far as we can see — to implement the resolution adopted by the European Parliament on 11 May 1976, and nothing has been seen of the expected proposal from the Commission for a Council meeting devoted to the problems of small and medium-sized industries of ministers responsible for the sector in their own countries.

The first three paragraphs of the preamble record this state of affairs. Not that declarations of 'lively interest', recognition of the 'fundamental role of small and medium-sized industry', verbal assurances of 'due

consideration' for the sector have been lacking in the past. Neither has there been a shortage of documents and studies. But these have largely remained in the sphere of good resolutions and pious intentions and have suffered the sad fate of those tomes — to which Mr Simonet so wittily referred this morning in quoting Paul Valéry — that seem destined to a perpetual penance of displaying only their spines to the world as they gather dust on the shelves. A situation that occurs not infrequently in Community life. These remarks, which are not intended as a facile or frivolous criticism, do nevertheless justify fully the initiative we have taken. We mean to perform our supervisory and stimulant task and to remind the Commission and the Council of their responsibilities.

The fourth point of our preamble touches upon the sensitive question of the representation of small and medium-sized industries. Which are the bodies that represent them? In what kinds of organizations should we give them recognition? The Commission and the Council seem so far to have given preference to their relations with the big organizations and the industrial confederations. These, of course, do also represent the small and medium-sized enterprises, but they do not represent all of them and they are mostly dominated by the large-scale industries.

It almost inevitably follows that no one feels responsible for the small and medium-sized enterprises. This is not a critical opinion, but a statement of fact. But, honourable colleagues, there exist other bodies properly representative of the small and medium-sized enterprises, bodies which have been created precisely to prevent them from being overwhelmed by the big industries in their relations with public authorities and the other social partners. At Community level, for instance, there is the Permanent Liaison and Representative Office for Small and Medium-Sized Undertakings, EUROPMI.

That organization alone comprises about 200 000 small undertakings, employing about 6 million people. You can see that it represents an enormous productive and economic potential, and enjoys considerable authority, and so deserves maximum consideration from the Commission and the Council: not in any spirit of paternalism or abstract ideology, but in virtue of the principles of equality and pluralism which a united Europe is supposed to want to pursue and implement.

At a time of severe crisis — which does not affect the European Community alone — when the countries of the Community have to wage a strenuous and difficult battle against inflation and unemployment, it is important to make full use of all the economic resources and of the industrial policies available to us. Any discrimination or negligence in this area would be extremely dangerous. This is why we expect to find in the Commission's and the Council's answers definite

Veronesi

commitments. We are confident that all the groups in this Assembly, as well as the Council and the Commission will unanimously declare in favour of the small and medium-sized industries. But this is not enough. What is needed, what is essential, is a commitment on the part of everybody to launch and support initiatives in their favour in cooperation with all, I stress 'all', productive forces. We must not content ourselves with fine words and think that in pronouncing them we have discharged our duty. Our responsibility towards the small and medium-sized industry will continue tomorrow, when this debate is over, and the day after and in the months and years to come. This is what our countries, the workers, the citizens of Europe expect of us.

Mr President, this is neither the time nor the place for me to expand on all the current problems concerning small and medium-sized undertakings. Let me just quote a few. I shall confine myself to those of major importance which need to be resolved urgently.

The first is the establishment of a permanent and candid relationship with all the bodies representing the small and medium-sized industries in Europe. All of them — I repeat once again — in keeping with the principle of a free market and competitive economy in a fully pluralist spirit.

The second problem is that of the adoption at Community level of a fiscal policy which will enable undertakings to re-invest profits and renew capital equipment through self-financing. We should not be aiming at a policy of subsidies, but of incentives to economic progress.

The third point to which we wish to draw attention is the implementation of a policy, initiated by the European Community, of continuing technological and managerial modernization of small and medium-sized enterprises by the establishment of contacts with Community research centres, or with universities.

Another point concerns credits. Community financial assistance must be shared out better among the small and medium-sized enterprises. This can be done through intelligent use of the European Development Fund and of the European Social Fund, while the European Investment Bank can help to increase the share of total lending destined for small and medium-sized enterprises.

Finally, a fifth important point concerns the introduction of a Community policy for the promotion of exports by small and medium-sized undertakings.

I shall not develop these points, Mr President, confident that they can be dealt with in the more detailed debate promised for the autumn. What we wish to hear from the Council and the Commission now is an assurance of their active commitment to this issue and an expression of their willingness to cooperate fully

with all the representative bodies of the small and medium-sized industries.

In this task, the Communist and Allies Group offers its cooperation and renews its appeal for the effective implementation of a more dynamic policy towards Europe's small and medium-sized industries.

IN THE CHAIR : MR MEINTZ

Vice-President

President. — I call Mr Simonet.

Mr Simonet, President-in-Office of the Council. — (F) Mr President, the Council is naturally aware that small and medium-sized undertakings play a crucial part in the operation of the Common Market. Moreover, attention has been drawn to this fact many times. In particular, such undertakings undeniably provide a measure of stability by contributing to the smooth implementation of competition rules, to the maintenance of levels of employment, and to European economic regional development

The Council therefore attaches considerable importance to the interests of these undertakings. It takes them into account in the general acts it adopts in many fields, in particular taxation, which may concern such undertakings in a number of ways. Moreover, this concern with the problems of small and medium-sized undertakings sometimes also finds expression in specific measures. The members who tabled this question will certainly have noted with interest that the Commission has announced its intention to propose in the near future a number of specific measures to benefit small and medium-sized undertakings.

As regards the particular problem of relations with organizations representing these undertakings, the Council would point out once again that it has no official contacts with any representative or liaison offices for any small or medium-sized undertakings in Europe. The question of accreditation does not therefore arise. However, this does not in any way detract from the Council's interest in the situation of enterprises, particularly of small and medium sized undertakings; it is always ready to consider with the utmost care any matter which they might raise.

Moreover, the House may rest assured that the Commission, which, as part of its work, must maintain close contact with all economic sectors, notably by way of European organizations, will also continue to pay careful attention to the problems of small and medium-sized undertakings, as illustrated by the series of measures which it intends to submit in the near future.

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

Mr Bersani. — (I) Mr President, Mr President of the Council, I should like first to offer apologies for my colleague Mr Notenboom: it was he who was down to speak on this problem, for which he is the rapporteur. As you know, it was he who drew up, for the Committee on Economic and Monetary Affairs, an extensive and systematic report on all the problems concerning the small and medium-scale industry sector. This is another reason why our group would have preferred a single discussion of this question, given that a debate on the report is already fixed for September.

Nevertheless, since, as has been pointed out, some misunderstandings might arise, and since, in any case, these fundamental questions have not been so far, and for many years now, accorded the necessary consideration, today's debate may also be valuable, and I should like, on behalf of the Christian-Democratic Group, to add some comments to those already made by previous speakers.

I have said that due consideration has not been accorded so far to this sector. In my country, for instance, enterprises with fewer than 50 employees account for 45 % of industrial manpower. Undeniably, in terms of employment, in terms of its contribution to the development of new economic potential, in terms of its ability to cope with the need for reorganization arising at the present difficult economic juncture, in terms of its capacity to penetrate, sometimes under joint schemes, the markets of third countries and of developing countries by forming equitable associations with local elements — small and medium-sized industry represents an essential factor both in the Community's internal policy and in its policy of external cooperation. The fact that the Council, Mr President, gave its attention to this sector only once — and that was as far back as 1959 — points to a lack of political will that we cannot but severely censure. We can only welcome your affirmation of the Council's resolve to try and make up the lost time and put forward as soon as possible appropriate measures, but we must still deplore the delay that has occurred.

The whole complex of problems relating to this sector is, however, to be discussed systematically once the Commission has submitted the green paper promised by Mr Davignon, and it will in any event be discussed in September when we shall be debating the excellent and exhaustive report prepared by Mr Notenboom. In this, the major economic, financial, fiscal, structural and legal aspects of the problem are examined, together with a broad range of practical proposals, and we wish to reserve our more detailed observations for this occasion.

In today's debate, the authors of the question wanted primarily to point to one specific question, that is the identification of those bodies which can adequately

represent this sector and ensure its greater and more active participation in the formulation of a genuine, structured policy for small and medium-sized industry. I think we shall all agree that in this particular economic and social sector — as, indeed, in all the others — it is essential for all the representative bodies and associations to be given maximum scope for active and creative participation in this policy-making.

Clearly, as the authors of the question have shown, this is an especially sensitive aspect of the issue. Medium — and small-scale industry associations are represented in extremely few Community bodies — a rider I wish to add to the Council's statement — and only a very few of their own representations are recognised, to the exclusion of many others, including EUROPMI. Both these aspects of the problem require urgent practical solution: and, in fact, there is no reason why this solution should be any longer delayed.

Only a few weeks ago in this same Chamber there was a very interesting discussion between the Lomé Joint Committee and the representatives of the social partners in the 52 countries associated with the EEC under the Lomé Convention. We heard then the spokesmen of small and medium-sized industries in the associated countries. They, too, stressed the importance of this sector and the need for greater consultation and, at all events, for a greater say by the sector's own representative bodies in the policy of international cooperation. We only have to recall the Joint Industrial Development Centre and the Convention's provisions on participation by the social partners. There are many other instances — for example, the European Social Fund — where it is essential for the representatives of the small and medium-sized industries to be heard without privilege or discrimination, for them to feel that they are adequately represented and to be able to play a part commensurate with their importance.

This is why, Mr President, we also agree that it is necessary to launch, by means of an appropriate decision a systematic policy for the small and medium-sized industry sector and for this policy to allow adequate weight to the representatives of this sector, to give it the balanced, systematic and full representation that it merits and make up for the delays that have occurred so far. This is of particular importance at a time when our economies are going through a difficult period. In concluding, I should like to appeal most earnestly once again on behalf of the Christian-Democrats to the Council and the Commission to accord to this vital sector all the consideration that it deserves.

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

Mr De Clercq. — (*F*) Mr President, the importance attached by the Liberals of the Community to the problems of small and medium-sized undertakings is amply demonstrated by the fact that one of the chapters in the manifesto drawn up by the Federation of Liberal and Democratic Parties for the direct elections to the European Parliament is devoted to these undertakings, which are regarded as one of the most important factors in the economic system of the democratic industrialized countries, from the point of view both of production capacity and of the level of employment.

We cannot therefore be accused of adopting a half-hearted approach to this problem. However, I am sure that our Communist friends will forgive us if we say that the time is not right for a debate on this subject. Indeed, today's discussion might detract from the value of the serious, complex and well-documented work carried out by the European Parliament's Committee on Economic and Monetary Affairs on the problems of small and medium-sized undertakings in the Community.

An 'own initiative' report more than 40 pages long is available for distribution to Members of Parliament. This is a very complete document on the fiscal aspects, on the cooperation grouping, on competition policy, etc. The work of the Committee on Economic and Monetary Affairs will soon be completed, and for this reason we should perhaps try not to put the cart before the horse. Moreover, the problems mentioned here could easily have been dealt with in the report by Mr Notenboom. What is the point of having committees which prepare dossiers and undertake research with the assistance of a large number of parliamentarians if Parliament then regularly jumps the gun with oral questions with debate?

The legal situation varies considerably from one country to another and within each individual country. No organization can claim to be the only representative body, as the authors of the question well know. Three of the five authors are Italian, and in Italy there are at least three organizations representing small undertakings.

An attempt at rationalization in this field should admittedly be made at Community level with a view in particular to ensuring a maximum of exchange of information and experience. Such coordination would shed some light on national political options for small and medium-sized undertakings. For this reason, we shall be extremely interested to see the conclusions of the Committee on Economic and Monetary Affairs, which will make it possible to extend our knowledge of the problem beyond its present level.

We therefore believe that inter-governmental cooperation should be maximized by increasing the responsibilities and sphere of action of the Commission's division for small and medium-sized industries. In order

to counteract distortions of competition and divergences in economic planning, the Community should propose a harmonization and integration of policies which will meet the real needs of small and medium-sized undertakings. Such undertakings must in particular be made to realize what forms of cooperation are possible and must have access to facilities for a broader exchange of information.

The Liberal and Democratic Group has not authorized me to tackle the basic problems of this interesting subject. We shall do that in the debate at the end of the year on the basis of Mr Notenboom's conclusions. However, I would like to reaffirm our interest in small and medium-sized undertakings, often craft industries, which represent an important part of the economy and favour diversification *vis-à-vis* the large companies. These undertakings make for a lively market situation and for pluralism in the economy and represent independent and free economic forces inasmuch as they are not subject to bureaucratic practices. Finally, small and medium-sized undertakings supply highly qualified staff; they ensure better human relations and effectively help to alleviate the unemployment problem. As Liberals, we welcome the revival of interest on the part of the public and the economic sectors concerned. This revival of interest is illustrated by the European Parliament's recent adoption of the Community regulation on the European Cooperation Grouping designed exclusively for small and medium-sized undertakings. This temporary cooperation system is extremely useful, since it permits the pooling of services with a view to improving and developing activities.

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

Mr Liogier. — (*F*) Mr President, ladies and gentlemen, as my first contribution to this important debate I should like to thank our Italian colleagues for tabling this question on relations between small-scale industries and the Community institutions. The text is very clear and shows a good deal of common sense.

I would point out, however, that this question follows on from others, in particular one tabled by the Group of European Progressive Democrats in May 1976, which unequivocally drew attention, with regret, to the EEC's refusal to consider any contacts with bodies other than those connected with UNICE or with the trade-union organizations.

It should not be forgotten that in the Community of the Nine small and medium-sized enterprises employ some 27 million men and women. They comprise roughly 300 000 industrial commercial and service undertakings, each with between 10 and 500 employees. These figures illustrate the economic significance of these undertakings, the size of the geographical area they cover and the nature of their

Liogier

strength, which, in many cases, derives from the fact that they are led by responsible owners or families.

From the economic point of view, small and medium-sized undertakings are very useful inasmuch as they supply individual or specialist needs. Thus, they come into their own in the sub-contracting, transport, assembly, repair and maintenance sectors. This applies also to the many service and distribution sectors. In a more general way, the future of small and medium-sized undertakings is assured insofar as consumers require quality rather than quantity. This requirement results in the formation of a large number of small markets, each characterized by a specific demand. Thus, the strength of small and medium-sized undertakings lies precisely in the fact that they are able to match a product to the demand on a given market, i.e., they are able to fill certain gaps.

Small and medium-sized undertakings are also at an advantage when it comes to the need for less impersonal forms of production. The introduction of less impersonal forms of production implies, as you all know, less production-line work, which is often soul-destroying, and more human contact within the undertaking.

Small and medium-sized undertakings are in a better position than any other organizations, especially the large companies, to meet the need for the 'humanization' of production. However, the strength of these undertakings is also their weakness. Since their labour coefficient is generally very high, they are faced with very heavy wage-bills. They therefore find it difficult to gain direct access to the capital market. They also find it difficult to amalgamate, from the point of view both of purchasing and of selling.

In these circumstances, we cannot understand the Commission's attitude. If the EEC consults organizations representing industry it cannot exclude EUROPMI, which counts among its members CONFAPI in Italy, the CGPME and PMI in France, the AIB in the United Kingdom and the BDS in Federal Germany. The latter alone has some 200 000 individual paying members. Moreover, the EEC cannot confine itself to two social partners. They should include a third, viz., the self-employed businessmen. A new system should be evolved around this idea of three social partners, on the basis of the system which already exists in Benelux, and particularly Belgium — employers, employees and a common front representing the small firms.

It is only by combining this new conception of three social partners with the notion of separate representation for employers from large- and small-scale industry that the EEC can offer valid confirmation of its desire for a dialogue with the various socio-economic categories without excluding one of the most important of them. In the final analysis, Europe will have to realize that its future is tied to that of the

small firms and that it is absolutely impossible — I might even say illogical — to build a Europe without their all-important support.

President. — I call Lord Reay to speak on behalf of the European Conservative Group.

Lord Reay. — Mr President, one thing that this debate has shown most clearly is that an interest in the fate of the small business and a belief in its value are by no means confined to one part of the political spectrum. This question is being introduced by members of the Communist and Allies Group, and we welcome the fact that this is happening. This is a matter which has been of great concern to the Conservative party in my country. A Conservative Small Business Bureau has been established within our party at home to look after this matter, and which has aroused a great deal of interest. It is therefore something which, on a very broad political base, is arousing the concern of many people throughout Europe, particularly in this combination of extremely difficult economic circumstances which have, perhaps above all, hit the small firms, and also because of the character of an age which produces great quantities of legislation and paperwork and complicated taxation and so on, which are particularly damaging to the continued activity of small firms.

Later this year we are to debate a report by Mr Notenboom. This report is at the moment only in draft form but has already been available, and it makes a number of interesting observations to which I should like to refer. For one thing it gives us a reason why, at this time, we might consider particular ways of assisting small businesses. And that is that, as Mr Liogier has just pointed out, small businesses tend to be highly labour-intensive, exactly because they are the opposite of the highly capital-intensive firms which are taking advantage of large-scale production. Therefore one wonders if, in a situation where we have very high levels of unemployment throughout Europe, it might not be a particularly useful method of trying to alleviate some of this unemployment by deliberately setting out to give particular assistance to small firms.

I made a reference to the fact that small firms tend to be the particular victims of great quantities of paperwork. I think this is a matter that should be borne in mind — for example, by the Commission when they send out questionnaires to which firms need to reply; by all national legislatures when they bring out new taxation; by the Community as a whole, when we come to consider how VAT may be improved; and simply because in the small firm, because it does not have the manpower to provide a specialist to deal with these questions, a greatly disproportionate amount of time has to be spent, by members who ought to be engaged on other business, on paperwork which is

Lord Reay

literally deluging, and in many cases crippling, these firms.

It is clear that some Member States have taken some special measures to give assistance to small firms, though this has varied as between different Member States. I wonder if it might not be useful for the future to have from the Commission some collation of the material available, indicating what different Member States have done in this direction in order to achieve some degree of cross-fertilization of ideas, if not of harmonization itself.

But these are matters that can be pursued another time. Mr De Clercq regretted that we had to have this debate today, but I can assure him that there are a great many small businesses throughout Europe who may well be alarmed by the sort of legislation that might be produced in Europe. It is good for them to know that a debate has taken place here in which members of all political groups have taken part. For many of them or for many of those who seek to represent their interests, it will be very welcome indeed that this Parliament has held this debate on this oral question this evening.

President. — I call Mr Cifarelli.

Mr Cifarelli. — *(I)* Mr President, my group's attitude has already been very adequately presented by the colleagues who spoke before me. I shall therefore confine myself to one or two specific points. First: it seems to me that the importance of the question tabled lies in underlining the urgency of choosing a representative body, a single representative body for the Community, to speak for the associations of small and medium-sized industries in consultative meetings, committees and in dealings with the Community institutions. The Commission, let me say this quite clearly, must recognise that, just as there is a union of European industrialists, a union of European craftsmen, a union of European businessmen, or a union of European insurers, so there exists this liaison office, EUROPMI, comprising the various small- and medium-scale industry organizations, and it must be given consideration.

This is something that must be stressed forcefully, whatever the overall conclusions at which we may arrive after examining the report now being prepared by Mr Notenboom.

The President-in-Office, Mr Simonet, has said that no official body of this type exists. Nevertheless, in a different sector, that is with regard to employment questions, these organisms may be consulted. Well, I should not like to say that I am right and that Mr Simonet is wrong but, to my knowledge, this particular organization, unlike the others, is not consulted on such occasions. This is an important and urgent aspect of this problem.

Secondly: I want to emphasize one of the conclusions reached by Mr Veronesi in his exposé, that is the need

to promote unified organizations of the associative or other types. We have been working on the statute for the European cooperation grouping in order to enable these enterprises to be competitive outside the Community and to be able to act as something more than mere subcontractors.

Thirdly: we must ensure that at this moment when we are subjecting the industrial sector to review, we do not fall into the trap of idealizing either the very big or the very small. Not so very long ago there was not a good word to be said for small undertakings, because the trade unions considered that they could not be regulated and because in them relations between employer and employee were too direct. Now we have gone to the other extreme. While big enterprises have their particular function, gigantism can also be a hindrance and a cause of decline. Small and medium-sized undertakings should be supported, but they should be supported by means of external economies of scale, that is in the area of credit and applied research.

Mr President, I am a senator for Ravenna, the only senator of my party, the Republicans, in a region where medium-sized and small undertakings have progressed while large ones have failed, or have not succeeded in establishing themselves, perhaps fundamentally for political or quasi-political reasons. These small undertakings are extremely competitive at the international level and constitute a living and vital tissue of our economic life. And, you know, there is a saying in my country: many and great are the ways of the Lord. Well, the best proof that the small and medium-sized undertakings represent a power in our life is the fact that a party which certainly is sensitive to questions of power — the Communist party — should be championing their cause in the name of pluralism. Many are the miracles of pluralism and the ways of the Lord can be usefully followed for the benefit of the small and medium-sized undertakings in the Community.

President. — I call Mr Müller-Hermann.

Mr Müller-Hermann. — *(D)* Mr President, I do not think we do justice to the problem of small-scale industries if our attitude to them is one of sympathy. Sympathy is something which the small businesses quite certainly do not want. We know they are a particularly effective stabilizing force in our society, reminders not only of our variety but also, I suggest, of our individualism. Small businesses are particularly versatile and inventive. As has already been mentioned, they also tend to do better than the large companies when it comes to creating employment, and our economic and social policies should not just respect but support a spirit of enterprise, the use of initiative. I repeat, these businesses do not want our sympathy,

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they want to have the same chances as the large companies that we also need. Let us not set out to distinguish between large, medium and small businesses, we need them all; but smaller firms must be allowed to start up under the same conditions.

The previous speaker mentioned large companies going bankrupt. Of course, when a large firm goes into liquidation the whole world is concerned and the state feels bound to step in and help, where possible offering loans as well. But when it happens to a small company, nobody turns a hair. I believe that we must respect the entrepreneurial spirit; we shall, of course, be dealing with the question at length in connection with report by our colleague Mr Notenboom.

The point today, raised on the initiative of this little question, is to ask how we can give small businesses some form of representation within the Community Institutions. It is surely right to point out that UNICE already exists, and small businesses are surely also to some extent on the Economic and Social Committee. We have in EUROPMI an organization with, I think, several achievements to its credit; it would certainly be a good thing if the Commission, the bureaucracy and the European organizations consulted it more often. In my view the Commission should give real thought to setting up an advisory committee for small business on the lines of the Consumers' Advisory Committee, to provide permanent contact. I believe such an initiative would be worthy of the Commission and I would urge it to move in this direction. Moreover, I am quite sure that, when we discuss the report by Mr Notenboom in detail, Parliament will be raising this subject again. So I would call on the Commission to set up on its own initiative, an advisory committee of this kind to ensure that this important sector of our economy is regularly consulted and kept informed on a permanent basis.

President. — I call Mr Edwards.

Mr Edwards. — Mr President I would like to make a few remarks in this debate, which I find very interesting indeed. A very good friend of mine, Dr Schumacher, wrote a book, which I think is important, called *'Small is Beautiful'* dealing with the great contribution that small industries, small groups of people are making to our world in technology, science, saving the environment and the like. Now Dr Schumacher and I, twenty-five years ago, helped to form a chemical firm that is now owned by the workers. It employs four hundred working people; it is a cooperative. It made a million pounds' surplus last year and it is competing with all the big multinational companies. The point I am making is that from this small beginning, twenty-five years ago, with the help of this one company, over 60 small firms in Britain are now owned by the employees and are under the workers' control. Many of these firms were threatened with bankruptcy; they had no liquid capital. All they needed was a few thousand pounds to keep them

going until they got their markets right. This must be a need right across Europe. Literally thousands of small firms have been driven into bankruptcy. Right across Europe there are the wrecks of hundreds of thousands of small business firms, and that is a tremendous disadvantage to our Community. Most of the new ideas that have been developed have come from small groups of people — not big multinational companies — small groups of people working quietly in their laboratories, producing a new product, developing it themselves, and from these small beginnings have come great industries of vital importance to our land.

The last speaker quite rightly said that if a large firm is in serious trouble the government rushes to help them. Money can always be found. Treasuries of our governments are wide open to help big firms because they employ so many people, but the little man with the new idea — what chance has he got? Unless you have some kind of fund that can help in this direction. Now I am happy to say that we have done something about it in the United Kingdom, and I am very proud of what we have done. We have got through Parliament a private members' bill which we call the Industrial Common Ownership Bill. This bill, accepted by the government, has enabled us to establish a small permanent committee to help small businesses that want to hand over their shares to their working people and develop cooperatives. The government, to its credit, has put a quarter of a million pounds into that fund, and guaranteed that fund for four years.

I think something like this might be done in our Europe. We should not hesitate to develop new structures, new ideas in industry. This is a kind of third road towards industrial development. I am amazed at the interest that is being developed all over Europe in this new idea working people and groups of technicians coming together and developing their own production. We have factory after factory that has been taken over by a multinational, stripped of its assets, the workers losing their jobs as if they never existed; and what is happening? The workers are occupying those factories, they are running them themselves, and you cannot blame them, because the only thing that is important to them is the right to work. If they are denied the right to work, they feel they are outcasts and criminals and so they are occupying the factories increasingly right across our Europe. We should help in this connection rather than let a factory disappear and all its social value become nothing. We should help these working people and we should help people with a new ideas to develop their own industry. I hope the Commission will think in terms of some of the constructive suggestions that have been rightly made by the Communist Group.

President. — I call Mr Simonet.

Mr Simonet, President-in-Office of the Council. — (F) I shall be very brief, since I largely support the opinions which have been expressed and since it is apparent from what the Members of this Parliament have said that the Commission's policy is more in question than the Council's.

President. — I call Mr Cheysson.

Mr Cheysson, Member of the Commission. — (F) Mr President, since the buck has been passed to me, as it were, I should like to reply to two comments which have brought the Commission's policy into question.

I should first of all like to say that the Commission and its departments maintain contact with all social partners who desire it. It is anxious to avoid a proliferation of consultations and for this reason tries to arrange and concentrate its meetings on the basis of the common interests of several social partners. As regards small and medium-sized undertakings, I would point out that the Commission maintains regular contact with three bodies in which such undertakings are represented. First and foremost we have UNICE, which, of course, attaches considerable industrial importance to these undertakings, but we also have — and I stress this — the Committee of Commercial Organizations in the EEC Countries and the Union of Craft Industries of the Community.

This, of course, does not mean to say that other organizations are not representative, and we are at their disposal to provide them with all the necessary information. Thus, our officials have participated very profitably in various meetings of EUROPMI and we shall be maintaining contact with the organization even though the small and medium-sized undertakings of three Member States — Denmark, Ireland and the Netherlands — are not members.

The second comment, Mr President, is in reply to the criticism that the Commission does not attach enough importance to small and medium-sized undertakings and has not yet proposed adequate measures. I feel I ought to say that the Commission does in fact attach considerable importance to cooperation with small and medium-sized undertakings, particularly in this period of crisis. Several speakers, moreover, have very rightly stressed that these small and medium-sized undertakings can adjust and have adjusted themselves to periods such as the present one. Europe cannot be constructed without the participation of small firms. This is what Mr Liogier said, and I agree with him. That is why the Commission is working with the Economic and Social Committee on the preparation of various reports and has assisted in the preparation of the Notenboom report, which has been mentioned by a number of speakers, particularly Lord Reay, and which will be debated in the near future. We have taken note of the recommendations of a number of Members of Parliament, and in particular the proposal

that a consultative committee on small and medium-sized undertakings be set up, and we shall consider what further action can be taken.

Finally, taking up what the President of the Council said in his reply to the Communist Group's question, I should like to point out that we are at present working on a number of measures relating to the relaxation of administrative formalities in the taxation field, the use of the *Bureau des mariages des entreprises* for the benefit of small and medium-sized undertakings, the promotion of exports and the provision of financial facilities from the European Investment Bank. When our proposals are ready, Parliament will be consulted on them at the same time as the Council.

President. — The debate is closed.

9. Uniform passport

President. — The next item is the oral question, with debate, by Mr Berkhouwer, on behalf of the Political Affairs Committee, to the Council, on the introduction of a uniform passport (Doc. 176/77):

Having regard to the European Council's agreement at its Rome meeting in December 1975 on the introduction of a uniform passport before 1978, giving concrete form to the undertaking entered into by the Heads of State and of Government at the Paris conference in December 1974, the Political Affairs Committee invites the Council to answer the following questions:

Why has the Council not yet reached agreement on what this passport will finally look like? Can we expect that the difficulties encountered will shortly be overcome so that from 1978 onwards — as agreed in Rome — the European citizen may possess a European passport?

I call Mr Berkhouwer.

Mr Berkhouwer. — (NL) Mr President, since I have been a member of this European Assembly — however lacking in powers it may be or, as Mr Prescott hopes, it may remain — I have been urging the need to construct a Europe which means something to the man in the street. Initially people shrugged their shoulders at the idea of Europe, not understanding what all the fine words were about. And how have things turned out? After years of harping on the subject, the idea has caught on. My conviction is that if the major enterprises undertaken at high level do not succeed, we must start a little lower down, at the level on which ordinary people live and work. We developed the same sort of idea with Mr Scelba in connection with 'l'Europe des citoyens' and human rights — simple things, such as marriage registers, which we are yet to discuss, identity cards, postage stamps, driving licences, all the things which people often have on them.

As regards the postage stamp, Mr President, if the European elections take place, I would suggest to the

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Commission and the Council that a European postage stamp should be issued to commemorate the event. I might point out in passing that the situation as regards postage rates is still hopelessly confused. The postal charge for a letter from Rotterdam to London is different from the charge for a letter from Rotterdam to Messina. However, this is all a matter for the postal authorities.

To return to the matter in hand, i.e., the ordinary man. I would lay claim to a certain amount of personal success here in that the European passport was partly my own idea. This is how it came about. President Giscard convened the Paris Summit Conference in 1974 at which the European Council was set up. I paid the President a visit and we discussed what steps should be taken next. I suggested that we should do something for the common man. The French President was in favour of this and I explained what I had in mind, i.e., a European identity card for every European citizen. But that was not possible, some countries being against it or considering it to be an attack on one's personal identity to have to prove one's identity. Others have bad memories of personal identity cards. We had them in the war, for example. The Dutch had to introduce them then. Since that time nobody wants them any more, for psychological reasons.

I then suggested that we should have a European passport, and indeed, at the 1974 Summit it was decided that one should be introduced. It was thus decided that a report should be drawn up and be dealt with by the European Council in Rome in December 1975. This was done; a report was drawn up, a European Council meeting was held in Rome in 1975 and since then this file has been left to collect dust in national administrations, which do not exactly overflow with enthusiasm for Europe.

But this is now a matter for the Council, where there is clearly still disagreement as to the legal form to be given to the passport. There seem to be three possibilities: first, a decision by the Council in conjunction with COREPER; secondly, a decision by the individual Member States and, thirdly, a directive. As you can see, thanks to various leaks, I am fairly well informed.

However, Mr President of the Council, we are few in number compared to all the people who are now out on the roads and queuing up at frontiers, in cars or in lorries or whatever, but for Heaven's sake let us put a stop to this situation once and for all! There is a famous football club in Holland which has often played against your football clubs, Mr Simonet, and its motto is: 'Deeds, not words'. Let us stop *talking* so much and start *doing* something! You who are so enthusiastic about this, Mr President, you should put something tangible before the common man and put an end to this wrangling over whether the passport

should be made of cloth or paper, whether it should be red or blue; make it yellow if you wish! I don't mind what colour you make it provided you put a stop to all the red tape, all the haggling over the number of languages, the number of pages. The 250 million people in the Community will not worry what it look like once they have got this symbol in their pockets. We shall then at least get a little support from them and perhaps the European idea, as you put it so well, and in excellent Dutch, in your speech this morning, will also penetrate. All that the ordinary people usually see is those enormous buildings in Brussels which they cannot look into and about which they understand nothing. You, too, want us to orientate things more towards ordinary people. I hope that this evening you will convey some more of this enthusiasm to the large number of representatives gathered here.

President. — I call Mr Simonet.

Mr Simonet, President-in-Office of the Council. — (F) Mr President, Mr Berkhouwer has given us a very adequate outline of the content of the general decision taken by the European Council a few years ago and the situation as it is at present. What I can undertake to do is to consider, in collaboration with the working parties set up by the Council and the Commission to deal with this problem, whether we can find a rapid solution to the few political difficulties that are still outstanding, and which are not as simple as Mr Berkhouwer, in his enthusiasm, seems to think.

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

Mr Scelba. — (I) Mr President, I have taken note of Mr Simonet's statement but may I also be allowed to associate myself with Mr Berkhouwer's protest.

The striking thing about this whole question is the ease with which decisions adopted by summit meetings are shelved and never spoken of again, or at least not spoken of for many years.

(Applause)

This is the most serious aspect of the matter, all the more so because no financial interests are at stake — only formal questions. Is it really possible that the European Community is incapable of resolving a problem of this kind, the introduction of a uniform passport, on which the European Council has agreed? If a uniform passport is to be the Community's passport I simply do not see how governments can go on squabbling over whether the heading on the passport should give the European Community, followed by the name of the country concerned, or whether the name of the country should come first and that of the Community follow. Since it is to be a Community passport it seems obvious to me, Mr President, that

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the first imprint it should bear is that of the European Community.

Reference has been made to the language problem. But is it not possible to include five or six pages where every government can write in its own language the details that it wants to include? One is really completely overwhelmed by the inefficiency or incapacity of Community bodies in resolving problems which, Mr Simonet will allow, are not all that complicated. They are only made complicated by the persistence of nationalistic ideas which are obsolete and can be seen today to be completely outdated.

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

Mr Nyborg. — (*DK*) Mr President, we must be thankful to Mr Berkhouwer for his unfailing interest in the European passport — we can always count on him to get the discussion going. The Group of European Progressive Democrats has always been concerned to see a European passport introduced, apart from other documents which should also, perhaps, be harmonized, such as driving-licences, marriage certificates or whatever.

As Mr Berkhouwer rightly observed, we need something that would show the citizen in his daily life that he is a member of a community. We need something to prove to him, if he is not actually involved in Community matters, that he is a citizen of the Community and not just of one country in that Community, and this is what we are trying to do. We are trying to give him an identity extending beyond the little house which has always been his home.

There is one thing I should like to point out and that is that, as far as harmonization goes, we should not forget that in Scandinavia we already have a passport union which Denmark belongs to, and it will be necessary to negotiate with this passport union and reach some arrangement with it if we are to get this common passport and eventually, we hope, a passport union.

Finally, may I stress this very important point: it must be understood that the moment we have a common passport the existing national passports disappear. We must not simply have one more document, one more formality to complicate life for Community citizens. It must provide a facility, and an identity, and we must understand that this is only *one* of the steps forward which have to be taken. Therefore I shall end by saying that the Group of European Progressive Democrats urges most strongly that the Council get on with this and blow the dust off the files.

President. — The debate is closed.

10. *North-South Dialogue*

President. — The next item is the oral question, with debate, by Mr Kasperit, on behalf of the

Committee on External Economic Relations, and Miss Flesch on behalf of the Committee on Development and Cooperation, to the Commission on the North-South Dialogue (Doc. 178/77):

In the light of the ministerial meeting of the Conference on International Cooperation (North-South Dialogue) of 30 May — 1 June, what results have been achieved by the Conference; is the Commission satisfied with those results, and what further action does the Commission intend to take?

I call Mr Bersani.

Mr Bersani. — (*I*) Mr President, honourable colleagues, in taking the floor I am deputizing for Miss Flesch, chairman of the Committee on Development and Cooperation and author of this question.

The North-South dialogue and the Paris Conference, which was a major stage in this dialogue, represent a subject of very close concern to the Community. Relations between the North and the South lie at the root of the present world crisis and, in more general terms, concern the establishment of a new world economic order, based on greater justice and genuine solidarity and benefiting, above all, those peoples who until now have had less than their fair share in our world's economic development and social progress. Only a few weeks ago in this Chamber we met, in the course of one of the conferences for which the Lomé Convention provides, with the representatives of our associated countries which account for part of the southern hemisphere. Half of the nations represented at this conference have an average per capita income not exceeding 150 dollars per annum. This is a statistic that dramatically illustrates the situation our Community has to face when, barely one year from the entry into force of this Lomé Convention, we have to consider the problem of improving its working. We have already started on this, in the conviction that, in contrast to so many failures among other international initiatives, the Lomé Convention and the practical results it has produced represent today a standard of universal validity.

It is very unfortunate that the progress of the North-South dialogue has coincided with a deep economic crisis affecting the whole world and the European Community, as part of the industrialized world, in particular. All the Community bodies, and this Parliament especially, have long been aware of the existence of a tragic socio-economic gap dividing the two halves of the human race. Ever since, in a prophetic passage of his speech of 9 May 1950, Robert Schuman spoke of Europe's responsibility towards Africa, the Community has endeavoured to bear its share of this responsibility. It is obvious, however, that alone, the Community could not and cannot adequately deal with the

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problems. When it is said, for instance, that the Community is the world's greatest trading unit, this is true in so far as it imports many goods and basic raw materials which it does not itself produce: this, on the one hand, constitutes an important contribution to the development of trade and economic relations in the world, but, on the other hand, it is also a measure of the Community's great intrinsic vulnerability, particularly in emergency situations such as occurred after the Yom Kippur war, with its consequences for price trends in oil and many raw materials.

The North-South dialogue nevertheless entered a new stage precisely in connection with these developments. We in the northern hemisphere are considering what new economic and monetary formulae we should apply to get out of the crisis that to various degrees affects all our countries. This is the crisis of a particular type of economy — one we could call the Keynesian economy and which since 1945 has been operating in many parts of the world. In this crisis, factors which appeared to be complementary have proved to be dramatically contradictory. Inflation and unemployment today increase together, with ever more grave results. A number of theoretical schemes are now being critically overhauled: that was the starting point, for example, of the European Summit held in London a few days before the final stage of the North-South Conference in Paris and organized because of it. The Conference has shown a determination to discover the new principles on which our economic system should be reorganized, rejecting the temptations of a new protectionism and declaring in favour of freedom of trade organized within programmes inspired by a new feeling of international solidarity.

As for the countries of the East, they have remained in a situation of permanent endemic crisis, marked by low growth rates and general conditions which so far have prevented them from making any consistent contribution to economic aid for developing countries. Recent statements by President Nyerere of Tanzania are very significant in this respect.

Against this background, relations between the countries of the northern hemisphere and the developing countries, though they have not been altogether successful in narrowing, by the use of new resources and the provision of new aid from all sides, the socio-economic gap, have nevertheless achieved a result in the sense that the third world nations — 77 not so long ago, 127 now — have become aware of their rights, of their situation, and of their aspirations to dignity, freedom and justice. It is with these questions that the dialogue, and, within it, the various stages of the Paris Conference ended on 3 June, have been concerned. The outcome of the Conference has been partly satisfactory, partly disappointing. We ourselves were able to note at the Luxembourg meeting with

our Lomé Convention partners a general feeling of disillusion on their part. But what is needed now is an objective and detailed review, and it is with this aim that the chairmen of the two committees have tabled the question. I believe that two points should be stressed: it is beyond doubt that on certain items of major importance agreements have been worked out: agreements of particular value in view of their content and of the difficulties which had to be overcome in attaining them. I should like to mention here the agreement on the common fund, which was affected by the disappointing events of Nairobi, the improvement in general preferences, the decision to allocate one thousand million dollars — including 385 million from the EEC — for special operations, the undertaking by the western industrialized countries to increase aid for developing countries — breaking away from a contrary trend which had been growing in recent years —, the acceptance of the principle of individual recognition, and the adoption of measures for the protection of private investment. Side by side with these limited, but undoubtedly positive, results which are likely to open the way to further progress towards more effective cooperation, we must also note a complete deadlock on the question of energy and on the burning problem of indebtedness. The amount of the debt now exceeds 200 million dollars and represents a serious threat to all concerned, because the economic paralysis of such a large part of the world would ultimately rebound on our own economies which are part of a huge system of trade exchanges.

We thus have to admit that the North-South Conference has produced results which, while they are not all disappointing, are nevertheless not satisfactory, and certainly not commensurate with the gravity, the size and the urgency of the problems at issue. This is a matter of serious concern for all of us, and particularly for the Community which has always been conscious of its leading role and of the unique contribution it can make to the solution of these problems.

This is why the Committee on Development thought it appropriate to table together with the Committee on External Economic Relations the question to the Commission which we are now debating. Both committees should like to urge all, but particularly the institutions we represent, to ponder deeply and to consider even more critically the realities of these questions which, for both the Community's internal and external policies touch upon fundamental principles and which, above all, should touch our consciences as human beings and as responsible politicians, requiring from us a new commitment, going even beyond that which we have already assumed, with quite positive results, in the area of loyal cooperation in so many parts of the southern hemisphere.

President. — I call Mr Cheysson.

Mr Cheysson, Member of the Commission. — (F) Mr President, the Commission would like to thank the Committee on External Economic Relations and the Committee on Development and Cooperation for giving it this opportunity to discuss the Conference on International Economic Cooperation which, as you know, ended on 3 June, at 3 o'clock in the morning, after eighteen months of work and four days of lengthy discussion at ministerial level which finally produced the results of which you are already aware. With your permission I shall now consider these results in more detail, since this is the first question that has been put to us.

Delegates from thirty-five countries attended the Conference: nineteen developing countries under the general title 'G 19', seven industrialized countries and the Community, which was represented as a single entity. Numerous subjects were discussed, since our partners had asked — and the industrialized countries had agreed — that the subjects should be dealt with all together. From the beginning, then, by its very existence, the Conference is an indication of one of the aspects of the new international economic order, unlike in the past, the developing countries are partners with whom we discuss — with the possibility of joint action the range of problems involved.

In order to assess the results I shall, with your permission, outline the actual agenda of the Conference. Work was divided up between four committees set up at ministerial level. I should mention the Energy Committee first, since the Conference was originally organized, it must be remembered, to enable the industrialized countries to discuss energy problems in terms of the world economy. It was only at the request of the third world countries that the industrialized countries agreed to extend the agenda. The energy debate was much more fruitful than is normally acknowledged. The report drawn up jointly by the developing countries and the industrialized countries is an extremely wide-ranging document insofar as it considers energy problems in the context of the economy as a whole. Its existence is therefore to be welcomed.

This is a further reason for regretting that the procedure which enabled us to hold such a discussion cannot be continued, either in a specific body such as the North-South dialogue, or in the United Nations as we suggested. In this respect we have failed, it is true, but it should also give us food for thought. Why was it impossible for the 'G 19' and 'G 8' countries to reach agreement on this very simple request by the industrialized countries that a discussion should be held in a world-wide context, in a smaller group, in which countries of all kinds could be represented, including the countries that were not represented in the North-South Dialogue — we even said that the state-trading countries would be welcome to attend? My theory —

and, as you perhaps know, I was actually present at the meeting in my capacity as Community representative on the ministerial energy committee — is that the richest oil-producing countries are not prepared to discuss energy in the context of the world economy in the presence of, and together with, the developing countries that import oil, because they do not want the interests of these developing countries to be taken into account when decisions are taken on the price of energy. This is something that should be considered in future and it explains why we as a Community are determined to renew our suggestion that the discussion begun in the context of the North-South Dialogue be continued, this time under the aegis of the United Nations, as the Secretary-General of the United Nations seems to be encouraging the world Community to do. The work of the finance committee was combined with that of the energy committee when the discussion reached ministerial level. The industrialized countries had been reluctant to agree to the setting up of a finance committee. We did not want to discuss financial and monetary affairs in this setting, considering the Bretton Woods institutions to be more appropriate. We agreed, as I said, only with reluctance, but for my part I am glad we did, for some of the work of this finance committee was extremely valuable. A joint report was drawn up — which has its shortcomings, unfortunately, but at least something has been achieved — which was the first to recognize in world-wide terms that foreign investment is a highly important factor in the development of third world countries. This is a very important acknowledgement as regards assessing relations between the third world and the industrialized countries in general economic and political terms.

The value of 'joint ventures' between companies in industrialized countries and developing countries was also recognized. This is a theme that will recur in this Parliament, for it is one of the main factors in future development, but we must consider how it can be restricted, so that the companies do not become unduly powerful.

On monetary questions, the text we finally adopted is open in its approach, in other words it strongly advocates extending the financial services that are available to Third World countries, in the International Monetary Fund, the World Bank and other institutions. Finally, the industrialized and developing countries were strongly in agreement in the finance committee on the relationship between world prosperity and development capacity. This was another considerable achievement.

The second committee was the 'raw materials' committee. It was immediately agreed that steps must be taken to rationalize costs. It is interesting to note that the developing countries had only one specific problem to bring up at the Conference, that of the

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Joint Fund. I shall discuss this further later on ; at this point I should merely like to point out that an agreement was reached on the Joint Fund. On other matters relating to raw materials, there was one satisfactory development ; the third world countries have now more or less given up using high prices for raw materials as a means of increasing their monetary flow. They have realized that the additional funds they need cannot be obtained by increasing prices artificially on certain conditions.

The development committee reached agreement on agriculture and food and the development of communications, particularly in Africa ; there is no need for me to go into detail, this has all been explained in the press. It did not reach any agreement on the problem of the debt. Our partners hoped that in certain cases it would be possible to grant an automatic moratorium ; the industrialized countries, including the Community, refused, not regarding this as an appropriate solution. To give these countries a little more time, we proposed however, not without opposition from our industrialized partners, that special aid should be granted to the more underdeveloped countries, to the tune of 1 000 million dollars, which was to be utilized without delay.

These were the results on paper. But what were the real results ? The most important is probably the decision announced in the final stages of the Paris Conference by the American and Japanese Governments to step up their development side and to double their unconditional aid to the third world in the next four years. This is an extremely important move, particularly as in the same period, it must be remembered, the world financial institutions decided to increase the credit granted to third world countries : additional loans will be made available through the International Monetary Fund and the World Bank, and it is not unlikely that these countries will be granted as much as seven or even ten thousand million dollars. It may be objected that this decision was not taken in Paris ; this is true, but the North-South Dialogue must be seen within a general context, as Mr Bersani so rightly said. The joint final report notes that the lengthy discussion helped to promote greater understanding, which is true ; this point was stressed by the Canadian leader of the industrialized countries group. And there is proof to the contrary in the kind of panic — panic is not too strong a word — which seized all the participants when on the night of 1-2 June, a breakdown in the discussions appeared inevitable. There was a difficult moment when the positions of the group of 19 were so divergent that they could no longer negotiate with us and we ourselves were unable to reach any joint conclusions that would enable us to record what had been achieved, which was, admittedly, less than satisfactory, but it was still far from negligible. We were all well aware — and the greater the size, popula-

tion and aspirations of the third world countries, the more they were aware of this fact — that if the Paris negotiations were brought to an abrupt end, the effect on each of our countries and on all the international bodies would be catastrophic. However we were able that day to ensure that the Conference was brought to a successful conclusion and to record the results we had achieved, which may have been inadequate in themselves, but at least showed that we wished to continue our negotiations.

It is therefore, in my view, wrong to judge the success of the Paris Conference by the practical results alone. It was merely a first step towards a new international economic order. Some results were achieved which would not have been possible without the Conference. The Joint Fund would never have been approved. But above all it enabled us to discuss matters at international level. It is true that, as the joint report points out, most of the proposals for basic structural changes have not been implemented. But obviously the structures of the world economy cannot be changed overnight.

Another way in which the Paris Conference was useful was that it promoted greater mutual understanding. The group of 19 stood up for their interests and I respect their determination in taking a concerted position, when it was obvious at a very early stage that the interests of the oil-exporting countries, which export capital on a large scale as well as oil, were very different from those of the developing countries that import oil and those of the poor countries. Curiously enough, in the later stages of the Conference the positions of the industrialized countries fell more closely into line. When we had to decide whether to break off the negotiations or continue with this first stage in the development of a new world economic order, all the industrialized countries were unanimous, from Switzerland to Sweden. The attitude of the American Secretary of State at the Conference was particularly worthy of note. He made a speech of major import, announcing the stepping-up of American aid, although, as we know, strong reservations had been voiced in his Congress ; and throughout the Conference — I can vouch for this, since I was in the same ministerial group as he was — he intervened on a number of occasions. The Conference was thus a clear indication of the importance the Carter administration attaches to the North-South Dialogue ; this is a new factor and highly encouraging after the attitude of the previous administration. From the Paris Conference was the first occasion on which the Community's point of view, it must be remembered that the Community was represented rather than the Member States individually. Not only did they adopt a common position as they had already done on previous occasions, but it was the Community which represented the interests of the Member States in the confidential meetings and spoke on their

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behalf. This was a major innovation and a considerable step forward in European integration; it is particularly important in that no Community country can deny that as a Community we had far more influence than we would have had as individual countries, even if we had all nine adopted a common position. What is the next step? All the topics will be discussed further in whichever body is appropriate, depending on the nature of the subject. The Joint Fund and the whole question of raw materials will be dealt with in UNCTAD. We have already made arrangements with the World Bank and the IDA for the 1 000 million dollars in special aid to be paid without delay. As regards energy, we shall be considering how to organize the proposed dialogue. For other topics, different arrangements will be made. We now know that it is very difficult to organize a small group on a world-wide basis to discuss the whole range of topics; there is a serious danger that this will lead to tension. We have found therefore that in world-wide conferences we can only discuss subjects in limited terms and further discussion of complex subjects - as Mr Bersani said — must take place at smaller-scale meetings. To take just one example, it had been proposed that we should work out a system for the stabilization of export earnings on a world-wide basis and the industrialized countries were not even able to agree as to a study of the subject. This shows how difficult it is in world-wide conferences to deal with general topics, radical solutions or economic innovations. In future, then, we must strike a balance between what must be done at a world-wide level and only at that level — and we must work out how the State-trading countries can be brought in — and what can be done at regional level. I still think, like Mr Bersani, that the Lomé policy is one of the Community's major achievements in this field. I know that this speech has been too long considering how late it is, Mr President, but I thought that since it is the first time that I have talked to Parliament about the North-South Dialogue and the subsequent developments, and Parliament has taken such an interest in the subject, you would forgive me for speaking at such great length.

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

Mr Glinne. — (*F*) Mr President, ladies and gentlemen, I am grateful to Mr Cheysson for his statement and his conclusions. However, I think that the purpose of this debate should be to assess what action the Community in general and the Commission in particular should take to follow up the dialogue, I shall therefore refer back briefly to the main results of the Conference.

First, the granting of special aid to the poorest developing countries to the tune of 1 000 million dollars, decided on in principle at the recent economic

summit in London. The Community will contribute almost 40 % of this aid and it will be channelled through the International Development Association.

Second, the setting up of a joint fund for the financing of buffer stocks of raw materials. I should point out that this was one of the priority objectives laid down by the 'Group of 77' in the Manila Charter and the industrialized countries have undertaken to negotiate the setting up of this Fund at an UNCTAD meeting in Geneva in November.

Third, in connection with the achievement of the objective fixed for the industrialized countries at the seventh extraordinary meeting of the UN General Assembly, namely to set aside 0.7 % of their GNP for development aid, the representatives of these countries committed themselves to a substantial increase in their aid in order to attain this target.

I agree that it is encouraging that the Carter administration has declared its intention of doubling the aid provided by the United States, subject to Congress giving its agreement. However, this must be qualified by pointing out that last year the United States earmarked only 0.26 % of its GNP to aid, about half as much as the European Community. Thus, although this new trend in American governmental policy is to be welcomed, we must beware of greeting it with too much enthusiasm.

Fourth, on the question of the debt, where several alternatives were considered without going as far as the general moratorium requested by the developing countries, the matter has been referred to other international organizations. In this respect the Conference was a failure, but not a total failure, because it did produce a number of constructive suggestions for changes in the public and commercial debt systems which can be used as a basis in future international conferences.

In the light of these results, of which I have given only the broadest outline, what steps should the Community take now? First of all, Mr President, my group is pleased to hear of the Commission's decision that the working party on the North-South dialogue should remain in existence. Secondly, as regards the arrangements for the 1 000 million dollars, of which the Community will contribute 385 million, we gather that the Commission is considering the actual terms in conjunction with the International Bank for Reconstruction and Development and the IDA, but there is a political problem, which also has administrative and technical implications: how will the Community organize this aid, since the contributions will come from the Member States and the Community will be responsible for coordinating them?

At least this is the impression I gained from the press reports; the contributions will be paid individually and coordinated by the Community. Thirdly there will be a meeting at the end of the year to discuss the

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creation of the Joint Fund within the framework of UNCTAD.

A fourth point on which the Commission's comments would be welcome is the question of the debt. This has now been referred to the Assembly of the International Monetary Fund to be held in September. The Commission's suggestion, which was rejected in the North-South dialogue, was, if I understand it correctly, that the debts of the poorest countries should be cancelled out and the arrangements for debts of the other countries altered. How did this suggestion come to be rejected? We know also that the experts will be meeting at the UNCTAD Conference in July. What preparations is the Commission making for this meeting?

Attention should also be drawn to the fact that the agenda for the next UN General Assembly contains an item (No 66 to be precise) relating to development problems, including an assessment of the North-South Dialogue. This will call for a certain amount of preparation, which I am sure we can entrust to the Commission, and also presupposes that political cooperation functions in the General Assembly. Once bitten, twice shy, and I am afraid that we might not be properly prepared.

Finally, meetings have already been held in GATT and UNCTAD to consider the stabilization of prices of specific products. What is the Commission's position on this?

The Commission made a number of proposals for international economic cooperation at the Conference. Many of them were rejected. In line with the general attitude of Mr Cheysson and the Commission in this field, may I say that those partial successes are like bottles that are only half full. This is a good reason to persevere in our efforts and we have no doubt that Mr Cheysson will impress this on his institution.

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

Mr Dewulf. — (NL) Mr President, it is impossible to say all that needs to be said about the North-South Dialogue in five minutes. I shall not talk about the scope, nor the results, of the Conference — Mr Bersani and Mr Glinne have already discussed them — but shall confine myself to a few political comments on the state of the Community and on the single voice with which Europe spoke at this vital international meeting.

In the coming months, we shall again have the opportunity of discussing the actual content of the North-South dialogue. It must be emphasized that the European institutions reacted well to it. I need hardly remind you of the vigilance shown by the European Parliament in this connection, nor point out that a question was put to the Council representative on this

subject on 15 June of this year, that Mr Deschamps is now drawing up a report assessing development policy since Nairobi, which will involve full discussion of the North-South Dialogue in the Committee on Development and Cooperation, and that even the Political Affairs Committee has acknowledged the great political importance of this matter for the Community by the great interest — to put it mildly — it has shown.

The Tindemans report on European Union proposed that the new international economic order be placed at the top of the list of four priority areas in external relations in which the Nine would speak with a single voice. Even the European Council provided us with a pleasant surprise in deciding that the Member States should speak with a single voice at the International Conference on Economic Cooperation. We put aside all our doctrinaire or legalistic disputes in order to appear in Paris as a single member of the group of eight industrialized countries which commenced the dialogue with the 19 partners from the group of developing countries. Thus, on 15 June Mr Tomlinson, President-in-Office of the Council, corrected the questioner, Mr De Clercq, who had addressed his question incorrectly to the President-in-Office of the Conference of Foreign Ministers.

Three weeks ago Mr Tomlinson, as President-in-Office of the Council, summed up the matter in his brief answer, to which he gave an essentially political bent. Firstly, he said that the Council had undertaken to contribute to the establishment of a fairer economic order, a process which would go on over the next few weeks and months. Secondly, he said that, although the Paris Conference was over, the dialogue would continue. Thirdly — and this is the testimony of the President of the Council — the Community played a central rôle in Paris within the group of industrialized countries. His fourth comment concerned the follow-up, which, after the pertinent comments by Mr Glinne, I shall also be considering presently. But most of all I should like to stress — as Mr Cheysson has done — the enormous importance — not least for ourselves as Member States and as a Community although, of course, also for the rest of the world — of the concrete, significant and definitive step which we took towards European Union in connection with the International Conference on Economic Cooperation. From the point of view of both content and procedure, from the point of view of institutional construction, the organization and structuring of Europe's single voice, the European Council, the Council and the Commission made a wise choice and set off in the right direction in their approach to this dialogue. Reference was made earlier to the initiative of President Giscard d'Estaing thanks to which the Paris Conference came into being. At a delicate and difficult moment in international relations, he gave the impetus for talks and helped avert the danger of open North-South confrontation.

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I believe that the preparation of our united position made it considerably easier for us to reach an area of agreement at the Conference and to help preserve the willingness for a dialogue. Mr Cheysson and his staff would probably have a good deal to say about the difficulties involved in reaching a common position, the amount of patience and the powers of persuasion that are needed, and how many moments of discouragement and disappointment there are, but it is this permanent political mentality, this constant striving for a Community position which has made the Community credible — credible as regards its proposals and credible too as regards its warnings, its hesitations and its criticisms. This political credibility also derives from the objective situation of the Community and its Member States; we literally need this dialogue to survive, we accept it because we cannot live without it. I would even go so far as to say that dependence is no longer a one-way arrangement. We, too, have the right to make justified demands on the group of 19, and the Community can do so with all the more authority as it has itself made such a creative and positive contribution.

I shall not confine myself to merely encouraging Mr Cheysson — although he and his assistants probably need all the encouragement they can get. I would like to ask him certain questions, as did Mr Glinne, about the follow-up. We must make a choice between alternatives. Are we to pursue with the 'directory formula', i.e., a restricted conference of the Paris type, or shall we return to the somewhat elaborate UN machinery, or shall we seek a compromise? How will the Community be organizing its own follow-up to this whole debate?

My suggestion is this: should we not consider the possibility of gradually developing a world authority in the economic and social sector? This would be a useful job for the Community.

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

Mr Cifarelli. — (*I*) Mr President, honourable colleagues, my group wishes to thank Mr Commissioner Cheysson not only for his logical and painstaking presentation, but also, may I say as one who is not normally concerned with the matters of which he has been speaking, for its clarity which has enabled us to grasp and evaluate the issues involved.

I should like to make briefly two or three points.

First, we fully agree that the most important feature of the Paris Conference was the unanimous participation by the Community which has thus made a start on asserting its world role. When members of the federalist old guard, such as myself, say that the world needs a third or a fourth big power, and that this big power should be the United States of Europe, there

can be no doubt that, for all the obvious disappointments, the outcome must be positive. We should not act like the swimmer who knows perfectly well that he can swim across the river, but still hesitates to go into the water and insists on practising his strokes on dry land.

Secondly, it seems to me that this — partly successful, partly failed — conference has served to emphasize the close interdependence existing not only between different economic systems — the industrialized and the non-industrialized countries, the energy producers and the energy consumers — but also between the various subjects that were discussed there. The close link between the problem of energy resources and of the maintenance of the purchasing power of the countries drawing their revenues from exports, between the stabilization of commodity prices and the reorganization of the international monetary system, between the transfer of resources to developing countries and the indebtedness of the Third World — all these inter-relations emerged very clearly at the Conference. I wish to pay tribute to Mr Cheysson for recounting the dramatic events of the night of 2 June with a skill worthy of the traditions of lucidity that characterize French culture. These interdependences should be clearly recognized, and I should like, on behalf of my group, to support all those who, rather than refer the problem to the United Nations, wish to try to find solutions directly. It is an approach that follows logically from the position of the Community as the sole partner acknowledged by all those countries associated in the Lomé Convention. They undoubtedly represent a major part of the Third World, and at the Conference they were able to speak for it and explain its problems. Something practical has been done about reducing the gap between the two worlds: the industrialized countries and the primary producers. We hope, Mr President, that we shall continue in this way and that the interim results achieved can be given practical expression. Certainly, industrialized countries suffered a great disappointment: it was hoped to establish cooperation in the matter of energy, but this proved impossible, some of the reasons being perhaps that the position of the industrialized world had not been agreed in time and that there had been delays in developing those energy resources which could have proved a very useful counter in the bargaining. We must hope, therefore, that, in future, coordinated Community attitudes may provide a basis for progress in the fields of energy, development, and above all, in the monetary field — all of them requiring urgent solutions.

It is in this spirit that we intend to proceed in our political activities and in this Parliament.

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

Mr Sandri. — (I) Mr President, in assessing the progress and outcome of the North-South Conference, we rely on the objective judgment contained in Mr Bersani's statement and in Commissioner Cheysson's reply.

It seems to us that there is no reason to view the results with extreme pessimism, but neither should we try to make them look better than they are. Mr Cheysson has reminded us that at the end it came down to salvaging what could be saved, and after a salvage operation I do not think that we can speak, as some in this House have, of firm achievements.

We consider that the stake is enormous: the future order of the world is not a prize that can be gained in a single round, nor indeed, as we have seen, in several rounds. We thus have to recognize that the gap between undertakings given and results achieved remains very large. It is only fair to record the huge extent of the commitments undertaken by the United States and Japan. Nevertheless, we find that, for the moment, the percentages promised are far from being achieved, and that at this time it is to Holland that we have to pay tribute for exceeding the amounts declared, while we still wait for the great powers to at least keep up with the amounts they have promised.

While our admiration for the Lomé Convention is not unqualified, we must nevertheless note that, not so much at the operative level as at the level of ideas — and ideas are no less important than actions — it is the Lomé Convention which gave rise to proposals for the North-South Conference. While the industrialized countries have rejected with horror the idea of the worldwide extension of STABEX, the countries of the Third World, or rather many of these countries, have taken STABEX as a standard of reference in their efforts to stabilize commodity prices.

As for the conclusions we should draw from the outcome of the North-South Conference, I should like to put forward the following hypothesis. It seems to us that in the face of the difficulties encountered in attempting to regulate globally the relations between highly industrialized countries and those of the Third World, there is a tendency for everyone to withdraw into his own familiar territory, into the sphere of his traditional relationships or regional interests.

In fact, Mr Bersani and Mr Deschamps can witness that this tendency to withdraw into the regional sphere manifested itself in this very Chamber during the meeting with the 52 ACP countries when, for instance, the Community was asked, in view of the partial failure of the North-South Conference, to extend STABEX to all raw materials, from copper to bauxite. This tendency is also noticeable in other areas. In the context of the Lomé Convention we have already said how unrealistic this trend was in economic terms, and how mistaken politically. I think, however, that the tendency must be countered in *all* contexts and in *every* international arena: for

the problems at issue can only be solved at the world level.

Representatives of a Third World country with whom I was talking — it was in fact, Cuba — told me: 'We should like to see STABEX extended on a world scale'. To this I replied, as I would have replied in this House, that it was politically mistaken and economically unrealistic to ask that Europe should extend STABEX to the whole world: the answer could only be found at the level of world scale cooperation.

This is the line of policy which we should pursue in every political forum, and we should reassert within the framework of the North-South Conference the need to honour undertakings already given, so that everyone should look less to his own allies than to the interests of the world as a whole.

I should also like to add, Mr President, that I cannot agree with Mr Berkhouwer's statement that we are discussing these problems in a sparsely attended Chamber. The House is properly assembled and it is not by chance that we always find ourselves discussing essential questions at a particular hour.

This is due not so much to the intentions of those who draft the agenda as to the fact that, if the truth be told, development policy is for us an afterthought: there is industry, there is agriculture, there is energy and — oh, yes — there is also development. We do not really appreciate that development, far from being an afterthought, represents a new dimension into which we have to extend the Community's policy.

This is why I hope that in future we shall find the capacity and the strength to put into practice Mr Cheysson's many apt proposals and can learn to see the problems of the Third World in the context of Community policy.

President. — I call Mr Cheysson.

Mr Cheysson, Member of the Commission. — (F) Mr President, I shall be very brief in my reply, bearing in mind the views unanimously expressed by all the groups in the Assembly. Several speakers have asked what action the Commission intends to take now. I think this depends on the problem. Specific measures were decided on in Paris and they must now be implemented.

The first is the 1000 million dollars in aid, of which the Community is to contribute 385 million. We hope to make this aid available in the very near future. As Mr Glinne has said, we have decided to channel it through the specialized agency of the World Bank. My colleagues have already been in touch with the Bank to discuss the specific problems involved and in the next few weeks the Member States' governments will be asked to put the necessary measures into effect. It has been arranged between them that the 385 million dollars will come from individual contributions from each Member State, on the

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basis of an agreed scale, but the projects for which it is to be used will be decided at Community level. It is thus the Community that will negotiate with the IDA. Other specific measures were adopted, but I shall not mention them all here.

Certain decisions taken in Paris, however, are only relevant in a broader context. The Joint Fund for raw materials, for instance, is useless in itself. It will only be effective when there is a general agreement on the arrangements for various raw materials, specific agreements relating to specific materials. The agreement concerning the Joint Fund has therefore been referred to UNCTAD, which is the appropriate body to deal with the aspects still to be resolved. This structure, which was proposed and created at the Paris Conference, will be used by UNCTAD in conjunction with other instruments. Other questions raised in the North-South Dialogue will similarly be referred to UN bodies.

We are no less concerned than you are that these difficult problems are to be referred back to the UN. But our experience in Paris has made us think carefully, and I do not believe that we shall take the same risks again for a long time to come. We must not forget that if the talks in Paris had broken down this would have affected North-South relations for months and perhaps years, because of the impact it would have had in the capitals of the industrialized and developing countries.

Can the whole area of North-South relations be staked on the success of a conference? I put this as a question, and I doubt whether we shall take the same risk again in the near future. World problems will be dealt with in the United Nations, with the attendant difficulties to which you have drawn attention.

The dynamism of the Paris Conference was something quite exceptional. It was because of this dynamism that the meeting had to be salvaged, as Mr Sandri has mentioned. And because everyone agreed that we must save the Conference I think it can be said that a new factor emerged in the dialogue. Let us hope that it can be revived elsewhere. It is because of this new factor that the Americans announced that they were doubling their aid, although the amount they are now offering is still relatively low by comparison with what the Community provides, as Mr Glinne quite rightly pointed out, but it is nevertheless worth mentioning because it is the result of the new dynamic approach that has emerged.

If we are to make further progress, I really believe that the Community must continue to play its part. It is a generally acknowledged fact that there would have been no Paris Conference without the Community. We must continue to make our contribution, in other words the Nine must maintain their common position. In fact, there have been a few disturbing developments of late. In Paris, in a rush of enthusiasm, we adopted guidelines on agricultural and food problems.

They were adopted in a fairly dramatic and formal atmosphere. But only a few weeks later, when the World Food Council met in Manila, there was no mention of the joint resolution adopted in Paris. And furthermore, in the Council of Ministers — I hope I am not being indiscreet in saying so — there is a danger at the moment that the additional appropriation of 14 million u.a. provided for in the 1977 budget, which requires special arrangements for its release, will be cancelled. The situation is developing in such a way that it is possible this appropriation might not be utilized. How far we have come from those fine resolutions adopted in Paris!

As for the maintenance of a common position, it will be difficult for another reason too, namely that the Community as such is not a member of the United Nations. It is merely a participant, and only the individual Member States are actually members. This will present considerable difficulties and Parliament is going to have to call the Council to order several times to ensure that progress is sustained.

President. — The debate is closed.

11. *Human rights in Ethiopia*

President. — The next item is the oral question, with debate, by Mr Granelli, Mr Scelba, Mr Alfred Bertrand and Mr Pisoni, on behalf of the Christian-Democratic Group, to the Commission on action to safeguard human rights in Ethiopia (Doc. 139/77):

What is the Commission's opinion of the grave and disturbing events taking place in Ethiopia, with reference also to the situation in Eritrea, and, having regard to the fact that this country is a signatory to the Lomé Convention, what measures does it intend to propose to the Council with a view to safeguarding human rights and protecting national minorities and the foreign communities, bearing in mind the need to take timely action and to avoid interfering in the internal affairs of that state?

I call Mr Scelba.

Mr Scelba. — (I) Mr President, honourable colleagues, among the many grave events which have occurred in Ethiopia I shall only refer to the few that seem to me particularly significant: first of all, the mass execution of opponents of the regime, among them many students who had actively struggled against the Emperor to obtain a more democratic system guaranteeing better respect for human dignity; secondly, the expulsion of the consuls of several European Community countries; thirdly, the suppression of all civil rights and of the freedom of movement of people and ideas. Nor is there any sign of improvement: only yesterday *Le Monde* reported that the Secretary-General of the United Nations had met the leader of the new Ethiopia to call his attention to this persistent violation of human rights.

Faced with such developments, the European Parliament has the right, which it has used on previous

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similar occasions, to protest and to call upon Community institutions to take steps in defence of human rights.

But Ethiopia is a signatory of the Lomé Convention, and no doubt it will be claimed, as has been done on other occasions, that the Convention does not mention human rights and that therefore no infringement of the Convention occurs when states engage in the tragic pastime of trampling human rights underfoot.

I am unable to say how valid this argument is, but may I be allowed to observe that in this case the events to which I have referred took place after the signing of the Lomé Convention. Given, therefore, that all international treaties are subject to the provision *rebus sic stantibus* if conditions change, it is clear that the other party to the treaty can, in view of the fact that the original conditions are no longer fulfilled, consider the treaty forfeit and therefore denounce it. But we are not asking that. Mr Simonet this morning said that if the European Community were to break off trade relations with those countries where human rights are not respected — and it seems, unfortunately, that they are not respected in most of the countries of the world — then the Community would find itself in isolation, condemned to self-sufficiency.

The Lomé Convention, however, is not an ordinary trade treaty but provides — and this is its fundamental feature — for active intervention in the form of aid by the Community in favour of underdeveloped or developing countries. Well, President Carter has officially and publicly stated that he intends to use the policy of aid for developing countries as a means of promoting, defending and asserting human rights.

I wonder whether the European Community should not associate itself with this policy, which does not mean — I repeat — the breaking off of trade relations with Ethiopia or other countries where dictatorial regimes are in power — otherwise we should have to break off trade relations with too many countries. I ask myself whether we can continue to demand from the Communities' citizens sacrifices for the benefit of the Third World if the resources thus provided are then to serve to consolidate the power of regimes which delight in the violation of human rights.

This is what I want to ask the Commission. I address myself to the Commission, and not to the Council, because it is the Commission that formulated the policy for the Lomé Convention and drew up proposals for the Council. It is now up to the Commission therefore to submit to the Council proposals concerning the Convention. I should like to hear a clear statement on this matter from the Commissioner.

Mr President, I have taken the opportunity of this question to reaffirm the European Parliament's loyalty to the cause of human rights and to reassert its protest against those governments which continue to violate these rights.

President. — I call Mr Cheysson.

Mr Cheysson, Member of the Commission. — (F) Mr President, I note that the title of the question to the Commission, which Mr Scelba has just introduced, contains the term 'human rights'. I welcome this, because, before replying to the question itself, I should like to reaffirm the Community's position on this subject.

You will remember that in Strasbourg on 9 March a debate was held which centred on the violations of human rights in another part of Africa. The President of the Council deplored the repugnant and shocking reports — these were the exact words he used — coming from that country. I, on behalf of the Commission, endorsed this protest and voiced the indignation and disgust felt by any civilized person at the systematic violation of elementary human rights. When human rights are at stake, the position of the Commission, the Council, the Parliament, and of the Community as a whole, is clear. This position must also be made clear in the Community's statements. All those of you who were present at the meeting of the ACP-EEC Consultative Assembly a month ago are aware of the sensitivity of our partners and the misunderstandings that can arise. When we say that we deplore the violation of human rights, we are talking of massacres, of the violation of elementary human rights; we do not mean the freedom of the press, the power structure, which are another matter and do not call for such vehement criticism. But we must realize that our words are sometimes misinterpreted; this is something to be avoided. We must also realize that our information is sometimes incomplete or inaccurate. The subject today is Ethiopia and we shall be going into this subject at greater length. We did not express such strong views when 100 000 Ethiopians died in two months because the Emperor was not prepared to give up any of his wealth to provide food for the population. So we must be careful how our statements are interpreted, without abandoning our uncompromising stand against the violation of human rights.

To come to the question itself; it mentions safeguarding the rights of the foreign communities, by which I take it the Christian-Democratic Group means the rights and interests of Community citizens. Unfortunately, under the Lomé Convention we do not have the right to intervene directly, since there is no provision for such intervention in regard to either investments or persons. Nevertheless it seems to me essential to use the authority conferred on us by the Convention to intervene. In Addis Ababa on 19 and 20 May I stressed that foreign nationals in Ethiopia must be given freedom of movement, particularly those who wish to leave the country, that the safety of foreigners must be guaranteed and that compensation to undertakings that have been taken over by the State must be paid without delay.

Cheysson

The question relates principally to human rights and national minorities. Mr Scelba himself points out that under the Lomé Convention we are not entitled to intervene directly since — and this is a shortcoming — it does not contain any provision for such intervention. Speaking to Parliament on another occasion I said that the Commission intended to remedy this, when it was given a mandate to negotiate Lomé II, and to seek authorization to include in the preamble a reference to human rights. At the moment there is no such reference. Legally speaking, we do not have the right to call the Lomé Convention into question and I am not suggesting — I must stress this, Mr President — either to Parliament or to any other Community institution that we should violate an international treaty that has been in force barely a year.

Having said this, Mr President, let us consider for a moment the special case of Ethiopia, whose situation I consider, rightly or wrongly, to be fundamentally different from that of the neighbouring country where one man has, through his total irresponsibility, made life intolerable for the population. Ethiopia is in a certain stage in the historical process which began many years ago for, as you know, Ethiopia is one of the oldest countries in the world, established almost 3 000 years ago; Christianity was brought to Ethiopia at the beginning of the fourth century and Judaism and Islam have succeeded each other. Later, at the end of the 19th century, the Italians came to Eritrea and the French to Djibouti.

All this time the country was under a feudal system and there was no change until the Negus was overthrown in September 1974. The situation then, unbelievable in the modern world, was that more than half the arable land and 90 % of the property in the towns belonged to a few rich property owners and to the Church, and the peasants in those areas handed over up to 80 % of their harvests to the local landowners. This system, which was more characteristic of the middle ages than the present day, has now been abolished. The present government played no part in its abolition — it simply disappeared with the overthrow of the feudal system. Ethiopia is thus undergoing an agrarian revolution, which is in principle entirely justified but has not been without bloodshed.

I deplore this bloodshed, as I deplore all the bloodshed that has taken place in the revolutions that our own countries have undergone in similar circumstances. But this bloodshed, let it be remembered, has been in the cause of a revolution and not at the whim of one man. It is a complex problem, and further complicated by the fact that we Western powers misguidedly made Eritrea part of Ethiopia in 1950 by a United Nations decision which took effect in 1952. Eritrea had always been separate from Ethiopia, and was then brought under Ethiopian domination, which led to serious trouble. The Eritrean struggle for in-

dependence, to which the question rightly draws attention, has been particularly violent. Mr President, all this does not justify the violation of human rights, but I should like to point out that it is part of the historical process that Ethiopia is undergoing and is quite different from the irrational behaviour of one man during a certain period.

At this late sitting, I would also remind you of our own interest in the matter. Ethiopia adjoins the Red Sea, which must, in our own interests, remain open and in which various factions are anxious to gain the upper hand. Ethiopia is a country of 30 million inhabitants and which is twice as big as France. Is it in our interests to abandon this country to a foreign totalitarianism and to withdraw completely? I personally do not think so.

I could have confined myself to the legal aspects of the problem, simply pointing out that we are bound by a treaty and the Community cannot suggest violating a treaty that it has itself signed. However, I wished to point out that in the case of Ethiopia there are special circumstances which it is to be hoped will not be lasting but which we must bear in mind when forming an opinion on what we read in the press. This, then, is the situation at present. We must affirm our belief in human rights wherever possible. We must protect our citizens in whatever way we can, but we must at the same time uphold the terms of the treaties we have signed.

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

Mr Bouquerel. — (*F*) Mr President, ladies and gentlemen, this is the third time that the point raised by the Christian-Democratic Group has come up in this Assembly. During Question Time in March we talked about Uganda; more recently, in the debate on human rights in general, the resolution adopted at the end of the discussion called upon the Community institutions to make joint representations to the governments of the countries in which human rights are being violated. This prompted Mr Bertrand and his colleagues to ask the Commission what proposals it intended to make to the Council as regards the safeguarding of the human rights of national minorities and foreign communities.

There seems little point in returning to this subject on which everything has already been said. What can the Community and the Commission really do? We can only express our condemnation and protest at the systematic violations that are taking place in several of the ACP States.

We are bound to these states by the Convention of Lomé and must respect the legal obligations that the treaty imposes. The treaty contains no provision for taking action against those countries which do not even show the minimum of respect for human rights.

Bouquerel

We can only stand by powerless and watch the situation deteriorate: first Uganda, now Ethiopia. Which country will be next? This is a state of affairs that cannot be allowed to continue. In future we should be able to ensure that the countries to which we are bound by association agreements or to which we grant aid are required to respect human rights. This was brought up at the recent EEC-ACP meeting in Luxembourg. We might be able to remedy the situation when the Lomé Convention is re-negotiated. It is time to start thinking about this, because the contracting parties have to review the provisions that will ultimately govern relations between the Community, the Member States and the ACP countries eighteen months before the Convention expires, that is in July 1978. We already know that our concern about this matter will be taken into account, since the Commission will be negotiating on the basis of a mandate from the Council. And last May Mr Tomlinson assured us, on behalf of the Council, that before drawing up guidelines for the negotiations, he would give careful consideration to the problem of human rights. The principle could be embodied in the preamble to the Convention.

In any case, as Mr Cheysson pointed out recently, it is time for us to negotiate as equals around the table. It is natural that our own needs, interests and preoccupations should be taken into account as well as those of our partners. The respect of human rights is one of the fundamental principles of our Community. We must therefore make it clear to the ACP countries how much importance we attach to this principle and to its practical expression. There is some action we can take now, actually in the European Parliament. Why should not the question of human rights be one of the topics for discussion at the next meeting of the Joint Parliamentary Committee? This seems to me to be the best forum for such a discussion.

President. — I call Lord Bethell to speak on behalf of the European Conservative Group.

Lord Bethell. — Mr President, I would like to join with others in thanking Mr Scelba and others of the Christian-Democratic Group who have raised this important matter this evening, and I think it is particularly appropriate that we should be discussing a question of human rights after the interesting discussion we had on the subject this morning in Question Time in the presence of the Council of Ministers on the subject of Soviet Jews.

I must though, at the outset, although I am speaking in the name of my group, express my own view in that I was a little disappointed in the reply given to the opener of this debate by Commissioner Cheysson. He seemed to be implying that at the moment, under the Convention, there was very little that we could do, that we were tied by the Lomé Convention, that we

needed good relations with Ethiopia — Ethiopia with its frontage on to the Red Sea, the old argument — and that really there is not much that we can do about it. I would suggest that there are certain things we can do about it, and I would like to indicate some of them a little later in my brief speech.

First of all, however, I would like to remind the House, if the House needs to be reminded, that this is not the first time that action has been proposed by the European Parliament in connection with a country which is in clear violation of human rights. The most famous example, of course, was Greece, where an association agreement was frozen because of the behaviour of the then military government of Greece. It has been suggested many times that relations with Chile should be suspended because of the violation of human rights by the military government of that country, and some time ago trade negotiations with Spain were suspended because of certain actions taken by the Spanish government. So this is nothing new.

But it has been suggested that under the Lomé Convention such action would be illegal. I wonder if it is illegal. Has Commissioner Cheysson, for instance, referred to Article 92 of the Convention, which says that this Convention may be denounced by the Community in respect of each ACP State, and by each ACP State in respect of the Community, upon six months' notice? I am not necessarily proposing that the Community should denounce the agreement in respect of Ethiopia, but this is surely something we should bear in mind, that we have this power to call a halt, to give six months' notice to a State which we find is flagrantly violating the principles we hold most dear. Again, Article 40 of the Convention states that cooperation shall relate to the social development of the said States, and the following paragraph says that such development shall consist in particular in the greater well-being of the population. So, Mr President, if we come to the conclusion that the greater well-being of the population is not being pursued by the government of a country, do we not have the right to conclude that the Convention is not being observed by that country and to give six months' notice under Article 92? Surely we have that right and we have that duty, and every country with whom we have an arrangement under the Lomé Convention is in the same position as Ethiopia.

I simply put that forward as a possibility which we should bear in mind with regard to Ethiopia and other countries which are particularly flagrant in their violation of human rights, and suggest that when we come next year to renegotiate the Lomé Convention — and I think here Commissioner Cheysson will agree with me — particular importance should be paid to this question of human rights, and, as the previous speaker said, particular importance should be paid to this ques-

Lord Bethell

tion in further meetings between our Parliament and the ACP parliamentary representatives. We have the power to influence violations of human rights in the countries with which we have arrangements. It would be shameful if we were to neglect to use what influence we have.

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

Mr Sandri. — (I) Mr President, in order to avoid all misunderstanding or misinterpretation of what I am about to say, in complete disagreement with the preceding speakers, I wish to make a declaration — that is, to begin with the conclusions. I wish that honourable Members, instead of indulging in polemics which repeat well-worn but, in my opinion, totally unwarranted arguments, would make an effort to reflect more attentively upon what is actually happening in Africa. In general terms, what we are witnessing there is a danger that must cause us grave concern: a trend towards a subdivision of Africa, or rather: a tendency to reproduce in that continent the ideological, political and military conflicts which have split other continents, including our own, into opposing blocs. May I say to the last speaker that what his statements amount to is an expectation, and a historical justification, of the entry of Ethiopia into the Warsaw Pact. Is this what we want? Because that is the logic of his proposal for direct or indirect intervention to influence developments in this or that African country. Is this really the attitude we should take? Let us try to reason in cold, political terms: if we believe that there is a role for Europe to play, if we believe that Europe can help to reduce conflicts, that it should prevent local conflicts or the birth of new states from developing into conflagrations, if Europe is to play its independent peacemaking role, then Europe should try to prevent the escalation of conflicts in Africa, should act with sagacity, should offer alternatives to subjugation and hunger. Otherwise the Africans will look for that alternative where it is offered. This is not a prophecy of woe for the future, it is a description of what has been already happening very recently on the African continent. I only wish to add that it seems to me that we need a keener sense of history as well as greater political realism. A sense of history should make us see Ethiopia in a different light from Uganda, where paranoid murders are perpetrated but nothing changes. Let us look at Ethiopia as a country which is emerging from the night of feudalism, a country in which a national state is being constructed, with all the trauma, pain, drama and violence that have always accompanied the birth of national states, not only in Africa, but, until a few years ago, in Europe too. Before we start giving lessons to others, we should look back at our own past. Let us see the Third World as it really is: a *coup d'état* yesterday morning in Pakistan, civil war in Ethiopia — a revolution, not a gratuitous massacre by those in power... Well, should we apply to these

events the same standards as we do in our defence of the sacred rights of man in Europe? And another point, what do human rights mean in Ethiopia? Do they mean allowing men to die of hunger? If there is expropriation of land, if a civil war breaks out there, I do not feel entitled to judge of such things, I cannot take sides because these are historical developments in the face of which it would, in my opinion, be totally wrong, both in terms of history and of political realism, to assume any such position.

It is not, Mr President, that we are preaching an attitude of indifference or disinterest; let us hope, let us expect, let us help to end the conflict between Eritrea and Ethiopia, to which European countries have contributed. Let us hope that the conflict between Somalia and Ethiopia can be resolved without war.

This our wish to respect the independence of each of these countries should, I believe, find practical expression in patient, carefully considered political actions based on a strict respect of their right to choose independently their own way, because unless we act thus we may come to regret the way things are turning out in Africa. And finally, a word of caution: we should do well to recall the tragic, painful episode of Nigeria when all the European countries, with the exception of Britain, which had the foresight to keep its distance, were wringing their hands over the fate of Biafra, only to recognize later that the outcome of the conflict was the right one. Let us remember what happened in Angola in 1976, let us draw lessons from history and let us think about the future of the African continent!

President. — I call Mr Cifarelli.

Mr Cifarelli. — (I) Mr President, I am truly pained by the turn taken by this debate. I want to address myself particularly to my Italian colleagues, who, like myself, pride themselves on their knowledge of Italian philosophers. Well, it was an Italian philosopher who told us not to confuse practical judgment with theoretical opinions. I understand perfectly well that it is not for the Community to set itself up as a judge; but it is nevertheless the right and duty of the peoples we represent to speak out in defence of human rights, quite independently of any practical or contingent considerations — that is, quite independently of whether Mr Menghistu goes to visit Moscow or Washington. If we do not make up our mind firmly on the question of human rights, then everything can be questioned and challenged for a variety of motives: the error committed in Biafra, the civil war that threatened in Pakistan, the paralysis of civic life in Chile.

Mr Cheysson was reminding us that Ethiopia has retained a feudal structure, and he was all but invoking the strappado and the guillotine. I should nevertheless like to point out that under the Italian colonial occupation, which was ordered by Mussolini and which I was the first to condemn, slavery was abolished there. If subsequently, with the events that

Cifarelli

occurred at the end of the Second World War, slavery was reintroduced, then we should not be sorry to be unmaking history.

I am profoundly convinced that human rights must be protected everywhere and in every possible way. The means to do this are available: there is, for instance, a relevant clause of the Treaty and the matter could be referred to legal experts, but what is of the greatest importance is that a free Parliament should express its opinion, and in the view of myself and my colleagues in the group, this can only be one of censure and unequivocal condemnation.

President. — I call Mr Scelba.

Mr Scelba. — (I) Mr President, may I be allowed to answer Mr Cheysson very briefly? I confined myself to quoting facts, which the Commissioner did not refute, facts which were not just picked indiscriminately from the press. They are facts which have just recently induced the Secretary-General of the United Nations to intervene by calling upon the Head of the new Ethiopian State to respect human rights. It seems to me that this is a matter of some significance.

Now Mr Cheysson has been trying to present these events in a historical context, in an attempt — probably contrary to his own convictions — to justify morally what is happening in Ethiopia, to justify the violation of human rights there. Well, ladies and gentlemen, I am not prepared to accept this justification!

I lived for twenty years under Fascism, when Mussolini, in the name of the right to revolution, was sending people before special tribunals! I will not be told in this Parliament that, in the name of the right to revolution, anyone is entitled to kill young people who are fighting for the freedom of their country!

(Applause)

Mr Cheysson, you have solemnly declared: 'I shall never violate a treaty which I have signed'. But who asks you to violate treaties? Certainly not I, Mr Cheysson. On the contrary, I said explicitly that at the level of trade relations there was no point in talking of rescinding the Treaty, because in that case we should have to rescind trade agreements with all the countries where dictatorial regimes are in power. I was referring solely to the policy of aid for this particular government. Now this policy of aid can perfectly well at this point be revoked, because new facts have arisen since the signing of the Lomé Convention. All international treaties, as I have already reminded you, are expressly subject to the clause of *rebus sic stantibus*, and therefore when a country to which we have freely granted aid adopts a policy contrary to the fundamental principles of the European Community, I think the Community's organs have the right to protest against acts which we consider uncivilized, even if they may be inspired by a revolutionary vision. This is why, Mr Cheysson, I am not satisfied with your statement. I

should like to add that I have deliberately avoided mentioning the Italians who now happen to be in Eritrea, because I did not want to mix national interests with fundamental principles. It has already been pointed out that the European Community has on other occasions suspended — 'frozen' — international treaties freely concluded with third countries when dictatorships have arisen in the latter. What we have here is clear discrimination between a regime inspired by one particular ideology and other regimes inspired by other ideologies!

Let me say, then, that we stand for the protection of human rights against all regimes, of the left as well as of the right. We make no distinction between them, because what matters to us above all is the respect of the dignity of the human person.

President. — I call Mr Cheysson.

Mr Cheysson, Member of the Commission. — (F) Mr President, may I first answer the question concerning the application of the Convention of Lomé.

The Convention is not a trade agreement, it is an international treaty ratified by our parliaments. It is thus impossible for us to amend the agreement unilaterally; we can ensure that it is implemented in the form in which it was signed and see, for example, that our aid is being used in the public interest. We do this particularly carefully in the countries in which there is cause for doubt. As Lord Bethell rightly pointed out, we can also use the denunciation clause. We should then have to maintain our relations and continue providing aid for the next six months until the period of notice expired, but at the end of that time we should be released from the conditions laid down in the Convention.

As for the *rebus sic stantibus* clause — one of the internationalists' favourite articles — I do not think that it has ever been suggested that it should come into effect after such a short time. Thus we are bound by the Convention of Lomé and we cannot denounce it; as long as we are implementing it we must ensure that it is used for the purpose for which it was intended.

We all feel strongly about human rights and we have a duty to the citizens of our countries. We must therefore use all the means at our disposal — legal, juridical and political — to deal with this situation. This agrees with the view of the Secretary-General of the United Nations who has not, as far as I know, proposed that Ethiopia should be excluded from the United Nations, but simply said that action must be taken, which is what we are doing. The agreement with Greece was very different for two reasons: first, because it contained an explicit reference to the aims of the European Community, since it refers to the Treaty of Rome, and second, since Greece is in Europe, we apply different political criteria in our relations with that country than we apply when dealing with developing countries.

Cheysson

Moving on from the legal aspects, Mr President, I should like to return to three arguments which I used just now and which did not meet with the approval of many Members of the Assembly.

When I mentioned the Red Sea, I did not mean that we must stake our claim in that area; I simply meant that it was dangerous for us to let others stake their claims. More generally, I do not think that it is sound policy to say that any country that undergoes a civil war or a revolution is automatically left to the mercies of the Soviet Union; this is a short-sighted attitude. Having said this, there are cases where we might be obliged to follow such a policy, because human rights have been violated. But when I hear Members of Parliament talking about human rights, honest men, and men of high integrity, Mr President, I ask them to reflect on the meaning of this phrase 'human rights'. Why did we not say that human rights had been violated in Ethiopia three years ago when 100 000 Ethiopians died of hunger in one province alone because of the Emperor's feudal oppression? Not one of us thought of protesting about human rights then. Were they not violated, probably even more seriously than they are being at the moment? Mr Bouquerel talked of the deteriorating situation in Ethiopia. I do not know if he is better informed than I am; I cannot say today that it is deteriorating. My personal view is that for the vast majority of Ethiopians there has been no deterioration, quite the reverse, by comparison with the previous feudal regime. As for the claim that Ethiopia is under a dictatorship, I am sorry, but this is much too simplistic a view. It is true that there is widespread unrest and confusion and the country is suffering serious internal problems. Civil war and confusion, yes: but it is merely a fiction dreamed up by journalists to say that a dictator and a certain ideological group are trying to impose their regime on the country.

President. — Mr Sandri has asked for the floor to make a personal statement. I call him under the proviso that I do not regard differences of opinion over ideological or historical matters as appropriate subjects for a personal statement.

Mr Sandri. — (*I*) It is not a question of ideological differences, but of clarifying a historical event which in our opinion is definitely no concern of ours.

I was astounded to hear Mr Cifarelli, an old respected anti-fascist, saying that we Italians are conducting ourselves badly here and claiming that the Italians in Ethiopia respected human rights. I should only like to remind you that when in January 1939 a bomb was thrown at an official tribune in Addis Abbeba, wounding Marshal Graziani, the reprisal was the shooting of 2 000 inhabitants of that city. How sensitive of us Italians to imagine that we still have accounts to settle with the people of Ethiopia!

President. — I see, Mr Sandri, that my fears were only too well-founded.

I call Mr Cifarelli.

Mr Cifarelli. — (*F*) Mr President, I fully respect the Rules of Procedure and the Chair, but I cannot allow such a shameful distortion of the truth to remain in the verbatim report of this debate. I called on the Italian-speaking Members of Parliament, to whom my remarks did not need to be interpreted, to be my witnesses; I said it was a Fascist war and I even referred to Mussolini, against whom I myself have fought. But it is true that once the Negus had been overthrown, an anti-slavery law was drawn up. That is a historical fact!

I am speaking French now to make sure that I am understood by my Italian colleagues! It is disappointing that Mr Sandri should have so misinterpreted my remarks, since I expressed myself clearly in the language of Dante, which he understands as well as I do.

(*Laughter*)

President. — The debate is closed.

12. *Political situation in Spain*

President. — The next item is the motion for a resolution tabled by Mr Alfred Bertrand, on behalf of the Political Affairs Committee, on the political situation in Spain following the recent elections (Doc. 208/77).

I call Mr Bertrand.

Mr Alfred Bertrand. — (*NL*) Mr President, following the exceptional debate on the violation of human rights, I am happy to be able to table a motion for a resolution in which we note that human rights have been fully restored in one particular country. That is the purpose behind this motion by the Political Affairs Committee, which felt it would be a good thing for Parliament to express its satisfaction that this country, after 40 years of dictatorship, has been able to take this step towards parliamentary democracy in an orderly fashion, without bloodshed and without too many upheavals.

Since an interim report was approved by this Parliament on 12 May 1976, we in the Political Affairs Committee have followed political developments in Spain and given our rapporteur, Mr Faure, for whom I am deputizing today, every opportunity to follow developments closely on the spot on behalf of the Political Affairs Committee. He reported to us in Berlin on the orderly manner in which the Spanish people had made the transition to a democratic system through free elections. We were delighted to note that this people, despite its lack of experience, rejected all the extremists in the elections and came

A. Bertrand

out in favour of a peaceful transition to full parliamentary democracy.

The purpose of this resolution is thus to express Parliament's satisfaction at these events, to stress that, as far as we are concerned, Spain is part of the European Community and that we are willing to acknowledge its right to take its place in our Community at the earliest opportunity. I hope that Parliament will support this position unanimously.

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

Mr Bersani. — (I) I wish to declare my wholehearted support for the motion introduced by Mr Bertrand.

This Parliament has constantly, consistently and unambiguously demonstrated its concern for the restoration of democracy not only in Spain but also in Portugal and Greece, in the conviction that the cause of democracy is indivisible and its advancement, wherever it may take place, is to the benefit of all.

Recent developments in Spain must certainly be seen as positive. I myself have had the opportunity to go there as an observer and I found that in two particularly sensitive regions — Catalonia and Vizcaya — the election campaign progressed peacefully and was followed with great interest. It was, in my opinion, a test of democracy which the country passed very well. It is also noteworthy, as Mr Bertrand pointed out, that in the social sphere, and in other respects, democratic life in Spain is developing satisfactorily.

Hence the reaffirmation of our readiness to complete, in accord with decisions which are the prerogative of the Spanish people, the stages by which Spain can join the other nations of Europe, because it is a country that, not only by its geographical position, but by the entire course of its history, belongs integrally to our continent.

It is in this spirit, with a reaffirmation of political resolve that must dispel any doubts or misunderstandings which may have arisen, that the Christian Democratic Group unequivocally restates its position on this question. Certainly, there are difficulties.

The President of the Council himself was speaking today of an overall reconsideration of the entire process of Community unification, and it is in this context that we also see the question of its enlargement to include Spain and other countries. We are convinced that historical necessity, a motivation in favour of democratic solidarity and our clear European commitment will combine to overcome these difficulties and that, with a stronger commitment and a firmer resolve, we shall be able to work together to fulfil rapidly the conditions necessary to make Spain's entry into the European Community possible.

It is of course a two-way process. Both sides must work for this final aim; but it is certainly our duty to

give practical proof of our willingness, by rapid, step-by-step improvements in existing agreements, in the same way as we have attempted for Portugal and Greece, and to give to our commitment concrete expression through active solidarity with the democratic forces of Spain, to whom we offer from this floor greetings and our wholehearted support.

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

Mr Cifarelli. — (I) I declare the Liberal and Democratic Group's support for the motion for a resolution tabled by Mr Bertrand on behalf of the Political Affairs Committee.

We, like the rest of the political groups in this Assembly, have followed, with a mixture of anxiety and hope, the preparations for the elections in Spain. We had maintained contacts, both here and in Spain, with those who were not yet able to return to their country, with those who were reorganizing the political forces, and it has been my Group's constant endeavour to smooth out any differences arising between these political bodies with the aim of unifying them and enabling them to present to the Spanish people — voting after 40 years of Francoist tyranny — as clear and as simple options as possible. It is thus proudly as citizens of Europe, and with deep emotion, that we can now welcome the outcome of the elections as a propitious landmark in the history of Spain and of Europe.

Despite a somewhat enervating tendency to fragmentation, which may well persist for some time, the new political forces that have now emerged in Spain are essentially identical with those that we know in other European countries. They are forces which in their various ways declare allegiance to our own ideologies, to our own political programmes, to our fundamental aims. At a time when they are about to begin work within a new political framework, we offer to these forces, both to those ideologically close to us, and to the others, our best wishes for practical success.

And there are already some indications of such success. In the new government headed by Mr Suarez, for instance, the Ministry of Information which used to control the press and so interfered with the freedom of expression, has been abolished.

The three ministries of War, the Navy and the Air Force — and we know what a power they used to wield, with their tradition of *esprit de corps* and privilege — have been combined in a single Ministry of Defence.

In addition a Ministry for the Regions and a Ministry for Relations with Parliament have been established.

The future will show what other improvements can be made in Spain. But we should like to underline one point: it is that quite recently, at our Rome seminar,

Cifarelli

we once again affirmed in a public document, that we shall work for the entry of Spain into the Community.

In speaking to our Spanish friends we came to realize the following: the difficulties and the problems relating to Spain's entry were in the past all overshadowed by the fundamental and critical question of political freedom. As long as the Francoist regime existed, there was no question of Spain's coming into the Community. Now the fundamental political obstacle has been removed and specific problems are coming to the fore. On these we feel more optimistic than the President-in-Office of the Council, because we are convinced that the difficulties can be faced and overcome. We therefore wish to assure Spain that she will have our full political support when she submits her application.

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

Mr Sandri. — (I) We unreservedly support the spirit and the letter of the motion for a resolution tabled by Mr Bertrand, whom we thank, and we wish to second the good wishes addressed to Spain by Mr Bersani. We shall vote for this motion.

President. — I call Lord St Oswald.

Lord St Oswald. — Mr President, I had not expected to speak, and I shall therefore speak with great brevity. I had assumed that someone more senior from my group would be speaking, but as friend of Spain of some 40 years' standing, I think that I cannot allow my group's voice to remain silent. I would like to say that I do not in fact disagree with any more than one small emphasis in what has been said this evening, and in what has been said generally in the Western world, regarding the recent events in Spain. I do not feel the same surprise that some have felt. The Spaniards, as I have known them for many years, are a nation that is politically aware, politically alive. It should not be a surprise to anyone that, once given this opportunity, they have reached the conclusion they have reached. There will be changes, undoubtedly there will be changes, but they will not, I believe, be violent changes; they will be changes within the framework and pattern of democracy, and this must make us all extremely happy indeed. I echo the words and feelings of all those who say that we must hope soon to welcome Spain into the European Community. I am certain that it is the wish of all sensible Spaniards; I believe it must be the wish of all sensible Europeans.

President. — I call Mr Gundelach.

Mr Gundelach, Vice-President of the Commission. — Mr President, the Commission wants briefly to express its deep satisfaction with recent developments in Spain, which clearly indicate a continued and strong movement towards the establishment of a viable democratic system. For those reasons the Commission also welcomes the initiative taken by

Parliament in putting forward this motion for a resolution, which we would like to associate ourselves with wholeheartedly.

President. — Does anyone else wish to speak? I put the motion for a resolution to the vote. The resolution is adopted.¹

13. Common fisheries policy

President. — The next item is a joint debate on: — the oral question, with debate, by Mr Müller-Hermann and Mr Klepsch, on behalf of the Christian-Democratic Group, to the Commission on Community fisheries policy (Doc. 210/77):

1. What is the state of the Community fisheries policy as regards the internal management of EEC waters?
2. Is it intended to maintain the total ban on herring catches in European waters? How is it intended to ensure an adequate supply of herrings for the EEC market?
3. Can the Commission guarantee that agreements on fishing-zones and catch quotas with third countries, particularly Norway, Iceland, Canada and the USA, will be concluded or extended in good time to ensure satisfactory fishing opportunities for the Community fishing-fleets and an adequate supply of fish?

— the oral question, with debate, by Mr Kofoed, on behalf of the Liberal and Democratic Group, to the Commission on common fisheries policy (Doc. 211/77):

Following the discussions within the Council of Fisheries Ministers, will the Commission advise Parliament of the outcome of the negotiations on the common fisheries policy and of its plans regarding future negotiations?

I call Mr Müller-Hermann.

Mr Müller-Hermann. — (D) Mr President, the fact that we need to have an urgent question on the fisheries policy clearly shows that the common fisheries policy has reached an *impasse*. We are putting today's question to the Commission, although I am clear in my own mind that the Commission has made every effort to obtain a common fisheries policy and that the obstruction is being caused not by the Commission but by the Council, which cannot manage to reach an agreement. I find it a depressing sign of the Council's inability to take action or reach a decision that there should be these developments over the fisheries policy, calling for the questions which I must now put to the Commission, as the Council is no longer represented here.

The background to the first question is as follows. When the Community agreed to anticipate the outcome of the Law of the Sea Conference by establishing a 200-mile limit for the Community countries, intense efforts were made to reach agreement on how these Community waters should be administered and what rights and obligations there should be.

¹ OJ C 183 of 1. 8. 1977.

Müller-Hermann

These efforts did not succeed. And yet one might assume, on the basis of the Treaty, that all Community countries are committed to acknowledge the balance and parity of the interests of all Member States in these European waters with regard to internal rights and obligations.

The Commission is asked: may we expect an understanding on this internal fisheries policy in the near future, or does the Commission consider it necessary to await the outcome of its case at the European Court of Justice, in which event we shall probably have to reckon on further delay? Or are there any grounds for hoping that, even if it did not happen at their June meeting, it will be possible for the Council to reach an agreement in July?

The second question concerns the problem of herring fishing. Here, too, there have been negotiations within the Community. An agreement could not be reached because one particular Member State felt compelled to oppose a Community regulation. But then that same Member State, faced with the fact that a Community regulation had not been reached, took special action, which was not unnaturally regarded as very disruptive by the other countries concerned. I believe there is no doubt, and no controversy, about the fact that the depletion of herring stocks must be avoided; but whether it was the right answer to ban all herring fishing, as is now the case, seems very doubtful, to the other Member States at least.

The question is, what happens now? What safeguards are there to prevent the interests of the Community's consumers in the supply of herrings from being violated by the high-handed behaviour of one Member State?

And the third question, Mr President: it is not my job to play the schoolmaster to anyone, nor would I want to, but we must recognize that the Community needs a number of international treaties to safeguard fish supplies and guarantee the livelihood of the Community's fishing-fleets and industries. The treaties with Iceland, Norway, Canada and the United States expire this year. Some treaties have been extended further, but we know that it will be very hard to reach an agreement with these third countries. At present the Commission is clearly unable to negotiate, because it cannot do so on behalf of a Community fisheries policy, and that is because we can't reach agreement on how it should be run and consequently, in our negotiations with third countries, do not know what the Community can offer by way of compensation for making use of third countries' fishing grounds.

In addition to this, a similar problem arises over the negotiations which will have to be conducted with the East European countries, with the Soviet Union, Poland and the GDR. Here too, the question of reciprocal fishing rights is a factor, but if we really cannot

reach agreement amongst ourselves, we just cannot negotiate with third countries. Since such negotiations, though urgent, are extremely complicated, there is a great danger that we shall not obtain a common fisheries policy very soon, and that the new treaties to be negotiated will not be completed in time; and I should like to point out that the medium- and long-term planning of our fishing fleets and fishing industry, including the fish-processing industry, is a matter of guesswork at present, because nobody knows what to expect at the end of this year.

The fourth and last question relates to the negotiations being conducted with the East European countries. If I am informed aright, Mr Gundelach, a new dialogue is also in progress with the Soviet Union, which is good news; we hope it can be brought to a positive conclusion. My specific question is, does the Community unanimously agree that the right partner for discussions with the East European countries, and the Soviet Union in particular, is now the Commission, as the Community's representative, and no longer the nine national governments?

This, too, I should like to hear expressly confirmed. I believe there is a need for us to debate this subject today and to obtain information from the Commission, in view of the crisis with which the fisheries policy is now faced.

President. — I call Mr Kofoed.

Mr Kofoed. — (DK) Mr President, I should first like to thank you and the Bureau for allowing this question to be discussed. I regret that the request for a debate came so late, but the reason is that the Council meeting which took place last week produced, in my view, negative results, so that the EEC's fisheries policy and efforts to conserve fish-stocks seem to me now to have slipped out of the Commission's hands and been taken over by one of the Member States — in this case, England.

I do not wish to reproach the British Government for the action it has taken: it is, after all, in accordance with the decisions taken in The Hague. But I deplore the Council's inability to reach a decision. Admittedly, the eight countries were in agreement, but they were unable to reach the necessary compromise on an arrangement for herring fishing.

What has happened now is, I believe, very unfortunate, for now one kind of fish, herring, is to be managed under one system, that of the British Government, while responsibility for the other kinds of fish in the North Sea still rests with the Commission. But we here in Parliament know very well that one cannot adopt a conservation policy up in the North Sea and the EEC ports unless there is a coherent conservation policy. The worst thing about this, in my view, is the Council's lack of decision, because it means there is no conservation policy for the EEC in the North Sea.

Kofoed

May I just say that I fail to understand the Council's inability to reach a decision. What was the dispute about? It was about some herring quotas which, in fact, are of no importance to the countries involved. Whether they got one thousand or two thousand tonnes, that will hardly save either their fishing industry or their fishing-boats.

It should not be thought that the eight countries which were in favour of a small quota could have helped the herring industry. They could not. In any case it is certain that, if one looks at the catches up to now, one must agree with the Commission that, even if herring stocks in the North Sea had been boosted, it would have been necessary to take drastic measures, because there has been a dearth for many years, which is why the situation is as it is now. I would remind Parliament that it is not 10 years since 1 000 000 tonnes of herring were caught in the North Sea. What is the catch today? Between 100 000 and 200 000 tonnes. That means that there is every reason to believe that herring stocks have dropped to such an inadmissibly low level if there is to be any hope of having a stock which it would pay to fish.

The reason I initiated this discussion is so that Parliament might bring pressure to bear on the Council and also support the Commission in its efforts to reach a compromise. The main argument for this is that we have discussed the fisheries policy in Parliament and reached compromises, which shows that it is possible for these nine countries to work out a solution for such an important matter as this. Therefore it is all the more regrettable that the Ministers in the Council have not managed to do the same. For what is the result? It is that the Council now, despite Parliament's position hitherto, has declined — or is unable — to adopt a fisheries policy.

We therefore await an explanation from Mr Gundelach and hope this debate will have the effect of supporting all the efforts to deal with the present situation, where one country takes upon itself the responsibility of deciding how much herring should be fished in the North Sea. This situation is utterly untenable from the Community standpoint. I hope the debate can continue with the objectivity with which Parliament has always approached the fisheries problems.

President. — I call Mr Gundelach.

Mr Gundelach, Vice-President of the Commission. — Mr President, I wish for my part to thank Parliament for having provided yet another opportunity to discuss problems connected with the development of a Community fishing policy. Right from the outset, the creation of a coherent Community fishing policy was a delicate issue which met with nearly insurmountable difficulties, differences of interests, short-sightedness, lack of understanding of the interrelationship of

the problems, the lack of understanding that fish do not respect boundaries, that conservation measures consequently are not valid if they are taken on a national basis. Fish spawn in one area, grow up in another, and get caught in a third.

No endeavour has any chance of success without cooperation between the Community countries themselves and between the Community and neighbouring countries, in particular in the North Sea area. It has been possible nevertheless, throughout the months since the Hague decision was taken, which is the foundation for what we have by way of a common fisheries policy, to make some progress, and to avoid until now the necessity of a single country taking national measures.

The Hague Agreement provided for the joint extension to 200 miles of our fishing waters, in particular in the North Sea. It did — and this is a reply to the first speaker, Mr Müller-Hermann — supply the Commission with a mandate to negotiate on behalf of the Community all fishing matters with third countries. This achievement stands and is not subject to uncertainty, not even in the Council. It is that negotiations in international fora and with third countries are conducted by the Commission on behalf of the Community, on the basis of a mandate decided by the Council on a proposal by the Commission. That achievement is important: it has led to our ability, despite the non-existence of a permanent, coherent, internal policy, nevertheless so far to deal with our international problems on the whole in a successful manner.

We have, as you know, concluded agreements with the United States — with whom we have no reciprocal fishing because we only fish with them and not they with us — which permit us to continue fishing in their waters. We are well advanced in negotiations with Canada and we can already now say that our fishing fleets will be able to continue to operate in Canadian waters, at least in the immediate future, including 1978. We have concluded so-called framework agreements with other countries like the Faeroes, Sweden and Finland and are well advanced in such negotiations with Norway. For the period up to the conclusion of such agreements, or until such framework agreements can be given their proper substance, which will only happen when we have an internal policy, we have made gentleman's agreements which have secured continued fishing by us in their waters and by them in our waters. In other words, we have secured, on the whole, continued on-going business. With Eastern European countries we have started negotiations — which is a positive development politically — but we must naturally realize that two of these countries — East Germany and Poland — cannot give us reciprocity in fish and Soviet Russia only to a limited extent. To these countries and others

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we have given certain unilateral fishing concessions for a short period of time, but at a much reduced level compared with previous fishing. We have recently prolonged these unilateral fishing rights until the end of September to permit negotiations to continue, but, in particular in regard to the Eastern European countries, with some limitations, particularly in waters where conservation measures are necessary. Whether these negotiations will lead to a result it is yet too early to say, but they are at least being conducted in a serious spirit, and in regard to Soviet Russia some reciprocity is possible to accommodate our interest in fishing in the Barents Sea.

There are negative aspects too. It has not yet been possible to arrive at a breakthrough with Iceland which would allow some resumption of traditional fishing or security for continued operations by Community fishermen who still fish in Icelandic waters. Recently a joint mission by the British Presidency and the Commission in my own person led to a situation where at least we can reopen negotiations, and that will happen early in the autumn right after the holidays. Whether that will lead to a different result I do not know. You have heard me often enough in this House, after my first experiences in Iceland in November of last year, warning against illusions, and I shall not give any illusions today either. Nevertheless it is our duty to try to the last and this we shall do, but I am not giving you any hopes or any illusions tonight as I did not do on the two previous occasions I addressed you on this subject. In the long run it may be different, but that of course does not affect our immediate situation. That is the one negative aspect of our relations with other fishing nations, and the only one which is really seriously negative.

There are some difficulties for Italian fishing off the west coast of Africa, but there, at least, there seems now to be a willingness to negotiate. This probably will end up by being one of the issues which will have to be dealt with finally in the renegotiation of the Lomé Convention. There again we are dealing with countries who have no reciprocal fishing in our waters. It is a gift for which they will want some concessions from the Community and it will consequently be difficult to negotiate. With the big fishing nations like Norway and the Faroe Islands, with whom reciprocity is possible, we have our struggles and our difficulties, but we shall arrive at substantive agreements: major difficulties will lie in how to distribute among European fishermen the fish we can catch in those waters rather than in our relationship with these countries.

So far the Community has acted as a Community, and if we had not done that, we would not have been able to scale down significantly and in a peaceful manner fishing by the East European countries, who have been among those who were depleting our fishing stocks the most. We should not have been able to do that if we had not acted as a Community. But it is

evident that the external policy cannot continue to be successful if it is not based on a coherent internal policy, because agreements with third countries have to be given substance year by year in the form of fishing quotas on a reciprocal basis. And how can we do that unless we have an internal system which hangs together, which establishes Community total allowable catches, the distribution of quotas for species, of subregions of waters among Member States or to third countries, including proposals for taking into account the legitimate interests of regions which are heavily dependent upon fishing and consequently need special attention, special preferences? That particular aspect we have further emphasized in a recent communication to the Council. We put on the table proposals for figures, but the discussion in the Council did not lead to a result before the beginning of the year 1977, and we have had on the internal side to live through the first six months of this year on the basis of a gentleman's agreement that Member States should not fish more in each other's waters than they did in 1976. This requirement has not been respected by all Member States, including some of those who are now the most ardent in advocating conservation — rightly so, but they have their weaknesses too in other respects.

We have been able to take a number of *ad hoc* measures to deal with immediate problems of fish conservation. We have introduced on a Community basis by Council decision bans on fishing, in particular herring in certain Irish waters with effect from 1 March and somewhat later in the North Sea and valid until the end of July. We have taken certain other measures on a Community basis in regard to fishing techniques, Norwegian pout and what have you, which have allowed us step by step to survive month by month; but this way of proceeding imposes a continuous strain, has generated suspicion, and it has in particular, as Mr Müller-Hermann underlined, created uncertainty for the future of the fishing industry, be it in the industry on the water or on land. Apart from the external aspects, therefore, for internal reasons, for the sake of the industry's security and its ability to make arrangements, investments, to plan production, for the sake of the consumers, this situation of uncertainty must come to an end, and it can only come to an end when the Council is ready to try and build a bridge over the differences of conception which have so far prevented an agreement from being reached. This conception must be united before we can deal with too many issues of detail. There is no point in trying to make temporary allocations of fish quotas if there is no agreement on how, for instance, we establish a preferential arrangement for those regions which are most heavily dependent upon fish, how we take into account, as we have proposed it must be taken into account, losses sustained by certain countries in third-country waters when allocating quotas in waters inside the Community.

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I do not intend to use this opportunity to speak at length about the differences between the idea of exclusive zones and a coherent Community system: where there are no such Community zones there may be certain rules of preference for objective reasons. The reason why I am not doing that is that the recent Council meeting on fisheries did — and this is in reply to Mr Müller-Hermann — indicate that the political will was returning to the Council to seek a compromise valid for both parties. An exploration started at that meeting which I cannot guarantee will lead to results; nevertheless, in the eyes of the Commission, it was the first promising beginning of a serious discussion of the main elements of an internal fishing policy. That discussion will continue at the meeting of Ministers of Agriculture and Fisheries on 18 and 19 July. Given the complexity of the problems and the difficulties involved, I do not believe that even that Council meeting will arrive at a fully-fledged agreement. It would not be right to expect it, but I think it might lead us further on the road to a valid compromise.

Therefore, on this point, I do not wish to end at this present moment with too negative an appraisal of the possibilities of establishing a coherent internal policy. A new effort is being made by the Council and the Commission, naturally, is aiding as best it can, while sticking to its principle of the necessity of a coherent Community policy with a coherent conservation policy and joint management of our stocks. This does not alter the fact that a lot of control measures will remain the responsibility of the national governments, because the Community does not have, and will not, in any future I can foresee, have the means of executing that control. That has to be done by the national authorities on the basis of a general set of rules commonly agreed upon.

But this initial progress towards an internal fish policy has naturally been marred by the events in regard to fish conservation, in particular herring. We have, as I said, with the exception of the Irish measures, which in the view of the Commission were discriminatory and became a matter for the Court of Justice, avoided national measures so far. A ban on herring was introduced by a Council decision in March. A majority of countries wanted to introduce it on 1 January. Those countries who are now most strongly opposing a total ban in the Council were the ones who most strongly argued for such a ban in the Council on 20 December, to take effect on 1 January. I do not personally understand the changes of opinion which have taken place in a number of delegations. We did introduce the ban, as a Community ban, with a unanimous decision of the Council on 1 March. We prolonged it in May to the end of July. When the Commission proposed prolonging this ban to the end of the year, with the clear object of pursuing the policy in 1978 and possibly into 1979, we no longer could find agreement in the Council. It is not true to

say that it was a case of eight against one. A number of the other delegations — Italy, for instance — had no vital interest and participated little in the discussions: likewise Luxembourg. Belgium changed its decision a couple of times in the course of the debate. So it was principally five who appealed to the Commission to make other proposals than a total ban. But even they could not agree among themselves on what kind of quotas they wanted — quotas for 1977, or quotas for 1977/78; high quotas, medium quotas, low quotas; how to distribute the quotas. I must therefore make it quite clear that the Council was divided in three or four different ways. And it was this inability of the Council to stick to the conservation policy which it has itself declared to be one of the pillars of a common fisheries policy, which brought about a situation where one national government had to take national action, but following a proposal by the Commission, and therefore not acting in a way which can be qualified as being uncommunitarian. However regrettable it is that that situation arises, however much I detest national measures, the fact of the matter is that that national government, the United Kingdom, took it upon itself to execute a Commission proposal. That is the truth of the matter, Mr Prescott. The United Kingdom has asked the Commission, in accordance with Article 6 of the Hague Agreement, to approve the measures which the United Kingdom has taken.

I shall revert to that in a minute. I would first like to explain why the Commission has felt so strongly — and other Member States previously felt so strongly — about the need for conserving herring in the North Sea and related steps in other areas — tighter quotas in waters west of Scotland, the ban in certain Irish waters. We shall also have to move to control fishing in the areas called Kattegat and Skagerrak, but these are not covered by the 200-mile Community zone and are subject to a tripartite agreement between Norway, Sweden and Denmark. This matter will have to be negotiated with these countries, but it is nevertheless part of the same policy.

The herring problem has been acute for quite a while. For that reason, all interested states consulted a special group of marine biologists, people of very high professional standing. A marine biologist representing all the Member States fishing in the North Sea, plus other North Sea countries like Norway, Iceland, etc., made a comprehensive report on which they unanimously agreed. They submitted it to the liaison committee of the ICES, International Committee for the Exploration of the Sea, which approved this report unanimously, and even strengthened its recommendations. And what are their recommendations? I would like to quote, in order that there may be no mistake.

Their final conclusion is:

On the basis of the result given above, it will be quite apparent that the liaison committee can only reiterate the advice given on previous occasions that, if the North Sea

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herring population is to survive and be returned to a condition in which it can support a viable fishery, it is *imperative* that all direct fisheries on it are prohibited *immediately*.

Of these 18 experts, not one disagreed with this recommendation. In their superior body there was not one who dissented from that view. They were asked by the Member States also to consider whether it was not nevertheless possible to have limited fishing, and since that is on many people's minds, I should like to quote again from what they replied to that question:

However, the liaison committee was also asked to provide estimates of the expected effects on stocks of some direct fishing in 1977 and subsequent years. These have been computed at levels of total catch, including unavoidable by-catch, at 75 000 tons and 150 000 tons respectively.

The by-catch by the way, is 17 500 tonnes this year.

These results suggest that with total annual catches of 75 000 tons in 1977 and subsequent years, the spawning-stock biomass would remain at the recent dangerously low level for a prolonged period, and the total stock would continue in its present depleted state. At 150 000 tonnes annually it would decline rapidly and the North Sea herring population will be effectively extinct by 1979.

To this information I must add that the actual catches in 1977 have already been 32 000 tonnes, since there was no ban, unfortunately, through no fault of the Commission, for the first two months of this year. If you add to that the unavoidable by-catches, you arrive at a figure of around 50 000 tonnes. So if you are willing to have a little quota of some 15 000 to 20 000 tonnes, you will then arrive at the point where the biologists unanimously say that the price for that little catch, that little quota, which could only be some further 20 000 tonnes this year, will be that you keep the herring stock at its present depleted level without any prospect of its increasing and providing once more a viable basis for the herring industry, at sea or on land. In other words, to buy a little trickle of fish, you will jeopardize your future for a dozen years ahead.

You must further bear in mind that if we establish a minimum quota at this level, it will then have to be divided between five Member States fishing herring in the North Sea, plus four countries with whom we have reciprocal fishing rights and who are entitled to fish herring with us when we fish herring ourselves.

If we do not give them that right, they will retaliate and we shall lose equally important catches in their waters. If we have to divide some 20 000 tonnes between ten countries, the average will be 2 000 tonnes each. Catching 2 000 tonnes will not change your employment situation: you will be keeping the herring stock at a level where it will never really recuperate, where it will never again grow to a level where it can carry a prosperous and viable industry in the future.

That was the reason why the Commission could not accept the minimum quota solution. Either the quota would be so low that it would be impossible to find a

reasonable way of distributing it without its being ridiculous or, in the process of distributing it, we should all of a sudden find the quota growing into something which, in the view of this report, would be totally unacceptable with regard to the future. Furthermore, as has been seen in previous years, where NAF quotas has been grossly overfished, one must expect, when one fixes a small quota, that the actual catches will be about double. That has to be taken into account too, that has been the experience with respect to NAF quotas over the last four or five years. When assessing the effects on the fishing industry, obviously negative, of a ban, two things must be borne in mind. An adjustment has already taken place. In the mid 50's, as Mr Kofoed reminded us, about a million tons of herring was caught. By the early 70's, we were still catching nearly half a million tonnes. In 1976 we were down to around 160 000 or 170 000 tonnes. In other words, our fishing industry has adjusted over 10 years to a five-fold decrease in herring catches. What is now required is a ban for the duration of a year and a half, maybe a bit longer. This will mean the loss of catches which could only be of the magnitude of some 20 000 tonnes, in order, within a reasonably short period of time, to return to a situation where reasonable catches of the order of magnitude of 100 000, 120 000, 140 000 tonnes can be caught, but with the security that the stock will remain and continue to increase at a reasonable level.

Faced with a choice between a short-term sacrifice of a limited nature, however painful for those who have to sustain it, and the utter ruin of an otherwise prosperous and competitive industry in Europe, I do not think the decision should have been so difficult. I must say that it is one of the greatest disappointments I have had that the Council could not see beyond the immediate difficulties of the next three or four months to finding a viable solution for the industry in the long run. The Commission cannot change its opinion on this matter. It is deplorable that it has to be national measures, but the responsibility here lies, in my view, neither with the United Kingdom nor with the Commission, but with the Council as a whole. But the Commission must make it clear that the sacrifice entailed in a ban for 1977 is meaningless, in the view of this report, unless followed up by a ban for 1978 as well, and maybe for part of 1979. The Commission will make proposals to that effect shortly. Then we hope that the United Kingdom will also be able to support this. Because if they do not, then they will become the reason behind the complaints that were made at the end of the Council meeting, that there was, nevertheless, a certain discrimination — not discrimination in the national measure itself, because it applies to United Kingdom fishermen too, and is a burden, not least, on Scottish fishermen, but because the United Kingdom has fished more than its usual quota in the North Sea in the early months of this year. If a quota system were restored on 1 January 1978, one could then say that conservation had been

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used in a fish policy game in a manner which had brought about discrimination. The Commission would not be able to accept that, and has made it clear to the United Kingdom Government that a condition for the acceptance of their national measures following the Commission's proposals is that one maintains this policy, which is based on the report on which the United Kingdom Government also bases itself. Otherwise the sacrifice will have been in vain and, moreover, there will indeed have been a question of discrimination.

Two questions arise if one follows this policy of a continued ban for this year, for 1978 and maybe — we shall see — for a small part of 1979. The Commission hopes, for the reasons I have stated, that the European Parliament will support us in this policy, because if we do not follow it we shall sacrifice not only the herring industry but the credibility of a common fisheries policy, because the will to have a common conservation policy will have been undermined. Naturally, it raises problems of unemployment for those fishermen who are hit, and since it is a Community ban the Community must also live up to its responsibilities. We must establish the structural policy which we foreshadowed in our proposals last autumn and perhaps launch it earlier than was foreseen, in order to meet to a reasonable extent the temporary difficulties caused by this, in my view, inevitable policy.

Secondly, there is the question of supplies for industry. Not all herring will disappear with this ban, because they are still fishing subject to quotas west of Scotland, for the time being in the Skagerrak and Kattegat and in the Baltic Sea and there are certain import possibilities. But the supply situation has deteriorated. There are other fish which for certain fish-conservation industries can be used as a substitute, and we therefore do not believe that whilst the industry will be in difficulties it has no substitution possibilities. But, when all is said and done, is it not more important to find ways and means of getting over a difficult period of a year and a half in order to have a solid ground for years to come thereafter? What is saved by keeping a certain supply for the industry for a few months to come with the certainty that that will then lead to a situation where for years thereafter there will be no viable herring industry?

It is the hope of the Commission that with the proposals which we shall make in regard to 1978 discussions will be resumed in the Council and we shall eventually get back to having a herring policy as part of an overall internal policy of a Community nature and not of a national nature, because if fish conservation has to be undertaken on a national basis it will not be a proper conservation policy for reasons which Mr Kofoed and I have set forth and, secondly, there will not be a basis for reaching political agreement on an internal fishing policy. I hope that the Parliament will

support the Commission in its endeavours to return to a Community policy, a Community policy which respects the declared intentions of having a viable fish conservation policy. Thank you.

(Applause)

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

Mr Hughes. — Mr President, when Mr Gundelach mentioned the document from the International Commission in Copenhagen, which I have a copy of, he reminded me that this is probably the most depressing document that any man in public life concerned with fishing could read. One sees that in the year 1975, 2 460 000 000 one-year-old herrings were extracted from the North Sea, and the sins of that year will be visited upon the herring fishermen of Europe for more than a decade, because those fish that would now provide the spawning-stock for a continued herring fishery are fish-meal and destroyed forever. And this is the real tragedy. Over years that are now behind us we have permitted, singly and collectively, a violation of our heritage in the sea, particularly in herring, which it will take a very long time to recoup, and unless we take the most draconian measures to do this, we shall never get it right. There is that voice saying 'Give us a little quota here, help us a little bit, let us just fish a few thousand tonnes', and it is very appealing. The recuperation of that spawning-stock, to a point where it can provide viable fisheries for a reasonable number of people in this Community, must require a total ban. We cannot allow that total ban to be eroded by a few thousand tonnes here, and a few thousand tonnes somewhere else, because cumulatively that destroys the effectiveness of the ban which would seek to rejuvenate and recreate the stocks.

This same report suggests that needing something of the order of what, in their splendid language, they call 800 000 tonnes biomass — and I am happy to think that there are not a lot of politicians who have to know what a biomass is, but let that be — even with a total ban on herring fisheries, we shall not achieve 400 000 tonnes' biomass in the North Sea by 1979. We shall not even be half-way there. With a total ban for the remainder of 1977 and the whole of 1978, we shall not get half-way to the spawning-stock necessary to raise the North Sea herring to the level required for adequate recruitment to that fishery.

Then it may be said that if we take just a little bit out of the Skagerrak and the Kattegat, it will not affect the rest of the North Sea. That is totally wrong. Without being unkind to my Danish colleagues in this House, the Danes have, over the last 15 years, inadvertently imposed the most perfect ban on the Krogergrund herring that man could devise. They have made it extinct, there is no spawning-stock left! Compared

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with that, a temporary national ban by the British is a relatively minor matter. If we turn to some of the Dutch herring fisheries that existed in the '30s, '40s and '50s, we find the reality is that by their fishing methods they have created an absolute ban on these herring fisheries: they have destroyed the herring and there are none to fish. If as a Community we wish to destroy the North Sea herring in perpetuity, then let us yield to the need to have a little bit of fishing here, a few hundred thousand tonnes there: we shall then reduce the spawning-stock beyond the point of self-recovery.

I regret very deeply that it has been forced upon the British Government to take unilateral action. I would have greatly preferred that the Council of Ministers, acting on behalf of the whole Community, had come to a Community decision to conserve the necessary fish stocks in the North Sea. But on the basis of the evidence available from the Copenhagen Institute I must ask this House to believe that, whoever implements it, a total ban on herring fisheries for a number of months to come is absolutely essential. I would rather it had not taken place unilaterally, but regretfully, I must accept that the British Government had to do so.

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

Mr Vandewiele. — (NL) Mr President, owing to the very limited speaking-time available to me, I shall attempt to summarize very briefly the position of the Christian-Democratic Group on this issue. My colleague Mr De Koning will presently be discussing the particular problem of herring.

In January we held a full debate, on the basis of the Kofoed report, on fisheries policy in the EEC. On that occasion we discussed the proposal for a regulation establishing a Community system for the conservation and management of fishery resources, and we are grateful to Mr Gundelach for reminding us of that and for giving us such a full explanation on present policy. Now my first question to the Commission is: What has officially become of this proposal for a regulation? Is a large part of it or all of it still under discussion?

This Parliament was unanimous on the important principle that far-reaching measures had to be taken to maintain fishery resources and protect them from extinction, and in this connection I would remind you of paragraph 10 of the Kofoed resolution. We were all agreed on the principle of allocating fishing quotas to each Member State and limiting fishing by licensing arrangements and reserved fishing-zones. Fishing must be helped to combat the problem of excess capacity and over-fishing. I shall not go into this in any more detail: I refer you to the Kofoed resolution.

At any rate, there was unanimity. We said that the introduction of the 200-mile zone must permit two

things: firstly, an external fishing policy making it clear to third countries what we want and what commitments we are prepared to enter into ourselves and, secondly, an internal fisheries policy — Mr Gundelach referred to this — by which we imposed limits on ourselves. We agree on this. But we want the least possible degree of discrimination to enter into the formulation of these restrictions. I would be inclined to support the French position in this respect — assuming that the relevant documents can be believed — that once the limits have been drawn, there is a Community area, a Community sea, and I personally have difficulty in believing that within such a Community area it is possible to reserve 12- or 50-mile zones for a particular Member State. It seems difficult to me, but I accept that the Commission and the Council wish to reserve specific zones temporarily, by way of a compromise, for certain areas — Ireland, Scotland and Greenland in particular, which have very serious economic worries as a result of certain arrangements. However, it was agreed that the matter should be considered again in 1982. In principle we agree to that, in a spirit of compromise, but we are disappointed that the Council has still not taken a decision. Why is this so? There is more to this than just the herring question. Were there not catches in February, March, April, May and June? Yesterday a photo was published showing Minister Eyskens in Belgium sampling young herring. Was that clandestine herring imported from somewhere in Africa? No, it was North Sea herring! So there have been catches! And on 30 June it was suddenly announced that no agreement had been reached. The British can take matters into their own hands, take their own measures and introduce a total ban.

One point remains unclear, Mr Gundelach. (I address the Commissioner because the Council is not present at the moment.) It is not entirely clear why it is suddenly a question of all or nothing. That is the difficulty and that is the reason for the protest by the Dutch Government. But I will not dwell on this matter, as Mr De Koning will have something to say about it.

I conclude with a few remarks, on behalf of the Christian-Democratic Group, which are meant in a spirit of compromise and also in a Community spirit. I would urge that a compromise be reached at the Council meeting of 18 and 19 July along the lines proposed here by Mr Gundelach, albeit as a temporary arrangement for a few months to enable us to make the necessary settlement and then, we hope, reach a definitive agreement next year. We accept the elaboration of a system of fixed quotas as part of this compromise arrangement, which would, of course, be merely provisional. We accept this, but it should apply to all countries and goods and be based on previous figures for

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catches which can be checked. Secondly, we accept the principle of preferential access to certain fishing areas for local fishing and the areas I have named.

I conclude by drawing your attention to Mr Kofoed's motion for a resolution that has been distributed. Most of it will probably be approved by my group. Certain parts of it, however, require further discussion. I refer in particular to paragraph 6, which gives rise to certain problems. In any case, I would ask Mr Kofoed not to ask for a full debate on his resolution today, because the groups are not familiar with its content. I wonder whether it would not be better for our groups to meet and discuss it tomorrow morning, possibly with a view to tabling amendments which might receive the unanimous approval of Parliament. I would therefore urge Mr Kofoed to join us in seeking a suitable arrangement so that we can adopt a unanimous and optimistic position.

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

Mr Nyborg. — *(DK)* Mr President, there is an old Danish saying: 'God deliver me from my friends, I can take care of my enemies myself'. I think it applies to this question. We have just heard Mr Gundelach explain why problems arise when trying to establish a common fisheries policy, while it would appear that things go considerably better with negotiations abroad with third countries.

The Commission is admittedly not in a particularly enviable position at present, having to sort out all these fishing lines and try to produce some consensus. I find it very encouraging to know that the Commission has not lost heart, but is going on optimistically hoping it will succeed in establishing an internal fisheries policy, even if this seems to us parliamentarians a pretty hopeless task.

It is difficult in a debate like this to avoid repeating what has already been said, since there have already been a number of speakers. But as a matter of principle our group is of the opinion that the greatest possible freedom must somehow be achieved for the fishing industry. As the Member for the Socialist Group said earlier, the Danes are perhaps among those most responsible for the depletion of fish stocks, and therefore we must also accept extraordinary quota rules in order to build up these stocks.

However, I should like to take this opportunity — as I did when we were discussing fish earlier — to draw attention to the model of the North Sea being constructed by a Danish marine biologist by the name of Ursin. This model is computerized. I am not able to assess its accuracy — I am neither a marine biologist nor a fisherman — but it is interesting in itself and, if it is accurate, it will solve a mass of problems relating to fishing; so I hope the Commission has drawn attention to it as a matter of real importance.

The basic principle is that we should adopt a fisheries policy based on the principle that the species which feed on most of the other species' eggs and newly hatched young are to be fished most intensively. If this principle were adopted in the present situation so that the species which are the herring's enemies are fished intensively, it might help to replenish the herring stocks more quickly. But the interesting thing about the model is that the marine biologist in question postulates that, if his approach were adopted, it would be possible not only to keep a fishing industry of the size we have today, but it would almost double it. As I said earlier, I am not competent to judge how far this is true. But the possibilities opened up by such an approach are so interesting from the political angle, too, that it merits the closest attention — and in any case it can then be rejected if it should prove to be wrong.

Mr President, I do not want to tire the House further, but shall conclude my remarks by saying once again: I admire the Commission for its perseverance and wish it success with its work.

President. — I call Mr De Koning.

Mr De Koning. — *(NL)* Mr President, with reference to what my colleague Mr Vandewiele said on behalf of the Christian-Democratic Group, may I make a further comment. First I must say that I agree with him that it is surprising that the Council did not reach any agreement at its last meeting although there is apparently not much difference in the various points of view in the Council. I believe that Mr Gundelach also pointed this out. The Council's unwillingness to reach a compromise has, in my view, done the fishing industry a disservice and is even jeopardizing European policy which is often shown up in a bad light through our indecisiveness.

But in the light of this situation it is not only the Council which has failed; according to the press, the Commission is also at fault. If what we read in the press is true, when the Council's discussions threatened to end in a deadlock the Commission, instead of trying to remedy this by putting forward further proposals in order to achieve a compromise, just accepted the deadlock. Since there was already a danger at that time that Member States would take unilateral action, the Commission should have done everything within its power to prevent a breakdown in the Council's decision-making procedure. If it did not do so, if the Commission did nothing and let things take their course, it was in my view a serious dereliction of responsibility and a political error on the part of the Commission.

I believe that the present situation is all the more regrettable in that there is no disagreement as to the objectives of the policy. Both the Member States' governments and the general public are convinced

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that intervention measures must be taken to conserve fishing stocks, particularly the stocks in the North Sea. The only disagreement was on the methods to be used to achieve this, whether there should be an immediate ban on fishing, as the Commission suggested, or whether the volume of the quotas should be increased, which would to some extent help the fishing industry to survive. I believe that this dilemma is just as real as the dilemma that Mr Gundelach has just described, namely whether there should be a complete ban on fishing or whether the fish stocks should be allowed to die out completely. Among the experts there are advocates of both policies.

There are different views as to what is the best policy in this case. At all events, it is not a solution for one Member State — in this case the United Kingdom — to cause difficulties for the other Member States by taking unilateral national measures after it has reaped the full benefits itself, as it appears from Mr Gundelach's speech.

I do not think that such unilateral measures become Community measures just because the Commission supports them. From the legal point of view also this is a curious attitude. If I understand Mr Gundelach correctly, he is saying that the British Government's measures were Community measures because they were in line with the Commission's views. But this is to disregard the differences of opinion in the Council on this matter, and I do not think that a measure can be regarded as a Community measure when the large majority of the Member States are opposed to it. Perhaps unilateral national measures are legally justifiable, but they are undoubtedly contrary to the spirit of the Community which requires that solutions be sought at Community level. The Council and the Commission are both responsible for the present situation in which national interests must be protected at the expense of the interests of others by means of primitive methods such as the boarding of fishing boats and the confiscation of fishing gear.

This situation is particularly unacceptable for the Dutch and Belgian fishing industries. The interests of a large group of fishermen and a substantial part of the employment sector are directly affected. It is up to the Commission and the Council to find a solution acceptable to all sides. May I ask the Commission what proposals it intends to put forward at the Council meeting of 18 and 19 July with a view to finding a solution? What steps can be taken so that the United Kingdom's unilateral measures can at least be revoked and what can be done to evolve a Community fisheries policy under which fishing stocks in Community waters can be built up again in such a way that the cost is equally distributed?

The part the Commission plays in the next Council meeting is of crucial importance as regards the future

of the fishing industry in the Community, the development of a Community fisheries policy, which would also cover third countries, and the credibility of European policy.

President. — I call Mr Laban.

Mr Laban. — *(NL)* Mr President, I welcome the fact that we are once again discussing the problems of the fishing sector this evening. In view of the time, I shall confine myself to the views that have been expressed in a number of countries which have important fishing interests on the Council's failure to reach a decision and the unilateral measures taken by the British Government.

Not that I have any doubts — I must make this quite clear — that drastic measures are needed to ensure the survival of the fishing industry. This has been acknowledged by several speakers this evening. I would also point out that both the fishermen and the owners are to blame for the fact that such measures have had to be taken. They have been warned many times that intensive fishing, and allowing short-term interests to take precedence over long-term policy, will eventually mean that measures have to be taken or else the fish stocks will die out completely. Having said this, I should like to ask Commissioner Gundelach a few questions.

In the first place — as he himself mentioned — is it true that marine biologists believe that the herring stocks in the North Sea are now in the region of 1 million tonnes?

If no more fish are caught for the next three years it should then be possible to catch about 400 000 tonnes out of this million.

Secondly, can the Commissioner confirm or deny the persistent rumour that according to marine biologists a fishing quota of between 15 000 and 20 000 tonnes per year cannot be regarded as acceptable from the point of view of conserving fish stocks in the North Sea?

The Commissioner himself has pointed out that the British fishermen have reached their quota — the same amount as in 1976 — but he notes that practically all the other countries have stayed considerably below their quota by comparison with 1976 and that Germany and France have not caught anything at all. This is of course related to the fishing zones to which the various countries are restricted.

My last question on this point: is it true that 70 % of all herrings caught are processed and fed to chickens and that only 30 % are used for human consumption? If it is true, may I also ask the Commissioner whether it would be possible to change this system and take appropriate measures so that the herrings that are available are used for human consumption and processing, because the chickens in the Community could easily be fed on something else.

Laban

As regards the Council of Ministers — which my colleague Mr De Koning and other speakers have already mentioned — as far as I can gather there has never been a Council meeting which ended so disastrously and in such an acrimonious atmosphere. Clearly it is impossible to catch between 15 000 and 20 000 tonnes in the North Sea without hampering the conservation of fish stocks quite considerably. Is it true that the Ministers asked — as Mr De Koning has said — that the fishing industry should be kept in existence by means of the quotas which can be caught outside the North Sea and by switching over to horse-mackerel which are intended for the extra-Community market?

And my question now — a specific question, because I want to give the Commissioner the opportunity to dispel all the rumours — is whether it is true that he rejected this request saying that there must be unanimity in the Council before the compromise solution that he had to suggest could be discussed?

If this report is true I can imagine that many of the Ministers were not best pleased. I think that if it is true then it is up to the Commission to work out how the discussion can be kept going; if we take up entrenched positions like this obviously no solution can be found. I would therefore like a clear answer to this question.

The Commissioner himself has reminded us that the British Government's unilateral measures are restricted to the period up to the end of this year. Furthermore the decision complies with the requirements laid down as a result of the Hague agreements. It is not discriminatory. However I have just heard that Mr Silkin made a statement in which he welcomed the fact that he is no longer President of the Council and can now properly defend British national interests again. He will undoubtedly make every effort to do so, in a partisan and even aggressive manner.

I therefore welcome the fact that the Commissioner has stated that the ban must be continued after 1978, so that there is no possibility of 'chopping and changing', removing the temporary ban in the first months of next year and then introducing it again at a later date. I am glad that the Commissioner has this in mind.

As far as I can gather, under the Hague agreements the Commission's approval is not required before such measures can be put into effect. This means that strictly speaking the measures are not illegal and that the British Government has the right to seize fishing boats, impound catches and impose heavy fines. However I agree with other speakers that this is hardly a diplomatic approach.

Can the Commissioner comment on the fact that according to a Reuter report this evening the Commis-

sion has sent the British Government a communication in which it expresses great concern at the unilateral measures that Britain has taken?

Is this merely a formality or is there more to it — it is after all a Community measure?

Can the Commissioner confirm the statements by biologists that there can be no more fishing in the North Sea? If he confirms this fact, I shall be convinced. I shall accept the fact, but then I think we must give our attention to the major social problems that will result. There is already unemployment among Dutch fishermen and this is likely to continue in the medium term. The question is whether we can ensure the survival of our herring fleet and our fishing industry. And if the measures are to be Community measures — and I hope that they will be — then it is the Community's responsibility to provide financial assistance, for example from the Social Fund. In most cases the people concerned are people whose income has been reduced from a normal income to nothing at all. I hope that the Commissioner will bring this matter up in the Commission.

President. — I call Mr Lemp.

Mr Lemp. — (*D*) Mr President, as a newcomer and new Member I am in the fortunate position of speaking last, and I do not wish to incur my colleagues' criticism for holding things up. I should therefore like to be brief.

I should like to make the point, and this is addressed to all my colleagues from the nine Member States, that the herring has always been the poor man's trout. I say so quite deliberately as a Socialist and I am glad to see a Christian-Democrat, Mr Müller-Hermann, raising this problem today. The herring has always been the poor man's trout.

Eventually we shall all think of the herring as we do of the trout; and perhaps I might point out that we must now make an effort to agree on Community policy. Mr Gundelach has just said that it is very hard to sort these problems out with other states which do not belong to the Community, but I can't help thinking that it can only be difficult because it is difficult for the Community itself — and as a newcomer I am sorry to have to say this — to sort the problems out, as has just been shown. We should work together — this is my personal view, and I am a herring fan, as it were — to safeguard the herring, and the white herring too, particularly the Dutch one, of which I am very fond.

We should also make an effort to support the Commission in future, for the question who is to blame is irrelevant here. I have been told that this problem has actually been under discussion for nine months. And it's still being discussed tonight, or rather this morning. I consider it very important that these things be discussed again later today, and I

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should like to end with a specific request. I support the comments here by my colleagues, and I hope that we shall all get together round the table, whether it be the Commission, the Council or the political representatives in Europe, to protect the herring, or the poor man's trout, in the public interest, like many other things which are worth protecting.

Mr President, if you had to pay one Mark for a trout — that is to say, a herring — that would be cruel indeed.

Should we not resign ourselves to doing without white herring for a year or so, and give some thought to the kind of difficulties which our friends who harvest the white herring will have to tackle, and try to help them, while making sure that the herring's biological balance is preserved as well?

President. — I call Mr Gundelach.

Mr Gundelach, Vice-President of the Commission.

— I also want to thank all those who have participated in the debate. There are not so many comments I have to make, because most of the speakers have basically been supporting the general line of the Commission, but there are a couple of notorious exceptions, and there are some specific questions which have been put to me and which I must answer.

First, on a technical but nevertheless important matter raised by Mr Nyborg: I am not a fish biologist or a fish expert yet — it may come — but he is right in raising the issue of the balance between species. One cannot carry out fish conservation by just considering the stock species by species, because there is an interrelationship: when one species becomes too big in relation to another, depending upon what this species eats, then all kinds of subsequent consequences take place. He referred to the effort made by one marine biologist — it has also been done by others — to try and establish a model where one sees what happens to one species when another either goes up or down depending upon what kind of fish it eats: this is the way we have to go to work. We cannot look at one species in isolation from another, we have to move towards dealing with an overall model where we see the species in relation to each other, which, by the way, is an additional argument why it has to be done for broader areas and cannot be done nationally for smaller areas, because then you cannot operate a model of this nature. The argument put forward is therefore not one we have come to the bottom of, but it is certainly not one which has been disregarded: it is highly important.

Other speakers, particularly the representative of the Christian-Democrats, asked what happened in that Council meeting. They cannot understand it. It is not so difficult to understand, because what happened is that there was a conflict of interests. There are eight Member States who support the proposals made by

the Commission, and basically supported by this Parliament, with a number of comments which we have basically accepted. There are two Member States who feel that they need to have something more, something different and something more exclusive. Now in trying to solve this problem, one has taken on board, as you did too in your statement, recognition of certain special problems in certain areas — in Scotland, Greenland and Ireland — whatever they may be. That has narrowed the gap somewhat. But there still is something more that somebody wants.

I would agree with the sentiment that if the common fisheries policy has to be established on this narrow balancing of immediate interests, then we shall not succeed. If it is not seen in a broader context — European cooperation or European development — then we shall fail. If it is not seen as part of our political problems, then we shall fail. It cannot be dealt with in the spirit, 'A fish for a fish; I have got so much and I will not give it away.' If there is no sense of solidarity, then there is no Community, and then there is no common fishing policy. If I have any optimism, it is because I believe, irrespective of the recent statements by the famous British Minister of Agriculture, that there still is in all our Member States a political will to look at political problems in a political manner. The day that is denied we shall have to fold up, not only the common fisheries policy but a lot of other things as well. Those in some countries who believe that fisheries can be taken out of the overall context had better think again, because they cannot. If we don't succeed in fisheries something will go wrong in industry, and something will go wrong in agriculture, and something will go wrong in politics.

Mr De Koning accused the Commission of being lax. That is the first time I have heard that accusation and I resent it, to be quite candid and quite open. I do not think the Commission has been lax in the formation of an internal fishing policy. I think we have paved the way and got the Council moving for eight months, and I think we have gone further than anybody would have believed possible last autumn. Maybe it was not the internal fisheries policy as such you were talking about, I do not know. But if the price, Mr De Koning, for achieving a compromise is to give up fundamental Community principles, and you came close to asking me to do that, then I am sorry, I will not do it, because I am not the general secretariat which acts upon instructions from one, two or three Member States, but have a mandate under the Treaty and I am not going to make compromise suggestions which are going to compromise the basic principles of the Treaty. Maybe you were not referring to that, but to the way the question of herring was handled, the question to which Mr Laban was also referring. But there again I must say that, as I tried to explain in my first intervention, there was a limit

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beyond which the Commission simply could not go without losing its credibility as a mover of a coherent internal fisheries policy, of which conservation must be an essential part. As for the rumours about compromises in my pocket, no, I had no compromises in my pocket: whatever I had to communicate to the Council was openly communicated to them. What had happened was that at the previous Council meeting some members of the Council said they recognized the difficult herring situation but would prefer it if we could kindly make some other proposal than a ban — perhaps proposals for some minimum quotas.

So we undertook to examine that problem: we have an obligation, when such a wish is expressed by a number of delegations, to examine it very carefully and very seriously, and we did so. We put on the table a communication from the Commission which examined in detail various models and minimum quotas, how they could be established, how they could be distributed between Member States, but with due respect to our responsibilities towards certain third countries. And we arrived at the conclusion, which we spelled out and substantiated in this document, that, as I said in my first intervention, the total quota must be low enough to be acceptable from a fish-biological point of view — and for 1977 that would be of the order of magnitude of 15 000 to 20 000 tonnes taking into account what had already been caught on the unavoidable by-catches — but that it would not be worth distributing. There was so little for the ten or so countries among whom it had to be distributed that it was not worth while. It was not worth the risk, because the risk, even with a minimum quota, was a very slow building-up of the stock, or no building-up at all. And the price of giving Holland a quota of 2 000 tonnes was to risk the collapse of the herring stock in the North Sea, and therefore having no herring in the future. That price was too big. Therefore, the Commission took a decision, not for reasons of dogma, but because it sincerely believed that for the fishing industry in all Member States, including Holland, the short-term difficulties were better than a total, irreversible collapse in the long run.

I do not think we have failed in our responsibilities. I can accept that people may be in disagreement with us, but I remain convinced — and nothing has been stated since which has changed my opinion — that what we are proposing is right for Europe, for the fishing industry in each of our Member States. We could not yield on those proposals for the sake of a compromise which would have been too expensive — not only in terms of fish, but also politically, because it would have deprived an internal fishing policy of its credibility and demonstrated that we did not take conservation seriously. There was no way of bridging this gap I just referred to, and therefore no alternative to the unpopular solution of sticking to a hard line for the immediate months to come.

Mr Laban referred to the high proportion of herring which is being used for fish-meal industrial purposes. The relationship he referred to was true some years back, but I think it is changing. Among other things, I want to draw your attention to the fact, which is recalled in this report to which I have referred, that since October 1975 direct herring fishing for industrial purposes has been prohibited, and that probably is the main reason why this ratio no longer applies, but there are waters as yet outside the full jurisdiction of the Community where herring is still being caught and used for fish-meal production, and the Commission, in its communication to the Council to which I have just referred, has strongly recommended that this practice be stopped. A fish which is eminently well suited for human consumption should not be used for the production of feeding-stuff, of which we have too much anyway.

Reference has been made to the legal problems raised by the national measures taken by the United Kingdom under the Hague Agreement last year. It is correct that the agreement lasts until the end of this year, and the possibilities it offers in this interim period for individual Member States to take national measures, provided they are of a temporary nature and on a non-discriminatory basis and no Community measures have as yet been taken, will cease by the end of this year. It is true that, under this agreement, the country which wants to take these measures must seek the approval of the Commission, but I quite agree with Mr De Koning that that does not make them Community measures. They are still measures of a national nature, and therefore something not acceptable in the kind of framework we operate in. There I wholeheartedly agree with him. It is just a safeguard that they have to be submitted to the Commission. And that this is just a safeguard follows also from the fact that the Commission's approval is not necessary. The safeguard lies in the opportunity the Commission has, if the conditions laid down in Article 6 of the Hague Agreement are not fulfilled, to take the country in question to the Court of Justice, as we did in the case of Ireland, where we felt that the measures taken were of a discriminatory nature and where so far, it seems, the Court has been following our reasoning. In this case, the measures are non-discriminatory, provided the same policy is pursued in 1978 as well. If that is not the case, there is an element of discrimination and then matters look different. That is why, in the communication to which Mr Laban is referring, which the Commission has sent to the British Government today, a possible discrimination has been highlighted, and we have made our acquiescence in these measures dependent upon a satisfactory answer to this problem.

I hope I have thereby also explained and answered the legal question raised by Mr Laban. But even if these

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questions are satisfactorily answered by the United Kingdom, which will bring about a situation where there can be no question of taking these measures to court, it still remains true that they are national measures, and they are a stumbling-block to a Community fishing policy, and it must be the responsibility of the Community Institutions — the Commission, Parliament and Council — to bring that situation to an end as quickly as possible and come back to a conservation policy, which I think must be strict but must be on a Community basis. Here I do agree with Mr De Koning that it is not tolerable in the long run to have a conservation policy based on national measures, either for political reasons or for specific reasons. It must be done on a Community basis.

President. — The general debate is closed. I have received from Mr Kofoed, on behalf of the Liberal and Democratic Group, a motion for a resolution, with request for an immediate vote pursuant to Rule 47(5) of the Rules of Procedure, to wind up the joint debate on the oral questions on Community fisheries policy (Doc. 216/77).

We must first consider the request for an immediate vote.

I call Mr Kofoed.

Mr Kofoed. — (DK) Mr President, I wish to recommend that Parliament vote for this resolution, because it can be regarded as a summary of the views expressed by Parliament earlier. I can tell Mr Vandewiele that paragraph 6 is the most important; but I do not think the vote should be postponed until tomorrow.

May I explain that paragraph 6 is important because it gives a very clear picture of the policy that should be adopted. That is to say, if the British Government does not accept such a proposal, its action can be regarded, I believe, as an act of discrimination. Therefore it is necessary to specify that this ban on herring fishing is to last 'until the end of 1978'. It is of the utmost political importance that this, too, be adopted.

President. — I call Mr Müller-Hermann.

Mr Müller-Hermann. — (D) Mr President, the motion for a resolution was distributed all of two hours ago, a resolution with 10 points. I consider it is asking too much to call a vote now, when the opportunity to discuss the content of this resolution tomorrow in the political groups has quite rightly been requested. I should therefore like to call for the vote on the resolution not to be held until tomorrow.

President. — I call Mr Hughes.

Mr Hughes. — Mr President, for the reasons that if this is deferred even until tomorrow there is a grave

danger that no parliamentary decision will be taken in fact upon the substance until the October part-session, I will certainly vote in support of Mr Kofoed that the vote be taken now, and whatever the merits of the content of the resolution — and there are bits of it that I would wish to amend — I would not wish any delay to take place in voting upon it. I will vote in favour for those reasons.

President. — I call Mr Müller-Hermann.

Mr Müller-Hermann. — (D) Mr President, I think Parliament should not accept the charge of using delaying tactics. Others may be responsible for doing so, but not this Parliament. I would not wish to mention any names, but one Institution has been using delaying tactics for months, and it seems to me more important that we should reach a unanimous opinion which will then carry some weight in the Council. But it is asking too much to expect us to vote on a resolution with important points which has only just been tabled. That is why I am repeating my plea to the proposer of the motion that we should agree to hold the vote *tomorrow*.

President. — I put to the vote the request for an immediate vote.

An immediate vote is agreed.

Before putting the motion for a resolution to the vote, Members wishing to give an explanation of vote may do so.

I call Mr Laban.

Mr Laban. (NL) Mr President, first I should like to endorse the remarks made by my colleague Mr Hughes and secondly to say that after the Commissioner's lucid and convincing reply I am in favour of this resolution and agree with Mr Kofoed's comments on paragraph 6. I shall therefore vote in favour of the motion for a resolution.

President. — I call Mr Vandewiele.

Mr Vandewiele. — (NL) Mr President, whatever my personal views about the matter, I shall not vote for this resolution because I deplore the present state of affairs. I must point out for the fourth time that there are no more than ten people present in this Assembly and each time there is a two-thirds majority of people from one particular part of Europe, not mentioning any country by name. It is regrettable that we fall into the same trap every time. I do not consider it a normal procedure to try to obtain a majority vote with ten people at half past twelve at night; to register my protest I shall vote against the motion.

President. — I call Mr Hughes.

Mr Hughes. — Mr President, before we proceed to the vote and in explanation of the way I would wish to vote, I would ask whether, under the Rules of Procedure, certain alterations and emendations to the motion for a resolution would be in order. What I would like to suggest is that paragraph 6 be split into two parts. The first part, under my suggested amendment, would read, 'Agrees in principle with the Commission's proposals', and the second part would then read, 'Believes that there should be a total ban on herring fishing in the North Sea until the end of 1978 and that, in recompense, quotas should be granted elsewhere in Community waters.' I think this would enable Mr Vandewiele, and certain of my Dutch and Danish colleagues, to find it easier at least not to vote against. I suspect they would still find it impossible to vote in favour, but I ask you as President whether you would be prepared to accept these verbal amendments, and whether the mover of the resolution would also be prepared to accept them before I make a declaration of vote.

President. — I consult the House on the oral presentation of this amendment.

Are there any objections?

That is agreed.

I call Mr De Koning.

Mr De Koning. — (NL) Mr President, I am not in favour of this resolution because of paragraph 6, which I consider unacceptable. If written amendments can still be tabled then I am quite prepared to table one; I can draw up an amendment in ten seconds proposing that paragraph 6 be deleted; if the amendment is adopted, then I am in favour of the resolution.

President. — I call Mr Müller-Hermann.

Mr Müller-Hermann. — (D) Mr President, I do not like to criticize, but I feel that, as the proposer of the motion, Mr Kofoed is being fair neither to the cause we want to support, nor to the Commission. The point is that we should adopt a unanimous approach. The example of the debate yesterday on the situation in the iron-and-steel industry showed how a consensus can be reached in the end, even where opinions differ, and that should be our aim today, in the interests of the Commission and its position. So I cannot understand, Mr Kofoed, why you so stubbornly insist that a resolution with this content be adopted without giving us a chance to examine it first and discuss it with our friends. The procedure now being followed seems to me quite intolerable.

President. — I call Mr Kofoed.

Mr Kofoed. — (DK) Mr President, I should like to tell Mr Müller-Hermann that I am extremely sorry to hear that he thinks I am being inflexible. I did not lay

down the Rules of Procedure, and I understand from the President that it is not possible to postpone this until tomorrow; we are bound under the Rules of Procedure to take the vote this evening.

Members are complaining that this resolution was not moved early enough; but that was for technical reasons. I shall just say that there is nothing in this resolution except what we have agreed on in Parliament before. The main paragraph is paragraph 6, and I may say that anyone who is opposed to that paragraph must vote against it or otherwise accept the resolution as it stands.

So this should not be taken as obstinacy on my part; there should be some point in what we are doing, after all.

President. — I call Mr Schwabe.

Mr Schwabe. — (D) Mr President, I may not be well versed in the Rules of Procedure, but it strikes me, if not all of us, that it is not yesterday now, but today, or indeed tomorrow if you prefer. In other words, we could still be voting on the same day in a few hours' time. If that is possible I will propose it as a compromise; if not, we shall have to stick to the recent vote and make our minds up now.

(Laughter)

President. — I am very sorry, Mr Schwabe, but we must keep to the decision for an immediate vote.

I call Mr Kofoed.

Mr Kofoed. — (DK) Mr President, I do not think this changes paragraph 6 very drastically; perhaps it weakens it a little. But if the English version has the same meaning as the present one I have no objection to the proposed amendment.

President. — I call Mr De Koning.

Mr De Koning. — (NL) Mr President, I proposed an amendment a little while ago which I should now like to move formally — namely, that paragraph 6 be deleted.

President. — I consult the House on the oral presentation of this amendment.

Are there any objections?

That is agreed.

I put to the vote the preamble and paragraphs 1 to 5.

The preamble and paragraphs 1 to 5 are adopted.

On paragraph 6, I have an amendment by Mr De Koning deleting this paragraph.

I put the amendment to the vote.

The amendment is rejected.

We must now consider paragraph 6 in the new version proposed by Mr Hughes.

President

I call Mr Hughes.

Mr Hughes. — What I would like to do is to divide paragraph 6 into what I will call 6 (a), which would read, 'Agrees in principle with the Commission's proposals', and 6 (b), 'Believes there should be a total ban on herring fishing in the North Sea until the end of 1978 and that quotas should be provided in recompense for loss of fisheries there in other Community waters'. This, if I may explain it very briefly, is an attempt to provide those whose entire herring fishing has been in the North Sea with access to other Community waters for their absolute needs.

President. — I call Mr Laban.

Mr Laban. — (NL) Mr President, I have no objection to the wording of paragraph 6 (a), or indeed to paragraph 6 (b) if this is indeed possible. Before I decide what my views are on the new 6 (b), I should like to ask the Commissioner whether the Community is in fact in a position to provide quotas in other Community waters in the event of a total ban on herring fishing in the North Sea in 1978. The answer to this question will determine how I vote.

President. — I call Mr Gundelach.

Mr Gundelach, Vice-President of the Commission. — Yes, if the Council will agree to such a distribution other quotas can be found, but it cannot be total recompense in herring. That is not possible. It may be possible to recompense in mackerel, or whatever, but it must be quite clear that you cannot find in the Celtic Sea the same amount of herring as is fished in the North Sea.

Some quota would still be possible in the area west of Scotland and certain other areas, but not the same amount as that caught in the North Sea, so recompense must be understood in a broader sense, otherwise it is not realistic.

President. — I call Mr Müller-Hermann.

Mr Müller-Hermann. — (D) Mr President, paragraph 6 of this motion for a resolution is unsatisfactory in every respect, both in the old and in the new version; Mr Gundelach has failed to give us any idea how this regulation enables us to find an alternative source of supply for our consumers, nor has he come up with any answers on what the fishermen should now do. I have here one of today's Dutch newspapers, which says that their fishermen have all registered at the labour exchange. The question has been asked, how does the Commission propose to safeguard their

existence? We have had no answer. With all these aspects still unclarified, it is really too much to expect us to vote on this resolution, given the present low numbers in the House.

President. — I call Mr Gundelach.

Mr Gundelach, Vice-President of the Commission. — Well, I do not think it is appropriate, Mr President, subject to your ruling, to continue the debate, but I just want to answer. I have not heard from you what you are going to do about the unemployment in this fishing industry when there is no longer any herring in the North Sea a year from now.

(Applause)

President. — According to Mr Hughes's amendment, paragraph 6 would read as follows:

6. Agrees in principle with the Commission's proposal; believes that there should be a total ban on herring fishing in the North Sea until the end of 1978 and that quotas should be provided in recompense in other Community waters;

I call Mr Nyborg.

Mr Nyborg. — (DK) Mr President, this wording cannot be right, because we have just heard from Mr Gundelach that it is not possible to give quotas in other waters for herring. It is a case of providing compensatory quotas of herring and other kinds of fish in other waters. Otherwise the wording is wrong.

President. — I call Mr Hughes.

Mr Hughes. — Mr President, that is the whole purpose of the word 'recompense' — namely, that those fishermen who have lost a livelihood fishing for herring should be provided with recompense by means of quotas fishing for herring or something else, which is exactly what Mr Gundelach has just said. I am sorry if there is a problem in translation but whether they are Dutch herring fishermen, or North Shields herring fishermen, if they are banned from fishing for herring in the North Sea, arrangements should be made in the quota allocation of total fishery resources of the Community, for them to be recompensed. That is what I am intending.

President. — I put to the vote the amendment thus modified — that is to say, with the specification: '... quotas in herring or other fish ...'.

The amendment is adopted.

I put paragraphs 7 to 10 to the vote.

Paragraphs 7 to 10 are adopted.

President

I put to the vote the motion for a resolution as a whole, as modified by the various amendments that have been adopted.

The resolution is adopted.¹

14. *Agenda for the next sitting*

President. — The next sitting will be held today, Thursday, 7 July 1977, with the following agenda:
10.00 a.m. and 3.00 p.m.

- Bruce report on amending budget No 1 for 1977 (vote);

- Presentation of the preliminary draft general budget for 1978 (followed by a debate);
- Shaw report on the Financial Regulation applicable to the general budget of the Communities;
- Aigner report on the budgetary discharge;
- Cointat report on the European Unit of Account;
- Walz report on power-stations.

Before closing the sitting, I wish to thank all members of the staff.

The sitting is closed.

(The sitting was closed at 0.45 a.m.)

¹ OJ C 183 of 1. 8. 1977.

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IN THE CHAIR : MR COLOMBO

President

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

President. — The sitting is open.

1. *Approval of the minutes*

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

Are there any comments?

The minutes of proceedings are approved.

2. *Draft supplementary and amending budget No 1 for 1977 (vote)*

President. — The next item on the agenda is the vote on the motion for a resolution contained in the report by Lord Bruce of Donington, on behalf of the Committee on Budgets, on draft supplementary and amending budget No 1 for the financial year 1977 (Doc. 202/77).

Following the practice already established, the rapporteur will confine himself to indicating, as each amendment comes up, whether or not he is in favour.

I put to the vote the first five indents of the preamble. The first five indents of the preamble are approved.

On the sixth indent of the preamble, I have Amendment No 1, tabled by Mr Aigner, Mr Früh, Mr Klinker, Mr De Koning and Mr Ney and deleting the second half of this recital, i.e., the words :

'as the decisions ... nearly 10 %'.

Mr Aigner, have you already moved this amendment?

Mr Aigner. — (D) No, Mr President, the proposals for an amendment were submitted after the debate. I should like to do so now very briefly.

Mr President, all three proposals for amendments, which have the support of my Group, are intended to make it clear to the general public that the increase in agricultural expenditure is not entirely due to decisions regarding agricultural prices but also and, in particular, to the increase in monetary compensatory amounts in the agricultural sector. It must also be pointed out that the lack of success in the Community's economic and monetary policy has also had an adverse effect in this area. All three proposals have the same object.

President. — What is the rapporteur's view?

Lord Bruce of Donington, rapporteur. — Mr President, I recommend that Parliament reject Amendment No 1. The statement in the preamble is entirely factual and is in fact taken from the Commission documents themselves.

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

I put the sixth indent of the preamble to the vote. The sixth indent is adopted.

I put to the vote the last indent of the preamble and paragraphs 1 to 4.

These texts are adopted.

On paragraph 5, I have Amendment No 2, tabled by Mr Aigner, Mr Früh, Mr Klinker, Mr De Koning and Mr Ney and adding the following words to the end of this paragraph: *'and as a result of the considerable increase in border compensatory amounts;'.*

I call Mr Aigner.

Mr Aigner. — (D) Mr President, I have already explained the reasons for tabling these amendments; they go together. The point at issue is that there is a need for greater clarity regarding monetary compensatory amounts in the budget itself.

President. — What is the rapporteur's view?

Lord Bruce of Donington, rapporteur. — Mr President, the amendment in this case is entirely factual. I do not dissent from it and I recommend that Parliament accept it.

President. — I put Amendment No 2 to the vote. Amendment No 2 is adopted.

I put paragraph 5, so amended, to the vote.

Paragraph 5, so amended, is adopted.

On paragraph 6, I have Amendment No 3, tabled by Mr Aigner, Mr Früh, Mr Klinker, Mr De Koning and Mr Ney and replacing the words *'agricultural spending'* by *'spending arising from monetary policy'*.

What is the rapporteur's view?

Lord Bruce of Donington, rapporteur. — Mr President, I have to advise Parliament to reject this amendment. The existing paragraph states the position quite precisely, and this would be quite distorted if the words were added to it.

President. — I put Amendment No 3 to the vote. Amendment No 3 is rejected.

I put paragraph 6 to the vote.

Paragraph 6 is adopted.

I put paragraphs 7 to 11 to the vote.

Paragraphs 7 to 11 are adopted.

I put to the vote the motion for a resolution as a whole, as modified by the various amendments that have been adopted.

The resolution is adopted.¹

¹ OJ C 183 of 1. 8. 1977.

President

The procedure laid down in Article 203 (7) of the Treaty establishing the EEC, Article 177 of the Treaty establishing the EAEC and Article 78 of the Treaty establishing the ECSC has been completed. I therefore declare amending and supplementary budget No 1 of the European Communities for the financial year 1977 to be finally adopted. The text of this budget will be published in the 'L' series of the Official Journal of the European Communities.

3. *Preliminary draft budget of the Communities for 1978 (presentation and debate)*

President. — The next item is the presentation by the Commission of the preliminary draft general budget of the European Communities for the financial year 1978, to be followed by a debate.

I call Mr Tugendhat.

Mr Tugendhat, Member of the Commission. — I would like to begin my speech by saying how very much I appreciate the substantial turn-out of Members of Parliaments here today, in view of the very late sittings which the House has been subjected to during the course of this particular part-session. We have a very heavy day's business in front of us on budgetary matters, beginning with this particular speech of mine and then proceeding to a number of other issues which arise from the Parliament itself. I therefore thought it best not to speak at too great a length, but on the other hand I am anxious to give Parliament as broad a view of the preliminary draft budget for 1978 as I can, and to explain in general terms why. I believe that this preliminary draft budget is a document of considerable potential significance for the Community's future and why, therefore, I welcome the opportunity to present it to Parliament. I would only like to make one other small preparatory statement, which is of course that this is the first preliminary draft budget of this Commission and it is a foundation on which we hope to build in the future. I would like Members certainly to judge it for what it is, certainly to judge it as it stands, but also to see it as the first step along a road which I hope the Commission will pursue during the period of its lifetime.

By conventional standards, Mr President, the Community budget is very small. Last year, for example, it represented only 2.15 % of the total of the budgets of the Member States, and some 0.69 % of the Community's gross national product. This small volume means that, except for its effect on agricultural markets, the Community budget does not have much macro-economic influence on the European economy. Nonetheless, it would be entirely wrong to dismiss the budget as of little practical significance. For despite its limitations, the budget is the indispensable financial pre-condition and expression of many of the Community's major policies. The sums involved may be small, but if they are not raised and spent, a whole range of Community activities of vital importance would not be possible.

For this reason, the Commission saw the preparation of the preliminary draft budget as its attempt to set out in financial terms its priorities for the impact of Community policies to implement the action programme presented by the President of the Commission, Mr Jenkins, to Parliament in February. A judgement of this sort obviously merits the closest examination by this House. I hope that I have already contributed to this end by my presentation of our proposals to the Committee on Budgets last month. But I am confident that the debate will further assist the process of constructive parliamentary scrutiny and discussion.

Of course, an action programme for the development of the Community could lay claim to expenditure far beyond the experience of recent years. But in drawing up its proposals, the Commission has been guided by its conviction, stated in the overall budgetary assessment debated in Parliament in May, that we should eschew the unnecessary imposition of extra burdens upon European taxpayers, and that it should consistently restrict its spending initiatives to tasks which can be better or more cheaply done by the Community than by the individual Member States. By observing this principle, the Commission hopes to ensure that the expansion of Community activity does not entail the creation of an additional and expensive layer of public spending, but secures instead a useful transfer of activity away from the level of over-burdened national governments. At the same time, even where there is scope for increases in distribution from the wealthier to the poorer regions, this should not lead to an increase in the total public spending of the Community.

Moreover, Mr President, the Commission recognizes that Community policy in general and the Community budget in particular must be constructed in a manner which takes account of the current economic climate. In every Member State, there is pressure arising from concern about continuing inflation to rein in public spending programmes. The Commission accepts that the Community also must accept the discipline which this pressure imposes. Nevertheless, public action at both national and Community level can tackle our economic problems, and above all, the growing economic divergences between richer and poorer members. In a generally restrictive approach to drawing up its budget proposals, the Commission has given clear priority to these problems, and despite the very severe limits for particular programmes which the acceptance of these two constraints has necessitated, the Commission's proposed increase in the total budget is significant. Measured in terms of commitment appropriations, the total of the preliminary draft budget for 1978 is 12 512m EUA, which, when compared with the 1977 budget, including the supplementary budget and rectifying letter now before Parliament in respect of 10 247m EUA, represents an increase of 22 %. In terms of payment appropriations, the total is 11 858m EUA, compared with 9 579m EUA in the 1977 budget and supplementary budget.

Tugendhat

On the basis of the Commission's proposed classification for compulsory and non-compulsory expenditure, compulsory expenditure totals 9 827m EUA of commitments, or some four-fifths of the total. This represents an increase of 17.9 % over 1977. Non-compulsory expenditure amounts to 2 685m EUA of commitments, an increase of a little less than 40 %. This is about the same rate of increase as proposed last year, because of the need to develop scope for new actions.

The Commission proposals thus go above the maximum rate for non-obligatory expenditure, which is calculated according to the Treaty at 13.6 %. This follows the patterns set in earlier years, which equally have not kept within the maximum rate because of the need to develop scope for new actions from a very small base. The final rate of increase will need to be decided jointly by the Council and the Parliament. The main explanation for this level of increase is that the increase in EAGGF expenditure has also been high, with consequent repercussions for the budget as a whole, since the Commission was not prepared to offset this increase by abandoning completely its ambition to expand Community policy in a number of non-agricultural areas. In our view, such a course would have brought the evolution of the Community to a standstill. Indeed, agricultural market expenditure inevitably continues to dominate the budget. EAGGF Guarantee Section spending is some 62 % of the total budget, and shows the largest absolute increase, from 6 895m EUA to 7 795m EUA. This reflects the Commission's estimate of the impact in a full year of the agricultural prices package agreed in April. As in the past, further expenditure may be incurred, both as a result of unforeseeable market developments and also as a consequence of next year's prices package.

There has already been some criticism of the preliminary draft budget, because it does not produce a halt to the growth of agricultural spending. Members of this House will be aware that the Commission has frequently stated its determination to secure a better balance in the budget between agriculture and other important areas of Community policy, and to contain agricultural spending. But I think we have to accept a distinction between the budget procedure and budgetary constraints. It is unrealistic to expect that the policy adjustments and changes in regulations needed to achieve the objective of the common agricultural policy at lesser cost can be found by action within the main budgetary process. What we have to secure is that budgetary considerations are brought to bear in the normal processes of policy-making in the agricultural field. I believe this House has a very important role in this respect, for it combines the agricultural, economic, budgetary and other interests which all have a part to play in shaping a vital area of Community activity.

For the EAGGF Guidance Section, Mr President, a significant increase in commitments is proposed from

325m EUA to 511m EUA, including recourse to the Mansholt Reserve. This is intended to encourage structural reform to help in the medium term to reduce some of the more immediate market and other problems.

As I have said, however, the Commission believes that the main thrust of next year's budget should be a balanced attack upon the Community's main economic weaknesses. The main emphasis in its recommendations is therefore upon large increases in the Regional Fund, in payments to the Social Fund, in expenditure on industrial policy designed to assist with structural adaptations, and on spending policies intended to secure for Europe greater independence in energy.

As the House will be aware, the Regional Fund was first established in 1975, as an instrument to narrow disparities between the different regions of the Community, under a regulation which laid down that 1 300m would be spent during its first three years of operation — that is, 300m u.a. in 1975 and 500m u.a. in 1976 and in 1977. The Commission believes that such an important instrument should not be exempted from the normal budgetary process, but that from 1978 the Fund's spending should be reviewed and decided afresh each year in the budget, and for 1978 it considers that the urgent need to do everything possible to offset the worsening regional imbalances in the present recession requires a significant increase in both expenditure and commitments, in parallel with an improvement in the range of actions the Fund may undertake. Its proposal that the Fund be increased next year to 750m EUA represents an increase on 1977 of 88 %. But let us not forget the effect of inflation since 1975. In practice the Commission's proposals represent very little more than the maintenance of value of those activities of the Fund which already exist and have demonstrated their usefulness, with, in addition, a provision of 100m EUA for certain new actions which the Commission has proposed in order to extend the scope of the Fund. In a time of need this proposal seem to us fully justified.

The primary purpose of the Social Fund is to assist with the problem of unemployment. Commitments have been rising in recent years, but the rate of actual payment has lagged seriously behind. The Commission is determined to increase the real impact of the Fund in 1978, particularly with respect to the young unemployed and women, by increasing the rate of payment. It seeks payment credits of 536m EUA, a rise of over 218 %, and proposes for the time being that new commitments should grow only in line with the level of inflation, that is from 503m EUA to 560m EUA. Clearly, when payments have caught up with commitments, there will be a renewed case for a significant increase in commitments as well, and the

Tugendhat

Commission may also make further proposals for new actions through the Fund. I cannot overstate the importance of the Social Fund and the Commission's determination to improve its effectiveness as a preparation for its further expansion. In this, the Commission's view is wholly in line with that of last week's European Council. We therefore hope that the budgetary authority will accept our proposal without reduction.

Apart from these direct assaults on our main economic problems, we must also treat their underlying causes. This requires an industrial strategy which can improve our competitiveness and strengthen our long-term potential. It requires systematic effort to build up our economic infrastructure and to reduce our balance-of-payments dependence on, for example, imported energy. To help in this vast task, which the Commission is further examining, the Commission proposes immediate increases in spending in two key sectors — the computer industry and the aerospace industry. It also proposes increased spending on a range of existing and new activities in energy, the extension of projects for technological development in the hydrocarbons sector and for uranium exploration, the development of the use of coal in power-stations and of new sources of energy, including coal liquefaction and the exploitation of geothermal resources for power and heating. I do not want to go into these proposals in detail today. We shall have plenty of opportunity for doing that in the weeks and months ahead.

What I do want to do is to stress the role that these projects individually play in the strategy of economic development which we all want to see. But one cannot will the ends without the means. I expect we shall be faced with the usual situation in which the Council refuses to accept much of what we have proposed in this area because it seems too ambitious and because the basic decisions have not yet been taken. Budgetarily, I cannot accept this argument. We believe the budget should forecast expenditure, not lag behind as a pure accounting instrument. Politically, such a technical point should not be an alibi for a reluctance to allow the Community to help tackle the underlying causes of our problems.

Finally, Mr President, in this brief review I will mention development aid. I have talked much of the Community's economic problems. This should only underline the economic difficulties of countries much less well-endowed than we ourselves. It is essential, in our view, to maintain and increase our aid effort, notably in the field of food aid and aid to the non-ACP countries.

These, then, are the key features of the Commission's spending proposals in the preliminary draft budget for 1978. My experience of this House enables me confidently to anticipate that Parliament's response will be judicious and constructive, and I eagerly await the

suggestions for improvement which I am sure will be offered.

But the Community budget, Mr President, is not only about spending, as this House knows better than I. It is also about institutional development. In this respect also, the 1978 preliminary draft budget possesses a special importance. Thanks to a great extent to the efforts of this House and of the Commission — and at this point I should like to pay tribute to my distinguished predecessor as budgetary Commissioner, Mr Cheysson — 1978 is expected to witness a number of major institutional innovations in the structure of the budget itself and in the rules which surround it.

Three of these changes are evident in the Commission's proposals. First, the preliminary draft budget includes VAT as one of the Community's own resources in 1978, a point to which Parliament attaches particular importance. This has not yet been finally agreed. The Sixth Directive on VAT has been adopted, but there remain some technical obstacles to the agreement on the VAT financial regulations. However, we are currently seeking to find a solution which, without departing from the essential principles contained in the Sixth Directive, would allow limited transitional arrangements to take account of some Member States difficulties. I believe we shall be successful.

Secondly, the preliminary draft budget is drawn up in the new European Unit of Account. Here also there are problems. A number of fairly fundamental technical issues have yet to be resolved and there is still no agreement on the interpretation of Article 131 of the Accession Treaty. However, the Commission is doing its best to ensure that the move to the European Unit of Account will nonetheless go ahead as planned on 1 January 1978.

Thirdly, the budget, when adopted, will no doubt include provision for the Court of Auditors. Now that the Treaty of 22 July 1975 has been ratified by all the Member States, the task of bringing the Court into practical operation is under way. The Court may draw up its own estimate of its budgetary needs in time for its later inclusion in the budget.

What is at least as important is that there are the parallel issues of the rules under which the budget debate takes place, the Financial Regulation and the interpretation of Article 203. As you know, Mr President, discussion of these matters has now reached the stage of the conciliation procedure between Council and Parliament. Preliminary discussions took place in the Committee on Budgets of the Parliament on 22 June 1977. I very much hope that this can be conducted as quickly as possible, though not to the detriment of the final result. For the Commission's part, we are ready in this process to contribute fully to the discussion in order to help in reaching an agreement.

Tugendhat

Mr President, we are at the start of the 1978 budgetary procedure. I have talked of little but problems. It is clear that this year the combination of major spending choices and of technical and institutional innovations will place a particular load on the procedure. It will require effort, imagination, flexibility and sustained goodwill on all sides to complete this task successfully. You may count on the Commission to play its part and I am confident, after the contacts and the exchanges which I have had with Parliament during the six months that I have been a member of the Commission, that Parliament too will rise to the occasion.

I know, Mr President, that it will not all be plain sailing. I know that there will be occasions when our interpretation and the interpretation of Parliament will not always be the same. But I am confident that we are aiming towards the same objectives, that we are approaching this issue, this problem, from the same fundamental and underlying point of view and that our differences are about the ways to reach a common objective and not about the common objective itself.

It is natural that there should be some tensions and disagreements; it would be strange if there were not. But I think that the goodwill and the mutual understanding which we have so far been able to build up will stand us in good stead for the future.

(Applause)

IN THE CHAIR : MR SPÉNALE

Vice-President

President. — Thank you very much, Mr Tugendhat. The budgetary procedure which has just been launched is more important than ever this year, because the 1978 budget will be the first to be based on the Communities' own resources and the year 1978 will doubtless see the inauguration of the first European Parliament to be elected by universal direct suffrage. Our work this year, therefore, is of especial significance. I want to thank you for the progress which we have all noted in the presentation of the documents, for your oral introduction and for the commitments you have made as regards the Commission and the spirit of cooperation between our two institutions.

I call Mr Shaw.

Mr Shaw, General rapporteur. — Mr President, may I say straight away that I regard it as a great privilege to have been appointed the rapporteur for the 1978 budget. I would like, on behalf of the House, to support your words of welcome to Mr Tugendhat, the Commissioner. It is his first essay in this annual exercise and I think I can say, on behalf of us all, that the speech he has made to us today has shown that he is thinking very much along the lines that we have been promulgating over the years and we welcome his

approach to this very complicated and sometimes very tiresome process. May I welcome, too, his new lefthand man, who will sustain him in the hours of difficulty that lie ahead, and I know that we too value his advice. We regret the parting from that particular office of Mr Cheysson, but we think that he has passed the bâton to very capable hands. Perhaps the only continuity that we have this year, Mr President, is the fact that you are honouring us by presiding over our affairs at this first budget, and I am glad to see that you are there.

(Applause)

This 1978 budget will, as the Commissioner has said, represent a turning-point in the history of our Community's fiscal policy. For the first time, Community expenditure will, we hope, be fully financed by our own resources. After many years of effort, the general budget will finally be autonomously financed. A further innovation, we hope, will be the expression of the budget in the European unit of account. Such is the basis on which the budget has been constructed. We still, however, have to await its confirmation in several important respects, as the Commissioner has said; we have to await the final consultations on the part of the Council and I hope that they will come to their decisions very quickly. For example, the Council must give us an early assurance that there will be a legal basis for the EUA as the unit in which the 1978 budget is expressed.

During the coming year, we hope that a directly-elected European Parliament will assemble. Indeed, the reason why some of my colleagues are not with me today is that they are taking part in a debate on direct elections in my own national parliament. They regret, as they have said to me, their absence. But if we have this directly-elected assembly, then, of course, it will be responsible, for the first time, for the control of the European budget. This means that it is all the more important that we do our work well during the process leading to the adoption of the budget.

As we have so often explained, and indeed, it was touched on by the Commissioner, the size of the European budget is so small when compared with the Community's GDP or indeed the total of all the national budgets that it cannot play any part in influencing fiscal policy as a whole. Nonetheless, we have got to see ourselves that proper control and economy exists in all that we propose and all that we do. However, our main task is to create policies, European policies, based on a growing need and belief that in many vital fields Europe must act as a Community. We must act together, and not as nine individual nations. The lesson from that is that the budget, as a Community budget, must be greatly concerned with the efficient implementation of these policies. Thus, our annual budgetary process that we are commencing today does not just concern members of the Budgets Committee. This is a point that I cannot stress too

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strongly. We need, Mr President, the full participation of the whole Parliament. We would like every specialist committee in this Parliament to examine its sector of the budget and present its views to us, the Budgets Committee, and, indeed, to Parliament. It is only by such participation that we can balance the competing claims for cash that are presented to us, that we as a Parliament can honourably and conscientiously fulfil our duty as a part of the Community budgetary authority.

The largest element in the preliminary draft budget is, as indeed it always has been, agriculture. The Commission indicates that expenditure in relation to agriculture will equal 'only' 69 % of the 1978 budget, as opposed to 74 % of the 1977 budget. But will this part of the budget really show a relative decline when, in December next, we accept the definitive text? I doubt it, Mr President. While the 1977 budget figures include the amending letter and the 1977 price-review, the 1978 figures do not, and experience shows that an amending letter in the autumn and a price-review in the spring are both likely to increase the 1978 budgetary provisions for agriculture.

A further factor which will make for an increase in the relative share of agricultural expenditure as an element in the 1978 budget is the tendency of the Council to cut back on new initiatives outside the sphere of agriculture — indeed, in those very areas where we are seeking to act as a Community for the benefit of the Community as a whole. In cases where the Council departs from the preliminary draft budget, may I say that this year we shall expect an adequate explanation. It is significant that in every proposal put forward by the Commission in the preliminary draft budget, there is a very full and understandable reason given for that expenditure. If some of it is to be cut out, the least we can ask for from the Council is that full reasons should be given for the removal of that item of expenditure.

I do not wish to prejudice in any way the possible findings of the Committee on Agriculture when it examines this part of the preliminary draft budget. Whilst benefits have accrued to the Community from many facets of the operation of the CAP, it is an inescapable fact that Community shortcomings in the CAP sphere are attracting more and more unfavourable comment, and unless certain vital reforms to the CAP are effected, there is a danger that the whole policy may be in jeopardy, and I think this would be a tragedy for the Community.

(Applause)

One other point, and it does affect agriculture, though it affects other things as well, is the matter of the supplementary budget. It is necessary now in 1978 that there should be no avoidable supplementary budget, and certainly not for agriculture. An amending budget, yes, but no avoidable supplementary budget. The supplementary budget we have just passed was no less than 10 % of the whole of the

budget last year: surely some of that could have been anticipated and taken care of in the earlier budget. That is a matter that we shall have very much in mind in this coming year.

I would like now to refer to an aspect of expenditure within the Communities in regard to agriculture which is not generally known. It is this: expenditure on the EAGGF out of the general budget accounts for about three-quarters of the total general budget of the European Communities. In 1976, support for agriculture in the Guarantee Section was of the order of 6 000m u.a. Yet the total national and Community expenditure, taken together, was some 17 000m u.a. In other words, in spite of the size of the proportion of our own budget, Community expenditure in this sector is still comparatively small when compared with the whole amount spent throughout the Community on this same sector. This means that the money spent by the Community may well be pushing in a direction different from the help that is being given to the industry by the individual nations, and I think this should be examined very carefully to make sure that the money throughout the Community is best spent.

If I might now turn to other subjects, may I point out that there are policies laid down and monies provided in respect of energy research, the industrial and transport sectors, and they all amount to some 382m EUA. In these areas, we have the key to the future of the Community for decades to come — a very important item indeed. And again, I must ask: does the relevant committee that looks at these matters and considers them feel that this sum is adequate and that the policies are right? The Commission's preliminary draft budget has provided some 380m EUA for expenditure in the social sector — and on the importance of this I fully endorse the words of the Commission — and in the regional sector, some 281 million. Again I ask, do the specialist committees that are considering these matters feel, or will they feel when they have had a chance to consider these amounts in the budget in their deliberations and activities, that they are adequate and directly pointed at the problems in hand? These are the sort of things upon which we, as a budgets committee, need advice. Again, development aid — something very important and dear to all our hearts: I hope that Miss Flesch and her colleagues will take an early opportunity of studying the amounts provided in the programmes foreseen, and that they in turn will eventually and in good time give us their views on these matters.

Perhaps I could, for a brief moment, Mr President, turn to the receipts side of the budget, on a number of grounds — political, accounting and budgetary. I myself am very unhappy about the VAT rate that has been included this first year, the rate of 0.77 % that has been suggested by the Commission. Members who have studied the documents will appreciate that in a normal year that figure would be 0.61 %, but that,

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this being the first year, there is a special reason for an excess, and the higher percentage is suggested as a means of taking care of this once-and-for-all problem. There are undoubtedly some serious grounds for reviewing this difficult field, but I do not believe that we should be deterred from the correct long-term system by a once-and-for-all problem. Last week I took the opportunity of contacting the Commission about this matter to say how dissatisfied I was, and as a result we are now agreed to meet in further discussion. Although I would like to tell them that we still prefer the income-and-expenditure to the payments-and-receipts basis, I am still convinced that we can arrange things so that the rate itself will appear in our document as 0.61 % rather than the higher rate. And I believe that would be a very big improvement to the budget.

One other matter on receipts of payments. Members will notice that commitment authorizations, or commitment appropriations as the Commission still calls them, are presented in the budget in a very much improved manner. I must, however, point out that the Committee on Budgets is still strongly of the view that the budget should be judged on the basis of payments rather than of commitments. Of course we use different figures in different contexts and that is right, but at the end of the day a budget is all about the money that comes in and the money that goes out, and that must be the simple basis on which we found our budget.

Finally, Mr President, as I must only make a short speech within the time-limits, may I refer to one other important point? That is the matter of staff. We had a considerable amount of trouble last year about staff, and it is always going to be a problem. In the preliminary draft budget, the Commission is looking for some 489 officials, including 35 in the language service. Now the provision for staff in the general budget is an element that we must always watch very carefully, and whilst the appropriations are very small compared with the overall size of the budget, they do touch, in my view, on a very important aspect of the Community. When preparing my report for this budget, the budget of 1978, I hope that I shall pay particular attention to the personnel policy, the mobility policy, and the policy with regard to the number of officials involved. In my view, the Community needs the very best by way of staff if it is to develop and expand, and therefore we in Parliament must see that the right staff policies are being followed.

Now one last word on the Financial Regulation. We pursued a long course of investigation and consultation with the aid of the Commission; together we hammered out an agreed document and handed it to the Council in great hopes that they, too, would be able to adopt it in all its major aspects. I am sorry to say, Mr President, that has not as yet happened. I do hope that with goodwill on both sides we shall be able, through the conciliation procedure, to reach

agreement on a document and a method of working which is relevant to the present circumstances and to the circumstances of the immediate future, because there is no doubt that since 1973, when the Financial Regulation was first laid down, there have been tremendous changes and, frankly, it would do no credit to the Institutions of this Community if we failed to recognize those changes by bringing the Financial Regulation up to date.

So I conclude as I began, Mr President, by saying that this is a very important budget we are considering, that if we are to bring real meaning to what we are doing, both to the people in the Community and more immediately to all the Members of Parliament, we must make sure that everyone in their specialist committees and in their groups play a real part in assessing the needs of the Community and its policies so that in the end we can draw up and pass a document that is worthy of this great institution. Thank you.

(Applause)

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

Lord Bruce of Donington. — Mr President, my group would like to associate itself with the tribute which Mr Tugendhat paid to his predecessor, Mr Cheysson. Mr Cheysson has rendered sterling service to the Commission and to the Community as a whole. We of course rejoice that he is now working on a task which is possibly even more congenial to him than working on the whole question of financial control and budgets.

We would also like to express our appreciation of the activities of Mr Tugendhat, not only for the way in which the budget has been presented, with admirable clarity and with fully informative notes, but also for the very forthright attitude he has taken in his new Commission task. His remarks have not always been untinged with controversy, which I must say, as one parliamentarian to another, I very much appreciate, and we rejoice that he will possibly continue to make from time to time observations that have come straight from his own intellectual appreciation of the situation as he finds it.

We also welcome the appointment of Mr Shaw as the rapporteur for the 1978 budget. Those of us who have been privileged to work with him over the past two years know the degree of dedication that he has always brought to his budgetary tasks. On behalf of my group I can say that we shall give him full support in his efforts in the forthcoming year. I would, however, warn the Commission and Council that although Mr Shaw's approach to these matters is possibly rather less astringent than the attitude I myself have adopted in some matters in the past, there is behind Mr Shaw's very amiable approach quite a stern resolve, which the Council and Commission ought to take good account of.

Lord Bruce of Donington

Mr President, my group welcomes the preliminary draft budget produced by Mr Tugendhat. After making allowance for inflation, it does represent an increase in real terms by something like 14 %. But we are, of course, aware in my group that this is a preliminary only, that the Council have yet to consider it, to settle what their draft is going to be and, as Parliament will be aware, we are meeting the Council in Brussels on 20 July in what has now become familiar as the conciliation procedure. We do not know what attitude the Council are going to take to the Commission's preliminary draft budget, but if last year is any guide you will recall they lopped off 500m u.a., all outside the agricultural field. If my recollection is correct, Parliament did not take too kindly to that. So perhaps, on behalf of my group, I ought to warn Council in advance that if they proceed to mutilate unduly in its non-agricultural sectors the preliminary draft budget put forward by the Commission, Parliament may have to take a very grave view as to the validity of the budget as a whole. They will expect Council to exercise all due prudence in their consideration of the budget, but Parliament will not expect — and my group will certainly not expect — any very substantial mutilation by Council of the admirable purposes that have been set out by the Commission within the limitations which Mr Tugendhat has referred to and which my colleague, Mr Shaw, has referred to.

The world should know that, even taking into account the very large sums spent on agricultural policy, the total budget of this Community is still significantly less than the total prestige advertising bill incurred by corporate power in Europe in persuading consumers to buy its products, and is still less in total than the average budget of a medium-sized multinational company. I appeal to the Council, when they come to consider this matter, to bear these factors in mind.

The Community is going to grow if its influence is progressively felt amongst the people of Europe, and it is people, not institutions, that are important. If there is to be a greater degree of cohesion between Member States that have considerable differences from time to time with one another, if economic divergencies are to be reduced, in short if the Community is to proceed on an orderly growth, then the Council must take account of the minimal steps that have been suggested by the Commission.

Mr President, my colleague Michael Shaw, and indeed Mr Tugendhat himself, have made it quite clear that the budget is the responsibility of Parliament as a whole. As my colleague has said, in past years there has been a tendency — as I am afraid there always is when questions of figures arise — to leave these matters to a limited circle of what are called, perhaps in complimentary terms sometimes, budget experts. Therefore some Members of Parliament tend to regard the budget as an area which they can safely leave to a limited number of their colleagues without their own

personal involvement. With my colleague, Michael Shaw, I sincerely hope that this year every Member of Parliament will see in the budget one of the means by which individual Members, members of political groups, members of specialist committees, may in fact accomplish their will or come closer to establishing their will. This demands personal involvement, for example in the items relating to social affairs — upon which I will not make individual comments except in one or two cases — our entries in the budget which require the diligent attention of members of the Committee on Social Affairs, Employment and Education as well as of the political groups. It is our hope, in the Committee on Budgets, that we may receive in good time the attitude of Parliament's Committee on Social Affairs, Employment and Education on the appropriations which are proposed by the Commissioner and any further constructive ideas they may have about it, so that, when the draft budget ultimately comes to be debated, the whole of Parliament can be involved in this very important question.

Mr Tugendhat has mentioned the increases — long overdue, if I may say so — in the Regional Fund. We know quite well — we do not even need to quote it any more — that the poorer sections and areas of the Community are still getting poorer and the rich are getting richer, the divergence between these areas is not contracting but is growing. Now, of course, the Regional Fund, by reason of its very size, can exercise but a limited impact on these divergences. They require action by Member States acting together in spheres that lie wholly outside this budget, but the Committee on Regional Policy can make its own will known as to how the Regional Fund should grow, and it can, of course, legitimately raise at this stage a demand for a programme phased and entailing probably the establishment on a long-term basis of a fund of some 1 500m u.a. And they can take this in conjunction with the investment programme already announced by President Jenkins, to which one hopes they will be able to give their informed support.

There are increased entries this year in the budget relating to research, energy and new industrial projects; but if the experience of last year is anything to go by, it seems possible that Council may be tempted once again to make cuts in this sphere. We in the Socialist Group — and I think we are not alone — would like to see funds devoted to the establishment on a Community basis of projects which cannot, by reason of their size or in some cases the technical resources, be done by one nation alone. We would welcome the increase in projects of this kind, because if the Community means anything outside the common agricultural policy, it does mean that projects which are not economic for one Member State to undertake ought to be combined in a Community project in order not only to relieve unemployment in various countries, but also to provide a sound economic base for industries that otherwise might wither away within the individual Member States.

Lord Bruce of Donington

Finally, Mr President, we would hope that the committee dealing with overseas aid and development would also study very carefully the provisions of the budget, as amplified in Volume VII, which is the long explanatory document, and will give their earnest attention to this. Possibly one of the most encouraging features of Community history over the last three or four years has been the progressive increase in the aid which the Community has sought to give to countries that are less fortunately situated than our own. Many of us think that the interests of the Community, and indeed of the world, would be far better served if this aid were stepped up to a degree so far undreamt of in any budget that has been presented. Certain it is that this aid which the Commission proposes should be sustained, and it is for consideration at a later stage, perhaps when Parliament has to consider its own margin under Article 203, whether that might not well be one section in which Parliament might consider exercising its rights under Article 203 and increasing the expenditure under that head.

Mr President, this is a general debate only; it is not possible, nor is it indeed desirable, to touch on matters in any greater detail than I have already done. There will of course be other speakers to follow who will deal with it from their own angle. I would therefore conclude by restating my own political group's attitude towards it. We consider that Mr Tugendhat has made a very workable effort at producing a very constructive budget, and we shall do our very best, in conjunction with our colleagues of other political groups, to sustain him in the endeavours that he has made.

(Applause)

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

Mr Aigner. — *(D)* Mr President, ladies and gentlemen. On behalf of the Christian-Democratic Group I should like to begin by sincerely congratulating not only Mr Tugendhat but also his colleagues, staff and the responsible directorates. The draft budget they have presented is not only a continuation of previous policy but also a decisive step forward and therefore reason for cautious optimism.

Mr President, I would advise the general public and our new colleagues who are taking part, for the first time, in a debate on the Community budget not to be put off by the 1 500 pages it covers, and not to shy away in alarm from these volumes but to attempt to read at least volume 7 which contains the explanatory statement. In my opinion, this volume, which contains the introduction to the draft budget provides the best summary of how things stand with regard to integration policy and the continuity of the political views of the Commission and the Community as a whole.

I should also like to congratulate the Commission on the clear explanations contained in this draft. Some paragraphs are really remarkable. Mr President, I should like to remind you of the numerous difficulties we encountered when, ten or more years ago, we held the first discussions with the Commission on the structure of the budget. At that time we were presented with a budget which even the experts were unable to understand after long weeks of study; one in which obscurity and opacity were more frequent than clarity. This was true even for people who had more than a general acquaintance with budgetary law and budgetary matters.

This draft certainly does not come up to Parliament's ideal — and here I believe I am speaking for all the political groups — of Community policy. However we are also aware that we would indeed be fortunate if we could realize the main lines of this policy and this budget after the various rounds of consultation with the Council. We are all aware of the discussions held by our Finance Ministers in the national capitals and we know that during these discussions there was considerable criticism and reservations which are not in keeping with the stated political will of our governments. We always found — and you, Mr Spénale, have experienced it for yourself — that when we were fighting for our rights *vis-à-vis* the Council we were always happy if we left the consultation discussions with what I might call optimistic pessimism and had not lost all hope that the Council really intended to implement its declared general policy.

This draft budget, Mr Tugendhat represents an enormous increase of 22 %, for which agricultural expenditure is chiefly responsible. It should not be forgotten that this increase in agricultural expenditure naturally linked with a 279m u.a. increase in agricultural revenue. That is something which cannot be passed over in silence. Nonetheless agricultural expenditure is top heavy. To repeat what I have already said: this is due neither to the organization of the market nor to structural measures in the agricultural sector but to the lack of coordination in the economic monetary sphere. The monetary compensatory amounts have risen uncontrollably and if the Community bodies do not make an all-out effort to set new goals, we shall find ourselves in an uncontrollable spiral which would seriously endanger the agricultural policy and in consequence the general policy of the European Community.

Mr President, let me in this connection mention one item of concern which was also raised in the debate on the first supplementary budget. There are two factors which may make it difficult to remain within the estimates for the agricultural sectors. The most important unknown factor is the harvest. Though a good harvest benefits the farmer it is, at the same time, a burden on the European Community budget.

Aigner

The second factor, Mr President, is the forthcoming negotiations with the United States of America on customs tariffs. If our information from Washington is correct, an attempt will be made during these negotiations, which could be vital for the Community — yesterday and the day before we discussed the growing protectionism among economic blocks — an attempt will be made, unlike the so called Kennedy Round, to reintroduce international customs policy into the discussion. This would destroy the whole basis of the European Community. I hope that the Council will be as energetic in this matter as it has been hitherto in negotiations with the Parliament.

Mr President, ladies and gentlemen, I have no wish to anticipate the debate on the budget nor do I wish to repeat what Mr Tugendhat has given us by way of information or assessments or what the rapporteur, Mr Shaw has said. Indeed, as previous discussions and indeed today's speeches have shown, we can accept his general policy.

There are a couple of problems I should like to mention. These concern the introduction of the new European Unit of Account. In this context I could parody Heine and say: when in the night on the Council I muse, thereby all hope of sleep I lose. There is a distinct possibility that the administrative difficulties which will undoubtedly arise with the introduction of the European Unit of Account into the budget and with the clear definition of financial and expenditure policy will under certain circumstances be used as an excuse for slowly but surely negating a large number of political actions. Mr Tugendhat, we must take great care that technical difficulties do not seriously damage our policy.

The second point concerns financial autonomy. We discussed this in detail yesterday in the Committee on Budgets. I should like to deal with it again briefly. As you know, Mr President, when I was general rapporteur for the 1975 budget and together with the Council we had completed the 1976 and 1977 budgets we stated that we would not accept the 1978 budget unless the Community had full financial autonomy.

Mr President, I should like to remind you that this decision was taken by the whole Parliament and therefore by all the political groups. By issuing the Sixth Directive the Council has created the legal basis for the Community's financial authority. However, the Community's share of VAT will only become Community revenue when the Directive becomes law in the Member States. The Community will not receive the revenue from VAT until the directive is fully implemented. However, as we already know from the discussions which have taken place in the Council committees, there are serious difficulties, especially on the part of a particular Member State. I greatly fear, Mr Tugendhat, that under certain circumstances adoption of the budget may be endangered because, as I hope, Parliament will stand by this condition and in consul-

tations with the Council, will go to the limit of powers. There is therefore a danger that we shall have no budget whatsoever so that the revenue side and therefore the implementation of the budget will be so delayed that we shall have to resort to difficult credit operations in order to implement the budget. This is what I wish to say to the Council — although, I regret to say that those primarily concerned are not here; however I assume that they will be informed of our concern.

Mr President, with regard to general policy I would again remind the Council of the basic principle contained in the introduction — and I do this also for the sake of the general public since I am only quoting one paragraph from the 1 500 pages of the General Introduction to the Budget — and I would be happy if the Council were guided by it in all its deliberations:

For the Commission, the Community Budget is the necessary financial expression of the political will to strengthen and develop the Community. An increase in the budget must be sought for its own sake and Community operations should not represent a real additional burden for the European taxpayer, since they are intended, to a large extent, to replace national measures where the Community is in a position to act more effectively.

Mr President, the reason this statement is so important is that the Finance Ministers repeatedly inform the general public that financial necessity and empty state coffers have prevented them from developing a stronger Community integration policy. That is simply nonsense: the purpose of the European Community is not to undertake unnecessary additional action at European level, but where actions can be carried out cheaper and more effectively at Community level to transfer them from national to Community level. That does not necessarily mean increased expenditure but in most cases it can even result in greater efficiency and reduced expenditure. I would therefore ask the Council to bear in mind in all our discussions this guiding principle laid down in the 1978 budget.

Perhaps something should be said in this context about the priorities which the individual political groups wish to observe with regard to the operative part of the budget in implementing the budget. I believe that we must be guided by what the General Rapporteur has said.

Because of the difficult budgetary regulations which are based on the Treaties, Parliament can only present a common budgetary policy to the Council — the other part of the budgetary authority — if a majority of the political groups agree on the guidelines and on policy priorities, since this is the only way in which we shall achieve the necessary majority when it comes to vote. I would therefore ask you, Mr Shaw, to maintain close contact with the political group leaders, as was done in previous years, so that we can arrive at a

Aigner

majority consensus. This naturally means that the individual political groups will have to compromise on their views which are certainly not unanimous down to the last comma.

I believe that we should continue the general policy of the previous years. Lord Bruce has outlined this policy from his own point of view. I can only say that my group also shares this view. In those areas where there is a need to mobilize European solidarity, i.e. Social Fund, Regional Fund and EAGGF 'Guidance' policy — we cannot afford to stand still, still less, retreat.

In dealing with the major problems of unemployment, particularly amongst young people, we should adopt a policy transcending all political groups and concentrate the small means at our disposal.

Mr President, ladies and gentlemen, we are all aware that with these funds — Mr Tugendhat has pointed out that they scarcely amount to 2.3 % of the public expenditure of the Member States and only a fraction thereof is earmarked for the Social Fund — we can scarcely carry out a European labour market policy. However, one thing is clear: if these means are used as a financial stimulus they can lead to an overall coordinated policy in the Member States. This can serve to stimulate greater activity in this area; this is in the way we should view the possibilities of our policy.

Mr President, enough has already been said about the need for a better balance in the agricultural sector between production and the market.

Finally I should like to say a word about priorities. I also share Lord Bruce's and Mr Tugendhat's views on the need for greater efforts in the area of development policy. I have always taken the view that the movement towards unity on the European continent should not be merely regarded as an end in itself but should be motivated by the realization that Europe has a task which no other part of the world can fulfil. The Third World is anxious for partnership, not with the Soviet Union and not with the United States of America; it is anxious for support from and partnership with the European continent. Whenever I visit the Third World I am always struck by the intensity of their hope and by the way in which their own hopes are focused on the future policy of this continent although we are only at the initial stages of this policy.

Mr President, I know that my time is up. I shall therefore conclude. We shall also have great difficulties with the Commission with regard to the distinction between payment appropriations and commitment appropriations. The policy introduced by the Commission is undoubtedly a serious infringement of Parliament's budgetary powers and could, under certain circumstances, lead to absurd developments.

Finally I have a request for the Council. I believe that Mr Spedale, in particular, will understand this request.

This year we shall begin consultations with the Council with great circumspection since we are convinced that this year will be extremely important to the future of Europe. However, we shall refuse to engage in a hearing — the Council has always tried to transform the consultation into a hearing. We want full consultation — and you are aware that there will be no budget without Parliament's full approval. My group is prepared for a hard struggle and a hard dialogue with the Council provided Parliament gives us support for this line.

Mr President, I am pessimistic and optimistic at the same time; but if that is the outcome of our dealings with the Council I shall be satisfied.

President. — With regard to the representation of the Council in this Assembly, I must point out that the enlarged Bureau is sitting at this very moment and that therefore those attending that meeting cannot be reproached for their absence here. The same applies to the chairmen of the political groups.

I call Mr Kofoed to speak on behalf of the Liberal and Democratic Group.

Mr Kofoed. — (DK) Mr President, I would first like to thank Mr Tugendhat and the general rapporteur for their excellent speeches in connection with the presentation of this budget.

As the new rapporteur for my group, it is interesting to be sharing the company of such great names in this field as Mr Shaw, Mr Aigner and Lord Bruce. To take part in a debate at this level is a little difficult.

The budget can be considered from various angles. How great is the significance of this budget and in relation to what? I agree with Mr Tugendhat when he says that this budget is not particularly large in relation to the total of the national budgets; in other words, it has to be admitted that its direct economic effect is of a lesser order, although I would venture to say that, politically, it has greater significance than most budgets because it is the only means available in Europe of expressing Community policy in figures.

As I view it, this budget is in effect a forecast of the pattern of expenditure during the coming year. Taking the largest part of the budget, which is still agricultural expenditure, I see that this represents 62 % or 69 % of the total, depending on whether monetary compensatory amounts are included or not. The remainder is distributed over numerous small sectors with, as I understand it, the social sector, the regional fund and development aid occupying a minor place under this heading.

First of all, I should like to deal, if I may, with the agricultural budget, the area that is most frequently criticized because it apparently costs so much money. I should like to take up the point mentioned by Mr Aigner that agricultural spending will rise in the coming year because of the large harvest expected. This is the sort of thing that must be explained very

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carefully to consumers, because people cannot understand good harvest prospects being accompanied by increased expenditure on the agricultural budget. Normally, one would expect that a large harvest would necessarily entail less expenditure. I feel that we must make an effort to explain these matters to the electorate. Yesterday in the Committee on Budgets, I noted incidentally that Mr Shaw made a number of comments on a point of crucial importance: how can we popularize the debate on the budget and make it interesting to ordinary people? There is the ever-present risk that budgetary problems will become the preserve of experts, in the first place, the real experts and then the political experts. Politicians run the risk of becoming so absorbed by the technical aspects that they get bogged down in details, with the end result that they are unable to see the wood for the trees. Let us therefore take a more superficial look at the budget, concentrating above all on the underlying principles: what are we seeking to achieve by this expenditure? Here, I feel that Parliament has, in the past shown the will to agree on an agricultural policy capable of meeting the conditions of Article 39, which stipulates acceptable earnings for producers and reasonable prices for consumers. This is what agricultural expenditure is all about. It is a framework within which to bring about a balance between supply and demand, hence ensuring adequate supplies for the market at all times.

I should like to say to my English colleagues, who are so fond of criticizing the agricultural budget, that, over a period of twenty years in Europe during which the agricultural policy has operated, there has only been a shortage of one product, and that was potatoes. In all other respects, there have been abundant supplies of foodstuffs at decidedly reasonable prices. Just compare this with the agricultural system in Eastern Europe, which may perhaps produce lower prices in certain areas, but what use are lower prices, if no goods are available to consumers. What is the use of being able to buy a joint of beef more cheaply than in Western Europe, if the joint of beef is unavailable. I think that it should be explained to the electorate that, against this background, the expenditure on agriculture is minimal and, in exchange for guaranteed adequate supplies, is money well-spent.

I would now like, if I may, to turn to that part of the agricultural sector known as monetary compensatory amounts. While on the subject of the increase in the budget, monetary compensatory amounts totalled 140m u.a. in 1973, whereas, in 1978, the Commission hopes to be able to get certain measures adopted which will ensure that they do not exceed 1500m u.a. This is a problem which needs to be discussed not only by the Committee on Budgets, but from the political angle as well.

The present situation reflects, in effect, the failure to coordinate economic policy in Europe. The fact is that it will not be possible to abolish monetary

compensatory amounts before a more coherent common economic policy has been implemented. Lord Bruce ought, I feel, to pay a little attention to what I am saying here. He is one of the critics of the agricultural sector and, being also a critic of monetary compensatory amounts, he ought to note the fact that compensatory amounts were never intended to be consumer subsidies for the market. That was never the purpose of compensatory amounts, which were designed as a system for coping with currency fluctuations in the short term, although they have now developed into permanent consumer subsidies funded by the agricultural budget. This cannot possibly have been the original intention. Here is a political problem which the Council must endeavour to resolve as soon as possible since, as members will be aware, detrimental effects are being felt in other areas. I am dwelling a little on these matters, because in my view the problem has such fundamental implications that it is essential for it to be included in the budget debate. Incidentally, I would also gladly welcome discussion on social policy, the regional fund and development aid. But what is there to say about the social fund? Other Community funds surely cover a large number of areas where we could perform the same tasks at Community level more cheaply. There is no doubt about it that a great deal of overlapping is involved as far as the deployment of various national and public resources is concerned. I would, however, warn against believing that any appreciable direct contribution can be made towards combating youth unemployment in the Common Market by using the social fund and social policy. The area, in which useful contributions can be made, must surely be that of coordinating policy at national level so as to avoid measures being taken in one country which, while they may relieve youth unemployment in that particular country, create unemployment in a neighbouring country. It is here that the most significant effort must be made and, again, it relates to the coordination of economic policy.

I should just like to say that, in my view, the regional fund, the social fund and the guidance section of the agricultural fund will, in the coming years, experience major problems precisely in connection with coordinating their restructuring policy for the less-favoured areas. This is an essential step, and I think it right therefore to increase the resources of the regional fund. Yet even when the appropriations allocated to the development section of the agricultural fund are increased, as has now been done, to 500m u.a. this figure remains inadequate, since, if allowance is made for inflation, as was done by Mr Tugendhat in respect of one of the funds, the development section should have been increased by a much greater amount. For many years, this item stood at 325m u.a. and, with effect from 1978, is now being raised to 500m u.a., although, in order to perform the tasks that were originally intended, it ought in fact to be closer to 1000m u.a.

Kofoed

Lastly, I should like to confine myself to saying that I agree with the views expressed by the other rapporteurs on the supplementary budget and the budgetary procedure, and I can promise the Liberal and Democratic Group's cooperation in pursuing Parliament's traditional policy towards the Council and the Commission. I wish to end by saying that in my view, the budget is a forecast and, if anyone feels that the amounts entered under certain items on the budget are too large, it must be the duty of the Committee on Budgets and of the individual to point out where this is so and to table amendments. The debate on the budget will not be a positive one, if the House merely confines itself to criticism; members must also indicate fresh alternatives. I feel certain that the Committee on Budgets too will succeed in holding a positive discussion on these matters over the next six months.

(Applause)

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

Mr Liogier. — *(F)* Mr President, I should like to start by saying that it is absolutely essential for the Council to establish in good time the new budgetary structures planned for the financial year 1978, that is; six directives on VAT + Financial Regulation on VAT = own resources and complete financial autonomy for the Communities; European unit of account, updating of this unit on the basis of current par values and no longer the old IMF par values; Financial Regulation, revision of the Financial Regulation to take account of the increased powers of the European Parliament under the Treaty of 22 July 1975. These new structures must coincide with the increase under the Treaty of 1975 in the budgetary powers of Parliament once it is elected by direct universal suffrage. The link between these three factors must be maintained at all costs since it underlies the new impetus which needs to be given to the Community in 1978. During a time of not only budgetary austerity but of economic stagnation the Communities own sources, which are mainly based on international and Community economic activity, could well level off at a moment when the new impetus the Community requires creates extra budgetary needs. In order to face up to this situation it is vital that the Community should make increasing use of that modern and efficient method of financing — the loans. There already exists several methods of raising Community loans. But they are used in a way which is sometimes devious, often disorganized, or even incoherent. It is absolutely essential for the Commission to take the initiative and to propose to the budget authority a method of rationalizing the existing loan-raising systems and the devising of a genuine loan policy. In addition, the use of loans is completely in line with the notion of financial auto-

nomy which is advocated here since, when raising a loan, the Community is acting independently of the Member States. It should be noted that the proposals which the Community is expected to make should fit in with the budgetization of loans as advocated by Parliament; this gives the budget authority powers of supervision and the last word on financial transactions carried out by the Commission.

The overall increase in the preliminary draft budget for 1978 over the 1977 budget is 22%. Bearing in mind the needs of the Community on the one hand and the average rate of inflation in the Community on the other, this seems relatively modest and implies that the Commission has had to draw up certain priorities for expenditure. Agricultural expenditure is only going up by 15% and represents 62% of expenditure as a whole, which it should be stressed, is much less than in previous years. In the draft budget, the proportion represented by agricultural expenditure will unfortunately probably be much higher since the Council will, as in previous years, reduce the appropriations earmarked for non-agricultural schemes. The Commission has decided to concentrate its efforts in 1978 on the Regional Fund. In view of the increasing economic disparity between the regions of the Community, this choice must be welcomed. However, it is a pity that the instrument of this regional policy, the Regional Fund, has not been updated since the budget authority is not in a position to see how these appropriations will be managed, when considering the appropriations for the Regional Fund. In the social field we are forced to note that the financial instrument, the social fund, is not carrying out its tasks correctly and that the appropriations can only be released when they receive budgetary authorization. It is therefore wise, as the Commission proposes, to include a consultation period during which the back payments can be caught up. Hope remains that the revised social fund, on which Parliament recently gave its opinion, will be better placed to carry out its task and that the social policy the Community needs will soon be given new impetus.

Industrial policy remains the Cinderella of Community action and the meagreness of the appropriations earmarked for it alas merely reflect not only the reticence of the Member States but a certain lack of imagination and audacity on the part of the Commission. The energy policy is still tentative although in one field at least — that of hydrocarbons, — considerable sums have been committed.

Finally, the 1978 budget will see a spectacular rise in aid to developing countries, whether or not they are associated to the Community, for which it is hoped the Council will soon give the go ahead and series of agreements concluded recently.

Liogier

Finally, alongside the question of budgetary structures considered here, the Commission's attention should be drawn to the desirability of ensuring that what has been called the 'budgetary triologue' is successful.

At its June part-session, Parliament adopted a report on certain budgetary matters which it has forwarded to the other institutions. It is vital that, as last year, the Commission and the Council should give precise written answers to this important document as soon as possible. The success of this 'trilogue' is a major factor in inter-institutional harmony in the budgetary field and its continuance from year to year guarantees the unimpeded development of inter-institutional relations.

(Applause)

President. — I call Lord Bessborough to speak on behalf of the European Conservative Group.

Lord Bessborough. — Mr President, I would like to join with others in congratulating Mr Tugendhat on the presentation of his first budget, and also to congratulate my honourable friend, Mr Shaw, the general rapporteur. This budget is indeed full of firsts: it is first with the new procedures under the revised Article 203, which came into force on 1 June this year, giving Parliament greater powers: it is first with the new 'basket' European unit of account, replacing the old unit of account fixed to the old dollar; and it is first with its full own-resources, with the required rate of VAT being fixed during the budgetary procedure.

On the other hand, this budget is also a last. It is the last — or should be the last — before direct elections. Consequently, the European Conservative Group very much support the rapporteur in his desire to make the budget and its procedures more readily understood, because we want the Community to be better understood. For the Parliament this requires our own colleagues on the spending committees, as Mr Shaw has stressed, to get much more involved in the budgetary procedures. All committees are directly implicated in items of expenditure, except perhaps the Legal Affairs Committee and the Committee on the Rules of Procedure and Petitions. Members may find the size of the budget volumes daunting, but if they go to the sections which concern them, they will find that there is much useful information which is not so conveniently and readily available in other forms as I have found with the items which especially interest me on the Committee on Energy and Research. Of course, I would not like to see any of these items reduced. I was glad to hear what Mr Tugendhat said

But Parliament's spending committees should look carefully at the Commission's expenditures on their merits, and assist the Committee on Budgets by giving their priorities

within their own sectors, and not simply act as pressure groups for the Directorate-General concerned. The task of the Committee on Budgets and its rapporteur must, in my view, be to bring the strands together and to take Parliament through the complexities of matters such as commitment and payment appropriations, using and guarding Parliament's budgetary powers to the full.

At this point I would like to endorse the pleas for early agreement with the Council on the new Financial Regulation, into which my honourable friend, Mr Shaw, has put so much work. But before Parliament through its committees, can act on the budget, the Council must meet to establish the draft, and this it will do on 20 July. Not for the first time is the suggestion being made that the Community's budget should be kept to an increase of 10%. This, in the view of my group, is a sterile approach. The Community budget should be a dynamic budget, and the expenditure decisions based on their merits. If the Council are seeking to save money, then the Community budget provides a truly golden opportunity for taxpayers' money to be saved. A dynamic Community budget could be a saving budget, by avoiding the unnecessary duplication of national expenditures — this is a point to which I attach great importance — and this saving budget could be backed up by the elimination of so many cancelling aids which Member States give to industry and agriculture, to which the European Conservative Group and the Christian-Democratic Group jointly drew attention in an oral question with debate in June.

The rapporteur mentioned in his introduction that in 1976 support for agriculture in the EAGGF Guarantee Section was of the order of 6 000 million units of account. Yet this Community expenditure accounted for only 37% of all public expenditure within the Nine on agriculture. These facts strengthen the impression that not enough is being done radically to reform the common agricultural policy. The CAP must be reformed, partly through — I think the Commissioner would agree — its decision-making procedures, so that supplies reach consumers at reasonable prices. Agriculture accounts for so much of the Community budget that not enough is available for the development of other Community policies. In the European Conservative Group, we want to see a stronger Regional Fund and a stronger Social Fund in order to back up strong policies in these fields. On the domestic front, the same is true of the industrial, and as I have already said, energy sectors, including research and development. On the external front, the same applies in matters of development aid policy.

In all these areas, we are, of course, concerned with the Commission budget. But the budget volumes also cover the budgets of the other institutions. By conven-

Lord Bessborough

tion, the Parliament does not examine the Council's budget, nor does Council examine Parliament's budget. This practice seems only right, as it would, in my view, be incongruous for each of the budgetary authorities not to have authority over its own budget. We should remember that the Court of Auditors will soon be established with its own budget volume — in fact I have it here — and the sooner the Parliament can be consulted on the appointment of auditors, the earlier this new institution will begin its important work.

So much for the expenditure side of the budget. Now, what about the revenue side? With the introduction, Mr President, of the Communities' own resources in 1978 — subject of course, to the braking mechanism for the new Member States referred to in the Treaty of Accession — the European Parliament has the responsibility of taking part in determining the percentage rate of VAT which is due to the Community as its own resources, and out of which payments are made. This also means that the Parliament must methodically consider the revenue implications for the VAT rate of all Commission proposals, ranging, for example, from prices for agricultural products to the suspension of customs duties on imports from developing countries, which, of course, reduce our own resources.

An important related issue is the presentation of revenue in the Commission budget. I have the honour to be the draftsman of an opinion for the Committee on Budgets on the proposed ethyl alcohol regulation, and I see from the preliminary draft that the Commission is still not proposing that the revenue from equalization charges and intervention contributions in the alcohol sector be treated as the Communities' own resources. This is quite clear from page 520 of those 1 500 pages which Mr Aigner mentioned. Now the same goes for the co-responsibility levy in the milk sector. This levy has already been what is called 'netted out' in the draft of the first supplementary budget for 1977, which Parliament is expediting this week. But in the context of the '78 budget, I would suggest that the opportunity be taken to include all the proceeds of the agricultural policy in the Communities' own resources. And these two examples are not the only ones. Last month, it was proposed that revenue from licences for fishing in the Community waters should be used to develop the common fisheries policy. I should like to stress that the European Conservative Group is opposed to all forms of hypothecation — or shall I call it earmarking — and will be paying particular attention to this matter during the '78 procedure. But first of all, we must await the decisions of the Budget Council on 20 July, and I am sure that we would all like to wish the President of the Parliament and Vice-President Spénale, the rapporteur

and the members of the delegation good fortune in their negotiations.

I have had some experience of this conciliation procedure, and while I hope the meetings will not be too acrimonious, I nonetheless trust that Parliament will stick to its guns and not make too many compromises.

I go along with Mr Aigner in this.

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(Applause)

Now, prior to this meeting on 20 July the Council will, as we know, meet a delegation from Parliament which will take to the Council the views expressed here today. I would say to this delegation that they should stress to the Council that the Council must make a mental jump and look at the budget in positive, and not in negative terms. The Community budget is a dynamic budget, providing opportunities for the development of the Community and the elimination of wasteful expenditures. The Community will be the gainer — or, shall I say, the winner — and it is up to the Council to back that winner.

(Applause)

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

Mr Spinelli. — *(I)* Mr President, this debate on the budget has a special importance — as various speakers have already pointed out — for different reasons. First of all, in presenting this budget, the Commission has had the courage to say that it will formulate the budget in terms of European units of account, even though the Council has not taken any formal decision to this effect, so as to spur the Council to do so. It is also particularly important because the Commission, having decided to base itself on own resources, is thus bringing to bear a certain pressure on the Member States. But I believe that it is also important for a third reason, namely that this is one of the rare debates in which this Parliament has real powers even though they are limited ones. This debate must therefore show that Parliament does have powers which it is prepared to use.

Homage has been made to some of the figures of European political life and in particular my ex-colleague, Mr Cheysson, who prepared all the drafts, but I should not like us to forget to render homage to our own president Spénale, who guided Parliament through a difficult time with tenacity and courage. It is partly thanks to him that our debate today has acquired this importance.

Allow me then to make some remarks on the revenue side of the budget.

The first is this. We now have a possible reserve for increasing the funds of the Community which is the non-utilised part of that 1 % which may be put on

Spinelli

VAT which this year amounts to approximately 1 600 million. While it is true that the Commission in its triennial forecasts considers that this will increase in the future, new projects have not been taken into consideration nor the new expenditure associated with them.

We have reached the limit of the ability to use the own resources at the very moment in which they have become available to us. A couple of 'hiccups' in agricultural prices will be sufficient to take up the best part of them. If, as I hope, the Community adopts the commitment proposed by Vice President Ortolí, to institute a reconversion fund, there will be a further erosion of this ability.

Now, considering that this community is living on a really archaic system of taxes, a system of taxes which is completely lacking any element of justice in the sense that the rich of whatever country should pay proportionately more than the poor, I should like for this Assembly, in one of its debates, to make a formal request to the Commission to study the application of an article of the Treaty which does in fact allow for other types of tax and examine the possibility of creating for the Community more rational and more just taxes than those which it has at present.

I should now like to turn to expenditure. Bearing in mind the mission, the vocation of the Community as it is defined in the treaties, expressed in our debates and the resolutions which we adopt, it is clear that there is a strong contradiction between what we should be and what we are, between the problems we are tackling and the problems which are in fact facing us.

As for the important and serious aspects of economic policy which the Community ought to be facing, the Community's participation expressed in figures is really marginal. With one exception which does not concern the agricultural policy proper which is guidance policy, transformation policy and aid to agriculture (which is in fact treated as a cinderella just like energy policy, social policy and so on). The only policy which has been given particular attention is that of agricultural prices but this is not agricultural policy.

When it came into office the present Commission announced that it would take a different approach to agricultural policy. I would have expected it to translate this intention into budgetary terms in some way, and in addition to the shrewd remarks made by Mr Aigner who said that the Community is assuming functions which have to be taken away from national governments because they are conducted more efficiently at Community level, there should be an analysis of the priorities and some indication should be given of the financial amounts to be used to face

the tasks of which we have spoken and these are how to overcome inflation, stimulate investment, restructure and create full employment, encourage research, reorganize agriculture, avoid violent fluctuations in agricultural prices and also aid developing countries. These are largely the responsibilities of the governments but in order for there to be a process of integration, some of these operations will have to be transferred to the Community from national governments.

If we had presented these matters in this way, we would have avoided the accusation that we were spend-thrifts and wanted to impose extra taxes and other charges on the people. In this case we would have replied to the governments: you are the ones who do not wish to reduce some of your own expenditure, however much you recognize that a joint effort is required.

This we have not done although it would have been the only way to make it clear why the budget of the Community must have a certain size and certain priorities.

Why was this not done? There are basically two reasons: first of all because we are overloaded by the EAGGF commitments, because having made all the possible criticisms of the expenditure of the agricultural policy, the regulations are there, the commitments are there and they have to be complied with. Provision therefore has to be made for certain sums and then, having made the appropriations, we find that a large part of them have already been spent and there is no great wish nor the courage to ask for more.

I realize that one cannot change the system overnight but this ought to be one of the points on which Parliament should make it clear to the Commission and the Council that it is demanding a complete break with the past. How can this be done? For example, at our next part-session in September, we could not adopt the budget unless — I won't say unless the regulations on agricultural prices are changed straight away — but unless the Commission has first submitted the fundamental criteria for change and the Council has given its agreement in principle to this change. This will not yet be a real change but at least we would know that there is a real programme and not just a verbal one, for transforming agricultural policy.

If we satisfy ourselves with the fine words spoken by Commissioner Gundelach — whose good faith I do not doubt because I know him very well and I know his opinion of the present situation — we shall lose the battle and next year we shall find ourselves with a budget dominated by the present system without any change in agricultural policy. Now if one considers that parliaments by making use of their instruments of power or influence have succeeded in imposing their will, I do not see why our Parliament as well should not take up a firm position.

Spinelli

The second reason for this lack of vision is the fact that the Commission, fearing that the appropriated sums might appear too high and frightened of having to tell the governments 'this is something which you will have to reduce in your expenditure' it has merely entered 'token entry'. I know that a token entry is made in a balance sheet when one does not intend to proceed with expenditure straight away but one wishes to note the fact that it will be made at a later time. What I do not understand however is why a token entry should be made when for example the Council has decided to allow the Community to issue loans up to 500 million to cover possible deficits in the budget. In this case the Commission ought to have said 'I have not yet committed all these appropriations but I have entered them just the same because I foresee that they will all be used'. Another reason why I cannot understand this is that the Commission has already submitted proposals to the Council concerning the industrial, aeronautical and data-processing sectors which are sectors which we have discussed and rediscussed in view of their great importance. Why then merely enter token entries when there are serious ambitious programmes such as that — which I absolutely support — laid before the Council by President Ortoli and for which he requested authorization to issue loans for structural reconversion projects.

This present budget does contain some new elements but it is still largely a book-keeping operation. It is basically lacking that dynamism which has been requested from all sides including ourselves and which is indispensable for carrying out a real Community policy.

I hope that in the course of this debate we shall be able to make some improvements but the most important thing is to get the Council and the Commission with their backs to the wall and tell them that we wish to set in motion a review process not just to destroy the agricultural policy but to replace it with a sounder one.

Our German-speaking colleagues will have been able to see yesterday on television the sacks of flour and drums of milk which are accumulating all the time because of this policy, and they can imagine what this will cost, beyond every expectation, to the milk prices policy.

These are the basic remarks on the nature of the budget which should be made at this stage in our consultations with the Council.

(Applause)

President. — I call Mr Cifarelli.

Mr Cifarelli. — *(I)* Mr President, ladies and gentlemen, I asked my group for permission to speak today in a personal capacity, not merely to emphasize

a divergence of opinion with Mr Kofoed, who spoke on behalf of the Liberal and Democratic Group, but to draw attention to another aspect of this question, a trend which is a cause for some concern to all the political groups in this Parliament.

I feel that, on the subject of the budget, Parliament is in fact in two minds. There is one current of feeling which accepts an approach to the problems of expenditure along the lines laid down in the regulations; it is rather like when I say to our Italian Minister for Cultural Affairs: 'That cathedral is falling down. Those frescoes are being destroyed,' and Mr Pedini replies, as he usually does: 'You are a senator; if you obtain new appropriations for my ministry I shall do as you wish.' The other current of feeling is one which does not resign itself but continues to fight. Several times this morning Mr Shaw gave expression to this feeling, and I should like now to add my own comments.

I am happy that circumstances give me the opportunity to speak after Mr Spinelli — whose opinions I largely share — and before Mr Lange, chairman of the Committee on Budgets. I am also happy that it should be Mr Spénale who is chairing this debate, for he has given me the opportunity to speak on a point which to me seems fundamental.

In 1978 — that is to say, with this budget — we shall come of age as far as our own resources are concerned. We shall come of age inasmuch as it will no longer be the states who supply the funds but rather the taxpayers. It is true that VAT will continue to pass through national treasuries and that we shall not be able to change the rate of VAT for this or that commodity, because this comes under national legislation, but it is nevertheless true that we shall enter into a direct relationship with the taxpayer.

The idea of yield elasticity, which is relevant in all the budgets of the world when forecasting revenue from particular sources, is becoming extremely clear and politically qualified our actions. I need only mention this idea to demonstrate that we have a great responsibility. I always say that the ways of the Lord are infinite, even if I support the secular providence from which my master, the philosopher Benedetto Croce, drew his inspiration. Well, amongst the many ways of the Lord here are two which intersect: direct elections and the latest Community budget.

Mr President, I come from the Italian region of the Community. The inhabitants of this region are not stupid: we have always realized that when regulations were being made for cereals, milk, beef and veal or sugar, favour was being given to the great agricultural regions of the north and north-west of the Community, leaving the Mediterranean agricultural regions behind.

Why did we accept this? Because it is a political problem and not one of Community beans and arti-

Cifarelli

chokes! Attempts have been made to construct a United States of Europe, first on the economy, then on defence and after that on politics. In order to do this, it was necessary to keep the 'paysans de France' quiet and support the policy of a great Frenchman who was against the Community and who insisted on this agricultural policy. We Italians had to meet the cost — we pupils of Macchiavelli — but, as we say, we put a good face on it. We told ourselves: 'Never mind as long as Europe is created!'

On this basis, I hoped that there would be a large measure of agreement in the French and English-speaking regions during the negotiations. It was then a question of granting facilities, and none of us was so stupid as to overlook the fact that certain facilities open the way to privileges. But it was said: what is Europe without England and without Scotland? We hoped that our attitude would achieve popularity. Not at all: the main accusations hurled at us in England, Wales and Scotland were concerned with this very agricultural policy. In view of the situation, I believe the moment has come to call a spade a spade, to take the problems for what they are and to do our duty as parliamentarians by facing Community problems and producing serious solutions.

When Mr Aigner said this morning that if the wheat harvest was good — I hope the strikes of agricultural workers will not endanger it in Italy — the expenditure of the European Agricultural Guidance and Guarantee Fund would increase, I reflected on the absurdity of the fact that when the Lord gives us a good harvest we as a Community have cause to worry.

Mr Aigner went on to affirm that we should not make concessions on agricultural policy to the United States, because, thanks to our policy, we have been able to avoid scarcities and stabilize consumption. This is true, but we should realize that if we continue with this policy we shall have to satisfy our electorate. I have to go to my constituency and explain why Community money is being spent on buying peaches and then destroying them (two-and-a-half million quintals have been destroyed); why money is being spent on buying apples and destroying them (and approximately 3 million quintals of apples have been destroyed). Why should we continue with this madness? Why can we not allow ourselves the luxury of eating an extra peach instead of destroying peaches with Community funds?

For more than 18 months I was director of the AIMA. The AIMA is the Italian intervention agency for the agricultural market; it buys in oil, it buys in wheat, it calls for tenders to send food aid — butter-oil and grain to the Lebanon, Cyprus and so on. Well I remember that period as a period of blind folly. Europe ought not to behave in this mad way, and therefore I support Mr Spinelli's argument. We ought to dig in our heels, and if the instrument offered us by

the Treaties is that of censuring the Commission, then we ought to pass a motion of censure on the Commission. And let our friends in the Commission not take it personally: after all, I have been a Member of this parliament for nine years, and I have voted against all the motions of censure on the Commission so far.

I do not want to give in to violence, even though protests, sit-ins and bombings are increasing throughout the world. Let us instead use the Treaty to escape from this diabolical vicious circle. We should not think of milk, butter or cereals but, first and above all else, of Europe; otherwise, continuing this way we shall destroy Europe. Britain will protest, France will disintegrate, Italy will collapse. Europe cannot be built on columns of butter, because even frozen butter melts when the African wind blows, and because of this butter we have started out on an extremely slippery slope. This means that we must free ourselves from some taboos and draw up a budget founded upon reasonable forecasts. There are some taboos in the Community which astound me like the totems of ancient tribes; down through history, Goethe, Machiavelli, Pascal, Descartes and Kant have taught us how to use our rational abilities — abilities which ought to make us recognize that these are errors, these are chains from which we must liberate ourselves by establishing a ceiling on interventions in favour of butter, apples or peaches. And let the Commission or Council experts on agricultural policy not come to me and say they don't understand. I have never been afraid of people who say they can't understand: I exercise the right of being wrong, of failing to understand, but while invoking this right I want to say that we cannot continue along this course. I should like to be among that minority which does not protest, which does not revolt, but which feels itself to be European through and through and which does not share this illogical thinking, this madness of spending more on interventions in favour of tobacco than on scientific research. It is absurd to continue talking about social policy, regional policy, guidance policy and structural reform.

On these three funds together we shall spend, ladies and gentlemen, only 1 846 million units of account, which is less than a quarter of what we spend on the Guarantee Section! These figures are sufficient to show — for the sake of the seriousness and the logic which I should like to awaken in Europe — that we cannot continue like this! We shall have to account for our actions to the citizens of Europe, and I have too much esteem for them, beginning with my electors in republican Romagna, to think that they do not know what is going on.

President. — I call Mr Lange.

Mr Lange, Chairman of the Committee on Budgets. — (D) Mr President, ladies and gentlemen I should

Lange

like to begin with a remark concerning the Members of this Assembly. Attendance in the chamber at the present moment and during the whole debate shows how extremely difficult it is to interest the Members of this Parliament in their own most fundamental rights as members of an assembly which has budgetary powers. That is the first thing I want to say. The second is that the members of this Assembly show incredible trust in their colleagues who — although it sounds presumptuous — understand something about the topic. For the House to behave in this way is poor proof of special competence. I regret having to make this remark. At the same time, where matters concerning Parliament are concerned, I have no hesitation in adopting a firm position *vis-à-vis* the Council and Commission since I do not feel myself restricted by the state of affairs I have just referred to...

Mr Giraud. — (F) Mr Lange, what disconcerts the Members of this House is that these long discussions on the budget, whether in committee or in plenary sitting, hardly ever result in any change in the budget, which we practically have to swallow whole. If that's the case, then to talk for hours on end about a modification of 0.1 per cent is pointless and may well be the reason for this sparse attendance.

Please excuse me for interrupting our Minister of Finance.

Mr Lange. — (D) That, Mr Giraud, naturally helps to explain the situation. However, ladies and gentlemen, the question is: do we wish to exercise the rights we have in virtue of the agreement of 22 June 1975 which entered into force on 1 July 1977 or do we wish to renounce the exercise of these rights. To begin by being resigned to or adopting the position that nothing can be affected in this or that matter would be a sign of weakness on the part of Parliament. This is something we should simply not accept.

There are possibilities open to us. Under the new agreement we even have authority in those areas described as compulsory, we have the power to make adjustments without changing the overall amounts.

I have followed the discussion attentively because, as members of the delegation which will hold a preliminary discussion with the Council on these matters on 20 July we must know what position we should adopt. The statements this morning by representatives of the political groups and individual members — it has, unfortunately, become customary for speakers to disappear as soon as they have delivered their speech, without any concern for the others; it is a bad habit for members of Parliament to indulge in monologues and to avoid general debate; however the exceptions prove the rule — however, the conclusion to be drawn from what has been said here is that we must continue to support the positions already adopted by Parliament, namely that the agricultural policy sector

should not be treated as the sole instrument of integration but that we absolutely need to use other policy sectors as means to furthering the integration of the Community. That was the most important point made this morning. Consequently everything to this effect contained in the Commission's preliminary draft deserves our support i.e. all those areas which point to the future and which are capable of contributing additional integrating factors to the fragile element of agricultural policy. These integrating factors will be one of the central points in the discussion with the Council. They will also play a similar role in the further discussions which, as part of Parliament's internal budgetary procedures, will be held in the presence of the Commission.

There are of course, other important points. Mention has been made of the advantages which certain instances, and Parliament as a whole, have won, and when I say certain instances I mean my predecessors in the office of chairman of the Committee on Budgets, namely Mr Spénale and all those who at that time were active in the Committee on Budgets. Real achievements were made and then at a later date they were incorporated into the agreement which is now in force. Parliament now has the serious duty and obligation of defending under all circumstances against all attacks, from whatever direction they come, whether intentional or unintentional, the rights it has received to or participate in drawing up the Community budget. I deliberately say 'has received' since, as Mr Spénale, Mr Aigner and all the others who worked with them, as well as those who since 1975 have been rapporteurs on these agreements, are well aware, Parliament has not been given all it asked for. Parliament will only do this effectively if it remains clearly aware of its duties in this respect.

There are a number of positions on which there is disagreement with the Council and a number of positions on which there is disagreement with the Commission. The main bone of contention with the Commission is its surprising habit of behaving as if commitment appropriations were the most important element. According to the Treaties it is the payment appropriations, i.e. the actual items of expenditure which are fixed for the current budgetary year; no more and no less. Moreover I regard the definition used by the Commission in this context as a very serious threat to the rights of the budgetary authorities.

I am not claiming that this is done deliberately, but that the way it takes places infringes on Parliament's rights. This is something about which I have already spoken; I shall only wish to refer to it in passing. Apart from the amounts which will be required for implementing policy in the different areas, this will be an important point in the further budgetary considerations.

Lange

There is also a further point, namely the European Unit of Account which is causing a number of problems. We must ensure that these problems are overcome and that a procedure is developed for applying the European Unit of Account which does not require continuous corrections in the course of the budgetary year and that we have a point of reference for fixing the value of this unit of account for the coming budgetary year so that the budgetary year can run its course on the basis of these presuppositions. This is a point for discussion with the Council as well, but it is primarily a matter for the Commission.

There is the further question of own resources. Other speakers, the rapporteur, Mr Aigner, Mr Bruce, Mr Spénale etc. have already referred to this matter. This could also be the source of difficulties. We have of course Articles 203 and 204 of the new agreement and under Article 3 we naturally have the possibility, under certain circumstances, of saying: no we do not agree. Then Article 204 must be applied and the Council must make new proposals. I believe that in its dealings with the Commission and above all with the Council in this matter, Parliament should — as has already been pointed out — continue to follow the line it has already agreed upon. Therefore there must be some means of bringing pressure to bear to ensure that by 1 January 1978 the Community's own resources and consequently its financial autonomy, will be assured. If we take all things together and generalize the principle that we intend to promote every means which can serve the further development of the Community then something else must be added.

Mr President, ladies and gentlemen, for my part, I believe that Parliament should not concern itself exclusively with amounts; we must also conscientiously examine whether the policies envisaged in the various areas can be realized through the employment of fixed sums in the course of the year. We should not employ sums which we already know to be excessive since, as we know, the Commission has, in the past misled us regarding a number of operations. Parliament and especially the experts have done their best to advise the Commission but the Commission has left Parliament and the experts in the lurch by informing the Council that a much smaller sum would suffice since there was practically no possibility of using the full amount earmarked, although it was the Commission which had originally proposed this amount.

Therefore Parliament, I feel, will in this respect be particularly critical *vis-à-vis* the Commission and the Council and this will show in the budgetary procedure. We shall therefore, Mr Tugendhat, insist on precise justification from you and from your colleague Mr Tugendhat, for the amounts proposed. There is no other alternative.

There is of course a further problem which crops up over and over again in this context. Mr Spénale has

already referred to one element of it. As a general rule a token entry in a national budget simply means that an item must be retained without, however, necessarily entering any funds under the item for the budgetary year in question. In our case it is taken to mean that, in the course of the year, funds may in fact be entered. I personally cannot accept this interpretation. We discussed it yesterday in the Committee on Budgets and I have the impression that the Committee on Budgets itself is unable to accept this view. If we are convinced that certain operations can be realized in the course of a year, then we should replace the 'token entry', by a definite amount. We cannot afford to play the game of using token entries as a disguise for supplementary budgets; that is not proper procedure. We can and must above all regard the supplementary budget from the point of view of financial autonomy. Once we have fixed a definite sum within the 1 % limit of the uniform basis for net VAT then, in the course of the year, we should avoid the temptation or the danger of making supplementary demands which are no longer effective from the beginning of the budgetary year but, in the view of those who support it, should be effective for the rest of the budgetary year. That is not right either. It would cause endless confusion in the Member States and, I believe cause them to rebel, namely through the Council against the Commission and Parliament.

We must be clearly aware that the situation has changed. As a result of financial autonomy and the entry into force on 1 June last of the Agreement of 22 July 1975 our responsibilities have increased. I should like to remind you that, as I pointed out in connection with the 1975 budget, it is intolerable that Parliament should determine expenditure but not revenue. We have now reached the point where we can also determine revenue and this adds to Parliament's responsibility and that of each individual Member. Therefore the Council must also be made to realize fully what own resources mean.

Mr President, I have also tried to crystalize from the debate a few of the important points which the delegation shall have to take up with the Council so that in its conversations with the Council, the delegation of which you are also a member, we can speak with the conviction that we are authorized by Parliament and not have the feeling that we are walking a tightrope without a safety net. The net in question has been made available to us. If, ladies and gentlemen, we have succeeded in making our position clear, then this debate, despite outward appearances will have been fruitful. I therefore trust that, in line with what Mr Shaw and other speakers said, that Parliament as a whole — the committees as well as the political groups — will finally realize their responsibilities and, as responsible parliamentarians, concern themselves with the Community budget.

(Applause)

President. — I call Mr Shaw.

Mr Shaw, General rapporteur. — Mr President, in view of the hour and the wide-ranging debate that has taken place, I feel that I myself will not try and sum up everything that has been said. I would just like to say this: I am very happy about the way that the debate has developed today. I believe that in many of the speeches that have been made there has been an acceptance and perhaps a new awareness of this fact, namely that the budget belongs to Parliament as a whole and not just to the Committee on Budgets. We will play our part in the committee, but we do not want to set ourselves up, even if we could, as experts in every field. We want to make quite clear that we need advice and we want advice. I hope that, in saying that, the responsibility I place upon the shoulders of the other committees will be accepted and responded to.

I think this debate has been well worth while. I would like personally to thank those colleagues who have addressed me in such kindly fashion at the outset of our procedure. I only trust that at the end of the year their remarks will be equally kindly. But we have a lot of work to do. I emphasize that it is work that we should do together. I would like to thank all those that have taken part. I entirely agree with Mr Lange when he said, that we have got to be firm and that it is a great pity that the habit is developing, not only in this Assembly but in our national assemblies as well, of regarding our presence in the Chamber as merely being necessary when we wish to address the Chamber, not when we want to hear the replies or the other contributions. If this is to have any meaning as a debating chamber, we must be prepared not only to give our contributions but also to listen to the contributions of others. So I say, Mr President, it has been a good debate. Everything that has been said will be carefully noted, has been carefully noted, and will be brought into the preliminary deliberations that our delegation will have, and I believe that we shall find ourselves meeting on the 19th in order to discuss more fully our approach to the Council and work out our preliminary positions with regard to this budget. I am grateful to Mr Tugendhat, not only for the notable contribution that he made this morning, but also for the fact that he has initiated this debate that has been so helpful to us.

(Applause)

President. — I call Mr Tugendhat.

Mr Tugendhat, Member of the Commission. — Mr President, I have noted your intention to finish this morning's proceedings at 1 o'clock and I will try to ensure that you are able to do so punctually.

A number of tributes were paid by honourable Members from all parts of the House to the presentation of this budget. I would like to accept those bouquets with gratitude on behalf of myself, but also to direct them immediately to my predecessor Claude

Cheysson, whom a number of people have mentioned; also to Directorate-General 19, the responsible Directorate-General in the Commission, because, as everybody here will recognize, it would have been quite impossible for a Commissioner who had been in office for only six months to bring about radical changes in the presentation of the Community budget. The praise and the credit for what has happened belong to the people who went before me and to the people I have been lucky enough to inherit and on whose expertise and support I shall be relying so much in the future. I am delighted to associate myself with their work, I will certainly encourage them and try to push them further down the road which they are already going, but it is a road which they began before I arrived.

As Mr Lange said in the course of his speech, not all those who have contributed to a debate necessarily remain until the end, and therefore I hope the House will forgive me if in order to meet the deadline I do not answer all the speeches and in particular I do not answer the speeches of the people who are not here. I would, however, like to comment particularly on the speech made by Mr Aigner, some of the points of which were touched upon by Mr Kofoed in his contribution. Mr Aigner mentioned the high costs to the Common Agricultural Policy of monetary distortions. He is, of course, right that these are high, but in our view the monetary distortions do not provide the explanation of the increase included in the preliminary draft budget for 1978. Total expenditure on EAGGF, Guarantee Section, is put at 7 795 million European units of account, compared with 6 893 million European units of account for 1977. Within this total the cost of monetary compensatory amounts and of the double rate is estimated at 1 559 million European units of account, which is about the same level as for 1977. As Parliament knows, the Commission hopes to reduce this expenditure if the Council will accept revised rules. This amount is, however, before any such reductions less than 60% of the market regulation for the milk sector alone, which we estimate is likely to cost 2 715 million units of account, a sharp increase of 16.8% over the figure for 1977. If we think of MCAs alone, their cost is less than that of the cereals sector, to which attention has been drawn during this debate, where another sharp increase is envisaged. I mention these figures, Mr President, because I think in agriculture we are dealing not only with a most important policy but also with a policy about which there is a great deal of misunderstanding, and it is very important indeed that the figures for every aspect of this policy are put on the record as clearly as possible. I put them on the record now because, as I have said before, I think it is only by increasing public understanding, both of how the policy works and of what needs to be done, that we shall sustain support for it and maintain it as a cornerstone of our Community.

Tugendhat

I have not, Mr President, dealt with many of the other points. We shall have plenty of opportunity to do so in the future, but I could not possibly sit down without thanking the rapporteur, not only for his kind remarks but also for the very thorough and percipient way in which he has approached the budget we have put before us. It is a tribute to our work that you should treat it so thoroughly, though, as I am sure you will understand, when I see how thoroughly he treats it, it makes me feel the more cautious and wary for the future.

(Applause)

President. — Ladies and gentlemen, we have had an interesting debate, which will serve as a basis for the consultation procedure which is due to take place on the twentieth of this month. That was indeed its purpose. It has proved richer than it has ever been at this stage, and this is a cause for gratification.

With regard to procedure, I should like to suggest that the Committee on Budgets submit for signature to the President a letter drawing the attention of the spending committees, who are, in a sense, the beneficiaries in the budget, to the desirability of appointing rapporteurs without delay and making preparations for the work which will proceed very rapidly after the summer recess.

I call Mr Lange.

Mr Lange.— *(D)* Mr President, that has already been done. A letter to this effect has already been sent to President Colombo with the request to recommend these matters warmly to the other committees. You may therefore proceed.

President. — I am glad to find that my suggestion is already being carried out. I hope this will enable us to meet our obligations satisfactorily.

The debate is closed.

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

The House will rise.

(The sitting was suspended at 1.05 p.m. and resumed at 3 p.m.)

IN THE CHAIR : MR COLOMBO

President

President. — The sitting is resumed.

4. Verification of credentials

President. — At its meeting this morning, the Bureau verified the credentials of Mr A. Bertrand, Mr Calewaert, Mr Damseaux, Mr De Clercq, Mr De Keersmaecker, Mr Delmotte, Mr Deschamps, Mr Dewulf, Mr Radoux, Mr Glinne, Mr Schyns, Mr Vandewiele, Mr Vanvelthoven and Mr Verhaegen, whose appointment

was announced on Monday 4 and Tuesday 5 July, 1977.

Pursuant to Rule 3 (1) of the Rules of Procedure, the Bureau has made sure that these appointments comply with the provisions of the Treaty. It therefore asks the House to ratify these appointments.

Are there any objections ?

These appointments are ratified.

5. Vice-Presidency of the European Parliament

President. — I have received from the Christian-Democratic Group a request to extend Mr Deschamps' term of office as Vice-President of the European Parliament.

As no other nomination has been submitted, I believe the European Parliament will wish to re-elect Mr Deschamps by acclamation.

(Applause)

I congratulate Mr Deschamps and, while thanking him for his past work, offer him my best wishes for the future.

6. Agenda

President. — In agreement with the enlarged Bureau, I propose to Parliament that a report by Mr Lemp on tomato concentrates (Doc. 217/77) be placed on the agenda for tomorrow, Friday, 8 July 1977, since Parliament has been asked for its opinion as a matter of urgency and the report should not give rise to a long debate.

Are there any objections ?

That is agreed.

I call Mr Lange.

Mr Lange. — *(D)* Mr President, if we are going to deal with tomorrow's agenda now I should like to propose that the de Konig report on Monetary Compensatory Amounts should be removed from the agenda and referred back to committee. This should only have been an advance announcement since the committee consulted cannot make such a request on its own. I know that it will do so. I just mention this for your information.

President. — At all events the problem will be put to the House tomorrow morning.

7. Financial Regulation applicable to the budget of the Communities

President. — The next item is the report by Mr Shaw, on behalf of the Committee on Budgets, on the amended proposal from the Commission, in accordance with Articles 149/EEC and 119/EAEC, for Title VII, 'Special provisions applicable to the research and investment appropriations', of the Council Regulation

President

(ECSC, EEC, EURATOM) amending the Financial Regulation of 25 April 1973 applicable to the general budget of the European Communities (Doc. 168/77).

I call Mr Shaw.

Mr Shaw, rapporteur. — Mr President, the Financial Regulation always has a slimming effect on the House's attendance; nonetheless it is a matter of some importance. I am happy to say that I feel that this report can be cleared pretty rapidly by us this afternoon.

Although at first sight the text may appear complicated, the issues involved are in fact very straightforward. Last December Parliament adopted two amendments to the draft budget — Amendments No 14 and No 15 — which aimed at an improved presentation of the research and investment appropriations in the Community budget. The changes in nomenclature were designed to make the budget more transparent, and of course clarity is always welcome to this House. The new layout was designed to make the budget not only clearer, but also to help us to appreciate more fully the significance of the various entries, all of which now appear in their proper place in Volume IV of the budget.

Part of the difficulty with the research and investment sector of the budgets stems from the text of the EAEC Treaty. Nevertheless, this treaty does not constitute a block in the way of reform, as last year's amendments have proved. So, following up the request from Parliament the Commission has now put forward their new proposal in Document 87/77, and this proposal revises the draft included in Document 168/76, which was the Commission's initial comprehensive package of amendments to the Financial Regulation. The Committee on Budgets found the Commission's latest proposal acceptable. However, we did think it desirable, in the interests of clarity and transparency, to revise Article 94 so that the general reader, as well as the expert, might be in a position to understand what it is all about. This we did by setting out exactly — as a perusal of the text will show — what is covered by direct actions, indirect actions and concerned actions. I should say that the Commission readily accepted this proposed amendment at the Committee on Budgets' meeting of 8 June last. I am grateful to them for that.

The Committee on Budgets also considers that the concept of the *tranche* should not be too binding and restricting on the budgetary authority. Should the need arise, it should be possible for the budgetary authority to modify the *tranche* in the context of the annual budget.

Apart from these and some other minor amendments, I feel I ought to suggest that when the Commission is

revising the text of this part of the Financial Regulation, prior to acting under the provisions of the second subparagraph of Article 149 of the Treaty, special care should be taken to ensure that the terminology used throughout is in harmony with the wording used in the Treaties. We find that this is something that often has to be done, because with the best will in the world, and with the best translators at work, errors do creep in as to the exact wording, and exact wording in matters of this sort is very, very important.

So to conclude, I might draw the attention of all to the welcome fact that the new presentation of this part of the budget has resulted — or will result if it is adopted — in a net saving of no less than about 140 pages in the budgetary documentation. If in fact, there are those amongst us who feel disinclined to raise their hand in favour of this report, perhaps that fact alone should encourage them to do so! on this note and with these brief comments, I recommend the proposal, as amended by the Committee on Budgets, to the House for its approval.

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

Mr Aigner. — (*D*) Mr President, ladies and gentlemen, may I first add a comment to what the rapporteur, Mr Shaw, said about there being so few Members present when the Financial Regulation is on the agenda.

Mr Shaw, you are aware that this is the last week before the parliamentary recess. According to my calculations, we now have almost twenty commitments running concurrently — discussion groups, foreign delegations, etc. It is therefore not only a matter of failing interest in financial management or the Financial Regulation. In addition, as far as I can gather, all the groups are agreed on this matter and there are no differences of opinion.

I should like to state briefly my group's position on the subject. As you know, the Committee on Budgets was concerned to simplify the Financial Regulation in this field; that was the most important point, Mr Shaw. Despite the shorter presentation, the allocation of resources is now clearer than in the old layout.

Mr President, the only amendment we have requested was for a clear definition of direct actions, indirect actions and concerted actions. I believe this to be necessary. As regards the so-called *tranche*, we would urge that care be taken to ensure that Parliament's rights in the drawing up of the budget are not reduced. I may therefore say that we fully support this proposal.

President. — I call Mr Tugendhat.

Mr Tugendhat, Member of the Commission. — I also agree very largely, Mr President, with what has been said, and I hope I can impose on the House just for a few moments in order to take up some of the points which Mr Shaw raised.

As you will have seen, the Commission was influenced by ideas frequently expressed in Parliament, which, at the time of the presentation of the 1977 budget, were incorporated in two amendments aimed at setting out the research and investment appropriations in a new form. Although, in principle, allowed a whole year in which to submit new proposals for regulations, the Commission felt it would be best to work to an earlier date, so that, as from the 1978 budget, it would be possible to present the research and investment appropriations according to the new formula. In April, therefore, the Commission submitted the new proposals to Parliament and the Council, with a view to their being considered during the current examination of the amendments to the Financial Regulation. Once this examination is complete, I shall make every effort to ensure that a consolidated text is issued as quickly as possible. In this connection, I would particularly like to thank Mr Shaw, because it is only as a result of the accelerated procedure that Parliament has been able to debate this matter today.

So far as the contents of the report and the proposals tabled by your rapporteur are concerned, the Commission, as I said at the outset, Mr President, subscribes to these in their entirety: in fact, the proposals generally cover very much the same ground as those put forward by the Commission, but the wording is clearer and more easily understood.

The Commission also accepts the amendment proposed by the rapporteur concerning the total multi-annual allocations referred to in Article 95. The Commission is grateful for the introduction of this improvement, which fully reflects its own thinking in the matter. As indicated in my letter of 8 June 1977 to Mr Lange, the Chairman of your Committee on Budgets, the *tranches*, which in principle are the same financial resources allocated to the multi-annual research programmes, cannot be regarded as limiting in the budgetary sense of the term.

On the procedural front, as soon as Parliament has finally approved the resolution on Mr Shaw's report, the Commission will submit proposals to the Council amending the Commission's proposal and taking full account of the opinion of the European Parliament.

I am sorry, Mr President, to have delayed the business of the House by reading that brief statement, but if we do not get it clearly on the record, then misunderstandings might occur in future.

President. — I call Lord Bruce.

Lord Bruce of Donington. — Mr President, I must apologize to you and the House for intervening at this

late stage. There's only one small matter which I'd like to refer to, and that is the use by the Commission in their regulation of the terms *commitment appropriation* and *payment appropriation*. Our agreement to this regulation must not be held as in any way prejudicing our rights in this matter, because, of course, the wording that the Commission has used is not in accordance with the Treaty, and so this is without prejudice to our rights in the discussions that are to take place on the correct usage of *commitment appropriations* and *payment appropriations*.

President. — Does anyone else wish to speak?

I put the motion for a resolution to the vote.

The resolution was adopted.¹

8. Budgetary discharge for 1975

President. — The next item is the report by Mr Aigner (Doc. 165/77), by Mr Aigner on behalf of the Committee on Budgets, on:

- I. the accounts of the European Parliament and the discharge in respect of the 1975 financial year;
- II. the discharge to be granted to the Commission in respect of the implementation of the budget of the European Communities for the 1975 financial year and on the report of the Audit Board (Doc. 523/76);
- III. the motion for a resolution embodying the comments accompanying the decisions granting a discharge in respect of the implementations of the budget of the European Communities for the 1975 financial year (Article 92 of the Financial Regulation of 25 April 1973); and
- IV. the motion for a resolution embodying the opinion of the European Parliament on the Granting of a discharge to the Commission of the European Communities in respect of the activities of the first, second and third European Development Funds in 1975.

I call Mr Aigner.

Mr Aigner, rapporteur. — (D) Mr President, ladies and gentlemen, on behalf of the Committee on Budgets and the Control Subcommittee of Parliament, I wish to present the report on the discharge for 1975. Mr President, I apologize to you and my colleagues for the length of this report: the one motion for a resolution alone contains 73 paragraphs. I would ask for your understanding in this, since it is the outcome of the subcommittee's work over a whole year. For the first time we have submitted a control report on a budget for which Parliament, for the first time, took ultimate responsibility: 1975 was in fact the first budget to be established in the final instance by Parliament as the budgetary authority, and I therefore ask for your indulgence if my introduction to the report is likewise somewhat longer than usual.

¹ OJ C 183 of 1. 8. 1977.

Aigner

The method of control had, understandably, to reflect the European Parliament's new responsibility. In this report we have tried to follow the concept of an integrated control at Community level, which can then be developed in new directions by the European Court of Auditors.

First of all I should like to thank the members of the control subcommittee most sincerely: at times this work stretched them to the limits of endurance. I should like to mention the co-rapporteurs in alphabetical order, and convey to them Parliament's thanks. I shall do it alphabetically to avoid any appearance of allocating merit. The rapporteur on development policy was Mr Bangemann, on the EAGGF (Guidance Section) Mr Cointat, on research and investment Mr Dalyell, on revenue Mr Maigaard, on the Social Fund Mr Notenboom, and on the EAGGF (Guarantee Section) Mr Shaw. I'm sorry that I must mention you last, Mr Shaw, despite the fact that your share of the work was certainly one of the largest, since you were concerned with the largest budgetary section, but, to your advantage and disadvantage, you are at the end of the alphabet. I come at the beginning, and that was unfortunately always a trial to me at school.

Now, Mr President, in addition to thanking the committee members, I should above all like to thank warmly the members of the secretariat. It must be said that those in the secretariat who helped us had an enormous workload and I should therefore like to thank them most sincerely unfortunately the control subcommittee does not have its own secretariat ...

(Laughter)

... I say 'unfortunately' because of our excessive commitments, but thank God, Mr Lange, that this leads to mutual stimulation during the discussion on the budget.

It is my especial duty today to thank an institution which is giving up its spirit but not its existence, or rather the other way round: it is giving up its existence as an institution but not, we hope, its spirit. I am referring to the Audit Board of the European Community, which is to be replaced this year by the European Court of Auditors. Over the last 20 years, the members of the Community Audit Board have done an incredible amount of work. They were also at Parliament's disposal during this transitional period of control. Today is certainly not the proper occasion on which to thank them fully. We shall do that during a debate later on, when the European Court of Auditors comes into being; but I would at least like to say that this is the Audit Board's last report in its present form, and I should like to thank its members and staff most sincerely.

(Applause)

It is not quite a matter of course for me to add now a special word of thanks to the members of the institu-

tion which was actually subject to our control. In the first place that means the Commission and its members. Nor is it a matter of course to thank those people subject to control for cooperating, so fully with us in our task, which was by no means an easy one. Rather than mentioning all the staff, I should just like to refer to one person, since he has meanwhile retired — Mr van Gronsveld. For many years Mr van Gronsveld was one of those officials who were in a kind of buffer-zone, pressurized on the one side by their own administration and on the other by parliamentary, internal and external control. He channelled the various movements, and by his exemplary willingness to cooperate showed us how, even under this kind of pressure, the control function can be considered as a vital function of the Community and hence also of the administrative body of the Commission and of the other institutions.

The task was far from easy — and I think I can say that not only on my own behalf but also on behalf of all the members of Parliament's control subcommittee. We all had to familiarize ourselves with the new form of parliamentary control, a frequently difficult process; it was not easy for the Commission and even less so for our own administrative apparatus here in Parliament. We had many hard discussions; on many occasions we pushed the individual rapporteurs to the limits of physical endurance and reminded them of their responsibility, and they accepted this. On the other hand, we noted that, in the last analysis, there is also something to be learnt as regards parliamentary control. Let me put it this way: when the information available on difficult matters does not reflect the authority with which parliamentary control must necessarily be carried out, doubt is cast on both the control and the authority. I think my colleagues will agree with me that there is no better field of activity than parliamentary control for getting to know in detail the difficult areas of Community policy and integration policy. This control cannot be effected in a general, superficial manner; the difficulties must be studied in detail. Only in this way can the authority of parliamentary control be extended and maintained.

I don't wish to repeat the whole written report, which runs to well over 100 pages. Since we are all rather short of time, I should simply like to make a few basic comments on our conception of how parliamentary control should operate.

The first principle is that parliamentary control should not replace the internal or external control of our institutions, but that first and foremost the Commission's political responsibility should be emphasized and analysed or, if appropriate, criticized in the control report. This report therefore has two main themes.

Aigner

Firstly: the implementation of the 1975 budget must be assessed in political terms. That entails more than a simple assessment of regularity or efficiency as such; greater attention must be paid to establishing whether the Commission has fulfilled its political responsibility, i.e., whether it has complied with the political will of the budgetary authority in its implementation of the budget. In my opinion, that is the first function of political control.

Secondly: the discussion on the organizational requirements of parliamentary control has only just begun, and this report has certainly not closed it. Briefly, the problem is how to organize cooperation between the Commission's internal control and the external control by the Audit Board. How can cooperation between parliamentary control and the Court of Auditors, between the European Court of Auditors and the national courts of auditors be organized? We do not, of course, want to establish a gigantic control mechanism along the lines of the national mechanisms, but we would like the national systems to become a kind of clearing-house, so that they can play their part in controlling the Community's activities in so far as they affect the Member States.

I feel something must be said at this point about the European Court of Auditors, although I don't wish to go into detail. The first question we should like to raise in connection with the new European Court of Auditors — and it is an extremely important question, addressed in particular to the Council — is as follows. The agreement on the setting up of the European Court of Auditors leaves a number of questions unresolved, above all as to how, when the Court is set up, the continuity of the control hitherto exercised at Community level by the Audit Board is to be guaranteed. My second point: we have had a hard struggle, but not only were the political groups in Parliament united, public opinion also gave us much-needed support, without which we should certainly not have succeeded in setting up the Court of Auditors so quickly. The main requirement was that this Court should have greater powers than the Community Audit Board did under the old agreement.

Mr President, I have just one request to make in this connection. I hope that the members of the European Court of Auditors, who are soon to be appointed, will take up these suggestions. In numerous discussions and 'hearings' with the chairmen of the national courts of auditors, we basically agreed on the way in which the European Court of Auditors could organize its activities, which are far-reaching and must have effect in the Member States, and I should like the Court of Auditors to make use of the outcome of these discussions. On the other hand, I should like to make it clear that we must regard the Court of Auditors as a totally autonomous, independent body, even *vis-à-vis* Parliament. A control body must have absolute political independence, including independence

from majorities of MPs. This is something we have learnt at the national level and something which we should not forget.

I should like to make a third point. There is a trend which is also emerging in the national parliaments and in the work of the national courts of auditors. The annual report on the discharge — in this case, the report on the implementation of the 1975 budget — is unable to provide the best possible synthesis of the possibilities for control. In many Member States — I am thinking of one national Court of Auditors in particular — there is a trend, already in the ratio 1:16 whereby *ad hoc* control topics have led to the submission of *ad hoc* reports to parliament.

In other words, although I am opposed to an additional report on the Commission's political responsibility, nevertheless we need some sort of additional control to enable *ad hoc* matters to be submitted to Parliament's control body in good time.

My request is that this method, which has already established itself at national level, should be continued at European level by the new Court of Auditors, so that before preparing the annual report on the discharge we can have prior discussions on individual details and hence be able to ensure continuous parliamentary control.

Mr President, I have mentioned the fact that the European Court of Auditors necessarily has more far-reaching powers of investigation and control than the Audit Board had, and that these include a political responsibility. We must aim at establishing an integrated control system so that the European Court of Auditors can fall back on the national control bodies: the national courts of auditors should also be prepared to support this aim, and, in my opinion, the various discussions seemed to reveal their willingness to do so. In any event, it is essential to establish a new awareness at the national level that European resources are not in fact provided by some person of unknown identity and whereabouts, but that they are derived from tax revenue just like national resources. We had an interesting discussion on this matter and I consider this to be an interesting development.

A further point. We are beginning to foresee the consequences of a discharge not being granted. During a discussion on this matter with experts from the Commission, including experts from internal control, it was felt that such consequences would be of a purely political nature. I believe that we have now come a stage further, even if I only consider the basis of national control. There must also be legal consequences in the event of one of the Community organs' not being granted a discharge. Only recently we had an interesting example of this in Paris: the 1975 report on the discharge rejected certain items of expenditure and refused a discharge to one administrative body; I am now following with great interest the reactions of the French National Assembly. Hard-line

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proposals have emerged from discussions there, even going so far as to suggest that this particular administrative body in Paris should be dissolved, since it was not granted a discharge. Mr President, if we are going to translate political responsibility into legal consequences, then we must define and further develop the future legal consequences of a refusal to grant a discharge in the Community.

May I add a final point in this section, concerning the work of Parliament's control subcommittee. As a result of the dual mandate — national mandate and mandate to the European Parliament — and also of the fact that the members of the control subcommittee can only be appointed from the Committee on Budgets, our workload is such that we cannot develop our own control function any further unless two conditions are met: firstly, that the subcommittee is increased from 9 to 13 members, and, secondly, that we organize the system of replacements so that each field is adequately covered by one Member, either in person or through his replacement. This is the only way in which the subcommittee can cope with its enormous workload, which will not become any lighter in the future.

Mr President, parliamentary control can, of course, only be effective if its findings are taken up both in the discussions on the budget and in its implementation. I therefore ask your indulgence for the fact that one motion for a resolution in this report contains 73 paragraphs. In this case we attempted to crystallize the outcome of a year's work in definite proposals and to provide a stimulus for further discussions in our institutions.

To conclude, Mr President, I should like to express our principal recommendation as follows: the implementation of the budget must reflect the political will of the budgetary authority, i.e., of the Council and Parliament — not only the will of the Council! I would refer in particular to paragraph 12 of the first motion for a resolution, since I feel this to be the most important point. In connection with the implementation of the 1975 budget, the committee reaffirms that the Commission's responsibility as regards the implementation of the budget requires it to use all the means at its disposal to achieve the political objectives underlying the budget estimate, and expects the Commission to adopt a clear position on this matter.

In this connection, Mr President, may I address a few words to the Council. The control subcommittee — and not only that subcommittee, since we have also discussed this matter in other committees and in the political groups and, as far as I could establish, gained the support of the whole Parliament — feels that the Council's interference in detailed matters concerning the implementation of the budget can in future no longer be tolerated. Once the budget has been approved by the budgetary authority it is imple-

mented by the Commission, not by the Council. If the Council fails to take note of this, I can guarantee that we shall very soon come into harsh conflict; the Council is aware of Parliament's demand for a round of consultations to discuss this theme.

Our second main recommendation is of greatest importance for the 1978 budget, when we hope that the Community will achieve total financial autonomy. It is that Community law on the mobilization of revenue should be such that in practice it can be applied in the same way in every capital of every government in the Member States to avoid unwise developments which might even disrupt trade patterns. Control — including the Commission's internal control — must ensure that revenue is dealt with in the same way in all the Member States.

Mr President, I have nearly finished, but I should still like to address a few remarks to the Commission on the so-called open transfers of appropriations. In future the Committee on Budgets and the Audit Board will no longer be able to grant a discharge if Parliament's budgetary rights are in practice undermined by the use of open transfers. Let me give an example. If we create titles for non-compulsory expenditure, for example in the Social Fund, and then the Council approves a global open transfer, on which we have not been consulted, whereby our appropriations are suddenly transferred from the Social Fund to the EAGGF to cover expenditure on market organization, this undermines Parliament's budgetary rights and will under no circumstances be tolerated in future. I would therefore earnestly ask you, Mr Tugendhat and Mr Strasser, to find other ways in future. You can achieve exactly the same political success by using other means in your discussions with the budgetary authority, i.e., the Council and Parliament.

Mr President, I shall refrain from giving further examples. Perhaps I could mention a few paragraphs of my resolution for the benefit of institutions wishing or having to devote particular attention to Parliament's report on the discharge. I shall not make any further comments, since time is short. I would ask you to take especial note of these paragraphs and in particular to discuss them in your spheres of responsibility. They are paragraph 16, which concerns the new structure; paragraph 23, concerning the reorganization of administrative departments; and paragraph 28, which refers to the refusal to grant a discharge to the European Centre for the Development of Vocational Training. (This is the only administrative department which has been refused a discharge.) Paragraph 31, concerning research, calls for more stringent checks in future. Then there are paragraph 35: Social Fund, paragraph 38: Regional Fund, paragraph 49: transfers of appropriations, paragraph 51: monetary compensatory amounts, and paragraph 53: frauds. We are still of the opinion that greater control is required and that

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the efforts to this end which the Commission, using special means of investigation, has, thank Heaven, undertaken, must be intensified. Perhaps I might comment on this to the general public: the losses from Community finances are undoubtedly due to frauds, but in general they certainly do not exceed the losses in similar circumstances at national level. The uncontrollable element in these losses of European resources lies in the varying application of Community law on customs and levies. The Commission must arrange for this aspect to be monitored more closely. It must be controlled and harmonized to a greater extent so that in practice such irregularities do not recur.

Then paragraph 65: EAGGF, Guidance Section.

Paragraph 69: above all, the lack of an overall food-aid policy. We shall be speaking about this again later today.

Paragraph 72: control of the European Development Fund. The control sub-committee is, of course, here reiterating the demand already made by Parliament: we want all appropriations to be contained in the budget, and we urge that in future the resources of the European Development Fund should also be budgetized and hence be subject to parliamentary control.

Mr Tugendhat, I urge the Commission to get down to discussing seriously how the control of the European Development resources can be organized more stringently and effectively. I consider it impracticable for the Commission to exercise control over Community expenditure. We need another organization for this purpose.

Mr President, with that I should like to conclude. We now have four decisions to take — first, a decision on the European Parliament's budget: this is a proper decision, since we alone, and no longer the Council and Parliament together, grant the discharge. The second decision concerns the discharge to the Commission. Then there is the decision on the motion for a resolution containing 73 paragraphs, and, fourthly, the adoption of the motion for a resolution on the discharge to the Commission of the European Communities in respect of the activities of the first, second and third European Development Funds in 1975.

Mr President, please forgive me but I wanted to present, at least in outline, the work of my sub-committee over the last year.

IN THE CHAIR: MR DESCHAMPS*Vice-President*

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

Mr Dalyell. — Mr President, in view of the far-reaching nature of the report before us, I feel that I should begin my remarks on a note of congratulation to Mr Aigner, who has worked very hard on the prepa-

ration of this report, along with the able men who make up the secretariat of the Committee on Budgets in this House. I would like, too, to take the opportunity of saying that I am extremely impressed by the level of service and expertise that is put at the disposal of the Committee on Budgets and the control sub-committee. Could I say to two chairmen — to my friend Erwing Lange, the Chairman of the Committee on Budgets, and to Heinrich Aigner — that I found it a very interesting experience sitting under them, because I have sat under three chairmen of British Public Accounts Committees — Sir Harold Wilson, Lord Houghton and Lord Boyd-Carpenter. I found this an interesting and agreeable experience, and would like to thank them for the enormous amount of work that they have put into the European Parliament.

Candidly, I think a lot of us were a bit sceptical as to whether the sub-committee would work before it was set up. In my view it has worked, partly because the few of us who take part have a fairly constant and regular attendance. I do not want to pick out anybody, but I see my colleague, Michael Shaw there, Mr Bange-mann, Mr Cointat and others. The fact that there is a consistency of membership, that we all feel under some obligation to do our very best to turn up, and that the attendance record is reasonably consistent for the same people, does mean that it is an effective committee, even though it is a small committee; and, conceivably, it is more effective precisely because it is small and we feel some sense of obligation to be there. I am glad that Mr Aigner paid tribute to Mr Van Gronsveld, whom I came to respect in two years of constant appearance before the Committee on Budgets, and to say that, of course, we look forward very much to working with Mr Strasser.

May I turn now to another issue. I think it is pretty common ground among the members of the Socialist Group who are interested — and I believe among other Members of Parliament — that one of the jobs that the sub-committee should be tackling is to try and take topical issues which are worrying the people of the Community. I do not know whether colleagues really agree with me, but I think the Community is terribly damaged by what appear to be press reportings of awkward scandals. Now, whether there is any basis to the scandal or not, is not quite the issue. The issue is that this appears in the press, it colours people's view of what the Community stands for, and ought to be either proved and sustained or in fact debunked. But this has to be done relatively quickly, because if we take ages to do it, then it is all forgotten about and just a sour taste is left in the memory. Therefore I take the opportunity of saying that some of us would like to see a better-expedited procedure whereby a Member of this House could report something that was worrying him to the sub-committee. The next stage would then be to find out whether there was any basis for an investigation.

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And here I turn to the Commissioner. I think there has got to be a basis of trust here between Parliament and Commission — and I would trust the Commission any day — to say whether in fact something was worth investigating or not. I certainly — and, I think, others — if we were told that there was nothing to a problem and no basis for an investigation, would be inclined to accept that from the Commission. This would make it easier to allow an expedited procedure not to be over-used, because the difficulty is that if you investigate in depth every press report of everything that supposedly goes wrong, well there are going to be few people in the Berlaymont who would not be doing anything else. So one has got to be sensible about it. Nevertheless, certain items are important: let us simply take examples of things that the sub-committee has looked at: malt, the problems of the Irish border, and a number of other matters. This work is important, not only to the sub-committee but to the Parliament as a whole, as you yourself said, Mr President. Because if we do not do this, we as a Community shall tend to be brought into disrepute.

One of the issues that arises out of this is what the sub-committee's relations with the press should be. This is not the occasion to go into this delicate subject, but I think it should be understood that there should be a mechanism whereby the chairman of the sub-committee on the authority of the sub-committee, or the chairman of the Committee on Budgets on the authority of the Committee on Budgets, should maintain regular contact with the press of the Community on awkward issues of this kind. I hope that in the coming months some thought will be given to this, because we should not see ourselves as doing the job of the auditors better than the auditors. Anyhow, we could not; we do not have the professional expertise. Ours is a political requirement, and the political requirement involves proper explanation of things that seemingly go wrong.

I have two other rather precise questions related to this. Would the Commissioner disinter the Pounder report, which was done four years ago now, on these issues? As far as I know, there has been no considered Commission response to the Pounder report, and I would have thought the new Commissioner, now that he has time to settle down, might well give his mind to this.

The other question is more for the Parliament than for the Commission. It concerns ways in which we could have short sharp debates on any matters the sub-committee might wish to bring to the Parliament, and the form I am thinking of, which the Commissioner knows very well from a previous incarnation, is that of the adjournment debate at the end of the day. This really would serve the purpose of clearing the air.

Mr President, when preparing the report on the 1975 discharge, the control sub-committee asked me to

examine that part of the Audit Board report which dealt with expenditure in relation to research and investment. Members will see the outcome of the examination on pages 51 to 59 of the report before us. I do not propose to go over the text of the findings, but colleagues who are interested in the matter can peruse the pages; suffice it to say that we noted a certain improvement over earlier years. Furthermore, the report by Mr Shaw on the Euratom Financial Regulation, which we have just considered, will go a long way towards simplifying and rationalizing the presentation of research and investment appropriations.

I think it can be fairly said that Mr Aigner's report gives clear evidence of the amount of work done by the control sub-committee over recent months. It also reveals how seriously Parliament is carrying out its responsibilities in regard to the control of expenditure. We must never lose sight of the great importance we attach to control work. Our concern with the adoption of the budget means nothing if we cannot see that our wishes as expressed in the budget have been carried out fully.

I would like to refer in particular to a problem which has arisen with the work of the control sub-committee. When examining certain confidential dossiers, the sub-committee was hampered in its work by the fact that its responsibilities and competence are not fully and clearly defined. We do not have, as yet, written into our Rules the procedure, a cast-iron framework, for the handling of confidential papers. This has been discussed by us on a number of occasions, and my colleague Mr Shaw has gone some way towards finding a solution by presenting a useful working paper, but I hope that in the coming months this difficulty can be sorted out.

Another problem which came to the attention of a number of us has been the narrow limit which separates budgetary control from involvement in political questions. This came up, for instance, in connexion with trade between the two Germanies, and indeed in the context of the so-called 'Plumbat' affair, regarding the 200 missing tonnes of uranium oxide. To get over the difficulties arising out of this artificial distinction between the political and the budgetary aspects of the problems, which considerably diminish the effectiveness of the sub-committee's work, it will be necessary to find a way to enable other parliamentary committees to participate one way or another in the work of the control sub-committee. I hope something can be done about that, perhaps by a discussion in the enlarged Bureau.

Finally, Mr President, one other reference, if I may, to the 'Plumbat' Affair, and I will be very brief. I would like to offer a full-hearted apology to President Colombo for having dragged his role in a previous incarnation as a senior minister of the Italian govern-

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ment and Prime Minister of Italy into my speech on 'Plumbat' on the Friday of the May part-session in Strasbourg. I accept that my reference to the need for the President of Parliament to be seen as whiter than white was both uncalled for, and, by implication, unfair. I accept entirely the President's statement that, at the time of 'Plumbat', he was told neither by the Italian Secret Service nor by anyone else about the missing uranium oxide. Indeed, senior ministers appear not to have been told in other countries — including my own. I am sure that the refusal at Strasbourg to accept a particular question on 'Plumbat' was a routine decision of the authorities of this House, and had nothing whatever to do with the previous senior ministerial offices of our President, who has an honourable reputation throughout Europe, as an honourable and able statesman. I offer him an unequivocal apology.

President. — Thank you, Mr Dalyell. I will certainly draw Mr Colombo's attention to that part of your speech which concerns him personally.

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

Mr Shaw. — President, I think the House has heard my voice sufficiently today, and I would not weary them again were it not for the fact that I would like to make it quite evident that I wholeheartedly support my chairman of the control sub-committee in all the work he is doing in that sub-committee and in the work he has done in presenting this report. It was thought in many quarters that the work that we should do in this control sub-committee would be time-consuming. That anticipation has proved correct. During the course of this week, I have received a draft of the intended meetings that our chairman is going to call in the next six months, and I am more than ever sure that the work-load is on the increase. It does not surprise me, because we know of the things that we have to do; but he is right to demand the attention of members on these more frequent occasions, and I also accept that he is right to ask for additional numbers to our ranks to help us in our work.

Now one other thing about the control sub-committee Mr President, and it is this. I myself have never thought that we should establish our true role until the Court of Auditors was itself established. We could do, and indeed we have done, very useful work testing out the sort of things that we are capable of doing. But I take the view that there is so much work to be done that we must harmonize our efforts very much with the Court of Auditors and do that work which is essentially our work rather than theirs, take advice from them as to the areas that would merit our attention and, indeed, rely on them for a lot of the work.

Having said that, I think we need one added flexible power — and this was referred to by Mr Dalyell —

namely, the power to look into things which are of present interest to the general public, and by 'interest' I mean concern. Clearly there are certain things that crop up which are of great concern, and if we left them to go through the normal procedures of the Audit Court the process would be too slow. So I am glad that he raised that point and I agree with him. But, of course, if we do that there is the danger of overloading. So we have to a certain extent got to experiment as to how far we can go. I think we are fortunate in having as our chairman someone who has not only written a treatise on this matter but also, in fact, has had as much experience as anyone in this House in this field.

With regard to the 1975 discharge, I was asked by my chairman to look after that part which deals with the Guarantee Section of the EAGGF. It is fully documented in the report and so I do not propose to go into details this afternoon. Safe to say that I must highlight the bad use that can be made of the carry-forward system. It was referred to by Mr Aigner very properly in his own speech. Carrying forward a large sum and then transferring it sideways into another field is not the way that matters should be handled. I mention it again because, in fact, it happens again in the following year, and what we want to ensure is that it does not happen again in the future.

One cannot help noting in the Audit Board's report that whilst agriculture accounts for a preponderant share of the Community budget, the Audit Board itself has only devoted some 14 pages of its 1975 report to the Guarantee Section. I must say I am disappointed, because this is, I suspect, by far the biggest field in which fraud and irregularities can take place, and to devote such a minor part of the report to this field is, I feel, significant — significant not of the lack of skill in the old Audit Board but of the lack of numbers to get round to the many tasks with which it was faced. So I hope that as a result of the new Audit Court's being set up and the greater numbers of skilled people involved, a greater degree of investigation and enquiry will be evidenced.

Incidentally, talking of the Audit Court, I noticed in a certain newspaper that it has been said that the President of the European Court of Auditors is already known by name. Now frankly I regard this with a good deal of scepticism and I must say I hope that this is not true. Because first of all, as far as I know, all the members have not been elected and in any case, the 1975 Treaty lays it down quite clearly that the Court of Auditors shall themselves elect their President for three years. Were it true, it would mean that there had been a certain amount of behind-the-scenes activity and palm-crossing in the Council and this I would find very reprehensible and regrettable indeed. I merely voice this believing that it is probably wrong, but nonetheless I believe it is something that we

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should be on our guard against, because the Court of Auditors should be above suspicion if we are to give it the trust and confidence that we want to give it.

Mr Aigner, the chairman of the sub-committee and the rapporteur, has set out in pages 20-25 a series of key ideas that should be of considerable help to the new Court in considering how best they can cooperate with us in the Parliament. Certainly those ideas show clearly the way in which members of the sub-committee are approaching their task and are seeking to cooperate with the Court of Auditors.

Mr President, I think I need say no more, except to welcome the work that has been done so thoroughly by our rapporteur and chairman of the sub-committee and, on behalf of the Conservative Group, to say that we wholeheartedly support his report.

President. — Mr Shaw, to take up an import point in your speech, I must tell you that the Bureau of the European Parliament this morning received an assurance from the Council that not only the President of the Court of Auditors but, contrary to what certain newspapers have stated, no member of the Court of Auditors has as yet been designated, since not all governments have submitted the names of their candidates.

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

Mr Spinelli. — *(I)* We agree with Mr Aigner's report and do not wish to waste the House's time by repeating what he has very justly said on the subject.

President. — I call Lord Bruce.

Lord Bruce of Donington. — Mr President, I trust the House will forgive me intervening briefly in this debate, as one who sought late in 1975 to institute within the Parliament structure a full-blown public accounts committee. Indeed, I pursued considerable propaganda and memoranda in order to accomplish this aim. I like to feel that my efforts in this connection did play some part in the reactivation of the control sub-committee. I also have another interest, which is that of a professional auditor in public practice over the last 40 years, apart from six years in war, and therefore the matters that have been raised by Mr Aigner have a certain professional interest so far as I am concerned.

I would like initially, if I may, to congratulate Mr Aigner on all the work he has done, not only Mr Aigner but all the persons that he has named as having assisted him in this, and in particular my colleague Mr Shaw. There is a danger that there may be a wrong conception of the whole function of auditing. Indeed there has been, I think, a slight misunderstanding as to the true functions of an auditor these last few years. The reason why the control sub-committee had to assume such powers

and responsibilities was precisely because the functions of the Audit Board itself fell considerably short of those responsibilities and duties which Parliament is looking for from the new Court of Auditors. From this it follows that, with the establishment of the new Court of Auditors, it may well be — and I ask Mr Aigner and his colleagues to bear this in mind — that their own role and their conception of their own role may change significantly when the Court of Auditors has been appointed and its duties defined.

Let no one underestimate the magnitude of the step that is being taken. The existing Audit Board comprises a comparatively small number of people — 30 in all — including the secretarial and clerical staff. The new Court of Auditors will be comprised of people who are defined in the treaty itself, Article 206, as chosen from amongst persons who belong, or have belonged in their respective countries to external audit bodies or who are especially qualified for this office. These gentlemen that are appointed will undoubtedly be appointed from the ranks of leading professional accountants within the Nine. Their first task will be to recruit quite a large number of highly qualified professional staff, qualified in the various accounting bodies from the various Member States. This will not be an easy task, because in whatever terms people tend to regard the accountancy profession, there is in fact in all Member States quite a severe shortage of accountants.

One of the first things that the Court will have to do, advised by its professional staff, will be, of course, to assemble their subordinate staffs. The first thing they will have to do will be to examine the existing presentation of Community accounts, because no professionally qualified auditor is going to pass accounts for submission to the public unless these are submitted in such a form that they can be readily understood and are so designed as to be quite transparent and not at all mysterious.

The next thing they will need to do is to examine the existing systems of internal control and internal audit within the various Community bodies, because it is only when they have determined that that they can determine the extent of their own audit. It is well known in professional practice, and Mr Aigner and everybody else will know it, that a professional auditor in a public company does not check every transaction. To do that would require such an astronomical amount of staff as to make the operation quite uneconomic. It is therefore inevitably a question of sampling, and after they have completed that examination and bearing in mind that their audit has got to be completed within a reasonable time, they will then draw up their audit programme, determine the amount of staff they want and proceed on their job. It may well be that in the earlier stages, in order to avoid an undue permanent inflation of staff operating over

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many years, they will find it necessary to recruit outside aid in order to help them over the initial hump.

What then, does the audit really consist of? The Treaty defines this for us and goes much further than the functions of the existing Audit Board, because under Article 206, second paragraph, the Treaty states that the Court of Auditors shall examine whether 'all revenue has been received and all expenditure incurred in a lawful and regular manner and' — Mr President, this is the important part of the sentence — whether 'the financial management has been sound'. Now this, of course, is the most important function of all and it is this function that enables the Court of Auditors not only to pursue their further examination, not only to ground the report that they ultimately make to the Council and to Parliament, but also to advise Parliament's control sub-committee on where their examination ought to begin and ought to be continued.

Mr Aigner referred to the auditors' performing a political audit. Mr President, the term 'political audit' is quite unknown to the auditing profession. It may be that there was an error in translation, maybe the term has been mistranslated from the German, but the term 'political audit' is unknown to a professional auditor. He is required to audit on the lines laid down in the second paragraph of Article 206. Precisely therefore it is the political audit that the control sub-committee carries out on the basis of the information given to it by the Audit Board.

Mr President, I am sorry to have discoursed so long, but I felt that it might clarify the position if the lines of demarcation were laid down a little more clearly than has so far emerged from an examination.

One thing I think is of the utmost importance, and that is that Parliament should not presume, and should not endeavour to presume, to lay down for the Court of Auditors what its functions will be. The function of the Audit Court, on formation, will be to tell Parliament and tell Council what it proposes to do and then, Mr President, we can take it from there.

President. — I call Mr Lange.

Mr Lange, chairman of the Committee on Budgets. — (D) Mr President, we are concerned here with the discharge and the necessary related decisions for the 1975 budget. We should therefore avoid holding a debate now on how the future European Court of Auditors is to function. We have clearly established that, once appointed, the members of the Court of Auditors, after consulting Parliament, are themselves to determine their function and working methods. We should not attempt to interfere with them. The Treaty says something about their functions, and I urge that we do not hold a debate here on the nature of the future European Court of Auditors, which will undoubtedly be set up before the end of this year.

Finally, without repeating all that has been said on the matter, I should like to pay tribute to the work of the control sub-committee and all the committee members: I know how much work they have had to do. I should also like to make it quite clear that, before we discuss enlargement, we must understand how parliamentary control and the control exercised by the European Court of Auditors can be coordinated, and then we can perhaps take the necessary decisions.

I would therefore now ask you, Mr President, to move the vote on the proposed decisions and the motions for resolutions.

President. — I call Mr Tugendhat.

Mr Tugendhat, Member of the Commission. — Mr President, I am afraid the House is having to listen to me rather a lot during the course of today. On 14 December 1976, Parliament adopted the decisions giving the Commission a discharge in respect of the implementation of the Communities' budget for 1972, 1973 and 1974. Now, seven months later, Parliament is called upon to take a decision on the discharge for 1975. The serious delay which had arisen has therefore now been made good in a very short period, and we have re-established a proper timetable, which gives the decision to grant a discharge its political significance and objective scope.

This has been made possible by strenuous and concerted efforts. On behalf of the Commission, I wish to stress the meritorious nature of this operation. That it was successfully concluded is due to the control sub-committee of the Committee on Budgets, its members and particularly its chairman, Mr Aigner, who deserves our most profound and hearty thanks. In fact, they chose to make the preparation of the report a joint effort, each one being responsible for a particular area. This report, put into its consolidated form by Mr Aigner, is thus the fruit of collective effort by a galaxy of talent. It is a major achievement, firstly as to its size. The report comprises a total of 106 pages, while the motion for a resolution represents some 73 different points. The report for the years 1972, '73 and '74 was but 60 pages long, and the resolution contained only 34 points. More significant is the quality of the report, which contains a number of pertinent and perspicacious comments. So really it is a fairly major achievement.

I shall not attempt to deal in turn with each point of the resolution submitted for your approval. To do so would be a bold, put pointless venture, since point 1 of the motion for a resolution quite clearly lays down the objectives to be pursued and the methods to be used, stating as it does that:

The European Parliament calls on all the institutions to take appropriate action on the comments made by the Audit Board in its report and requests them to give an account of the relevant measures taken pursuant to Article 92, third paragraph, of the Financial Regulation.

Tugendhat

The essence of the resolutions is therefore to ensure at last compliance with a basic provision of the Financial Regulation that is, to take action on the comments contained in the decision of discharge and thereafter to draw up a report on the measures to be taken on the basis of these comments. I assure Parliament that the Commission will, for its part, comply with this provision.

Now might be a good moment to deal with one or two of the points which arose in the debate. First of all, Mr Aigner asked me to commit myself on several points. On this occasion I would like to limit myself to two, which he stressed particularly. First he wanted a clear unequivocal statement on point 12 of the motion for a resolution, and that I am delighted to give him. The Commission does, and will, use all the means at its disposal to achieve the political objectives of the budget, and as far as I am concerned that is an absolutely crucial element in our approach to these matters.

Secondly, on open transfers the situation is not, I think, quite as flagrant as he believes it to be. The expenditure concerned is inevitable — mainly exchange gains and losses on the 10 % repayment to Member States for collection costs of own resources — and the Commission does its best to cover these costs from non-policy credits, that is the administrative costs and not the Social Fund. It is not a satisfactory situation, but I think it is not as bad as is sometimes thought.

For the rest, Mr President, I would like to confine my comments to a few general points. First I would like to underline the institutional importance of the decision to be taken here today in respect of the discharge. The vote you will take will mark the end of the second phase of a significant process. From 1958 until 1970, the Council alone gave discharge to the Commission in respect of the implementation of the budget. Parliament was simply informed of its decision. From 1970 onwards, the power of discharge has been shared between Parliament and the Council under the Treaty of 22 April 1970, which states that the Council and Parliament shall give a discharge to the Commission. The entry into force of the Treaty of 22 July 1975 ushers in the third phase of this progressive development. It states that the Assembly, acting on a recommendation from the Council, shall give a discharge to the Commission in respect of the implementation of the budget.

This is the culmination of a particularly important process of democratization. Parliament, which originally had no powers, now holds the power of discharge. This, I think, is an important advance. One honourable Member spoke earlier this morning and talked about the fact that nothing was ever done here. Maybe things are not done as quickly or as far-reaching as we would like, but Rome was not built in a

day and we are I think piling one brick on another. Your rapporteur rightly noted that the discharge procedure is tending to become a political rather than a legal matter, over and above the assessment to ensure that revenue and expenditure have been implemented in a lawful and regular manner and that management has been sound. It also, as your rapporteur says, judges the Commission's efficiency in fulfilling the objectives pursued — in other words, its political responsibility. Far from regretting this situation, the Commission welcomes the innovation. Democratic monitoring of its activities is, as President Jenkins pointed out in his first statement to Parliament, one of the Commission's wishes.

Your rapporteur also made mention, albeit briefly, of the lengthy discussions which arose on a number of aspects — partial discharge, refusal to give discharge and the use of the discharge as an instrument of sanction. It will undoubtedly be advisable, for the future, to clarify this situation with regard to these three points. Firstly discharge cannot be partial, since it concerns the entire budget of one financial year: the basic principle of budgetary unity makes this essential. Refusal to grant discharge can be interpreted in only two ways: either discharge has been postponed — this is the situation envisaged by the Financial Regulation, which states that the discharging authority must inform the Commission of the reasons for postponement of its decision — or discharge is purely and simply refused. This raises the question of sanctions. Neither the Treaties nor the Financial Regulation provide for any legal sanction. Thus, logically it is a general sanction which the Treaties confer upon Parliament, that is, a political sanction which would be the normal consequence of a refusal to give discharge. Such refusal would hence be extremely serious; the Commission thus censured would, I think, have to be replaced. Without a shadow of doubt we shall never reach that point.

A multiplicity of reasons leads me to that conclusion. Firstly, the Commission is fully aware of the consequences of the progressive development it has recommended. It is aware of the weight of responsibilities it bears in implementing the Community's budget. It has taken a number of measures to improve the forecasting inherent in the preparation of the preliminary draft budget, to adapt the legal framework constituted by the Financial Regulation and, in particular, to create a tight budgetary monitoring system which makes it possible each quarter to quantify the discrepancies between estimates and outturn. This enables us not only to keep Parliament informed, but also to place before it the major difficulties encountered in the implementation of the budget.

The Court of Auditors will shortly be taking up its duties. Its powers and activities are more extensive than those of the Audit Board. I would simply like to recall that their audits may be carried out before the

Tugendhat

closure of accounts for the financial year in question. Now Mr Aigner asked me about the future role of the Court of Auditors. I would not like to comment on this at the moment, but I would like to repeat and to stress the welcome that the Commission gives to the new Court and the Commission's determination to help the Court in every way it can to fulfil its functions. I would also like to add, especially in view of what the President said earlier, that we hope very much that its membership will be established as soon as possible.

The activities of the control sub-committee of Parliament's Committee on Budgets are, we think, most promising. It intends shortly to double the length of its meetings. I was very impressed by the number and variety of the questions with which this sub-committee has dealt, and in particular by its desire to tackle matters sub-committee they arise. A dialogue has been initiated between the sub-committee and the Commission. The means of continuous monitoring thus assured should enable any possible errors in the management of the Community's finances to be avoided.

I would like to refer to a problem raised by Mr Dalyell during the course of his speech. He raised the problem of dealing quickly with reported abuses. I accept the need. He is quite right that the speed at which an abuse is dealt with plays a major part in convincing people that it is being dealt with at all, and if we do not have the means at our disposal to deal with these things quickly, people will doubt whether we are able to tackle them. But I am not sure that a new procedure is necessarily needed; it might be possible for us to proceed more quickly on the basis of the existing procedures, and for these matters to be mentioned at meetings of the control sub-committee. In any case, I will do my best, and I am grateful to him for the personal remarks which he made in this connection and I will try to live up to the confidence he expressed. I will do my best to ensure that the Commission gives a speedy and initial reply, on the spot if possible, to the queries that arise. Important questions can be examined at more leisure, though I also feel that the point made by Mr Dalyell on the need to be selective is another which we should bear very much in mind. I think we do have difficulties in matters of this kind, because it is not always immediately apparent what is important: sometimes quite minor, or seemingly minor, matters give rise to very important issues of principle, and on other occasions matters which seem to be very important turn out on subsequent examination to be rather less so than appeared at first sight. But we will see how we can make the best use of the existing procedures before considering the possibility of new ones.

I would also like to recall a comment made by Mr Aigner. He stated that the discharge should form the

framework for relations between the Commission and the discharging authority based on the Commission's political responsibility. We agree with him in that. We believe that the decision to grant discharge is but the final act in a continuous monitoring process, which begins with your examination of the draft budget, and ends with the adoption of the decision of discharge. It is thus an indispensable element in the links between our two institutions.

President. — Does anyone else wish to speak?

If the House has no objection, I shall put the following four texts, contained in Mr Aigner's report, simultaneously to the vote:

- the draft decision on the accounts of the European Parliament and the discharge in respect of the 1975 financial year;
- the draft decision on the discharge to be granted to the Commission in respect of the implementation of the budget of the European Communities for the 1975 financial year and on the report of the Audit Board;
- the motion for a resolution embodying the comments accompanying the decisions granting a discharge in respect of the implementation of the budget of the European Communities for the 1975 financial year; and
- the motion for a resolution embodying the opinion of the European Parliament on the granting of a discharge to the Commission of the European Communities in respect of the activities of the first, second and third European Development Funds in 1975.

These decisions and resolutions are adopted.¹

9. Regulation introducing the European Unit of Account

President. — The next item is the report by Mr Cointat (Doc. 218/77), on behalf of the Committee on Budgets, on the proposals from the Commission to the Council for a regulation (EEC, ECSC, Euratom) introducing the European Unit of Account (EUA) into the Staff Regulations of officials and the conditions of employment of other servants of the European Communities and into other Council regulations applying to officials and former officials and to other servants of the Communities.

I call Mr Lange, who is deputizing for Mr Cointat.

Mr Lange, deputy rapporteur. — (D) Mr President, what we are concerned with here is, as the report states, the introduction of the European Unit of Account into the Staff Regulations of officials of the European Communities and the conditions of employment of other servants.

¹ OJ C 183 of 1. 8. 1977.

Lange

As with the budget, so with fixing the salaries of other servants, the European Unit of Account will be taken as a basis. As you know, the old unit of account — and this was very clearly stated yesterday — dates back to 1965 and, at bottom, salaries have always been calculated on the basis of excessive currency units. What we are now concerned with is the introduction of a European Unit of Account whose value, under the Commission proposals, would be fixed every quarter. Initially we had a few reservations about this, but we were able to withdraw them after a number of explanations had been made by Commission representatives in committee. We originally considered that the period proposed was too short and should be a half-year, but after being told that this was already the practice in another connexion, we no longer had any reservations about retaining the Commission's original proposal.

I should like to make one more point. The calculation of salaries under the new system will not, of course — and I repeat, of course — mean any loss to those concerned. It merely prevents certain manipulations that used to be possible with the units of account that were based on the 1965 rate, when there was still the link with the dollar. There were various devious ways of manipulating different currencies, and certain things came to light that were not particularly edifying. I do not propose to go into the details here. Perhaps one or other of my colleagues present in the House are also in a position to talk about such things from their own experience. What it amounts to is that we simply had to put the whole thing on a realistic basis and, if we already apply the European Unit of Account in other areas, most notably in the Lomé Convention, and want to apply it also, from 1 January 1978, to the budget of the European Communities, then I think it is only right and proper, if the experiment is extended, that we should do away with the different types of unit of account in all relevant areas and settle on the single European Unit of Account as a basis for measuring everything that has a bearing on expenditure.

Mr President, that is all that need be said on this subject. The motion for a resolution now submitted to the House by the Committee on Budgets has been unanimously approved in the Committee on Budgets itself. I would therefore ask the House to endorse that committee's recommendation.

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

Mr Van Aerssen. — (*D*) Mr President, ladies and gentlemen, the Christian-Democratic Group will endorse this motion for a resolution on a regulation introducing the European Unit of Account into the Staff Regulations of officials of the European Communities. The need for this measure is obvious. The

existing system has led to a situation where, with the increasing frequency of exchange-rate fluctuations, inequalities have arisen in the treatment of officials working in the different parts of the European Community. Above all, however, this measure is in line with the general aim of Council, Commission and Parliament to introduce the European Unit of Account into all sectors of the European Community. It means a great deal to us — and this makes it easier for us to give our approval that, as Mr Lange very clearly stated again in his oral introduction, an assurance has been given that there will be no impairment of the rights of officials and that they will be able to maintain their present standard of living. However, we do not delude ourselves that the practical implementation of this measure will be free of difficulties; this will surely become apparent in 1978. We feel, therefore, that the Committee on Budgets should observe very carefully how these administrative provisions work out in practice. We should then like, in 1978, to make a very thorough analysis of the effects of these provisions, and for this purpose we attach great importance to hearing the proposals of the officials themselves so that we can develop means of improving this regulation still further.

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

Mr Shaw. — Mr President, I just want to repeat something that I said in the Committee on Budgets the other evening. We have received this draft report. We did ask for more information — and that is right, it shows that we were doing our job correctly — and we got an additional annex. Now I have been told by certain members of the staff that they feel considerable dissatisfaction with the way that the weighting has been worked out, and the feeling exists that it has been worked out in such a way that in certain instances unfairness is there in a considerable way. Now normally I would have expected that complaint to have been justified before us if I were to take any notice of it, but clearly, if in fact there is injustice, it is a matter that affects very fundamentally indeed the well-being of our staff. And so, whilst I did not oppose the proper adoption of this report, I did put it on the record, as I do now, that if, as a result of my request to the staff, they do produce a proper written justification proving that there has been an error in the basis of the weighting, then I must reserve the right to raise this matter with the Commission and everyone else, because it is something that is absolutely vital to the well-being of certain members of the staff. If, of course, that proof does not come to me, I shall not raise the matter.

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

Mr Spinelli. — (I) Mr President, on the whole my group supports the proposal; moreover, I myself voted in favour of it at the meeting of the Committee on Budgets. I must, however, say that there are a number of points which need clarification.

I consider that the chairman, Mr Lange, is right to draw attention to the fact that the change to the new method of calculation, viz., from Belgian francs to units of account, should not adversely affect the salaries of officials.

There is no problem for those Community officials — the vast majority — who live in Belgium and Luxembourg for them it is quite straightforward, since in those countries the change is simply from Belgian francs to units of account. However, for officials living in Germany, the Netherlands, Italy, France and the United Kingdom, a further aspect has to be added — i.e., the weighting. We cannot simply say that since such-and-such an official was formerly paid in Belgian francs and now in units of account, we can just translate the units of account into sterling or marks or lire. Instead, a weighting is introduced which corrects according as the country concerned has revalued or devalued its currency. Without this weighting, officials in Germany and the Netherlands, whose currencies have been revalued, would find their salaries reduced, while those in the United Kingdom and Italy, whose currencies have been devalued the most, would receive higher salaries.

I realize that no one questions reasoning, but if in the future other changes occur in currency values or in salary levels, then on what criteria shall we establish the weighting? In my opinion, there is something arbitrary and uncertain about all this. Nevertheless, I do not feel that these points are enough to prevent us from supporting the regulation: we must support it.

However, we should ask the Commission to clarify this point and any others Mr Shaw may have to raise, though I think Mr Shaw's concern is the same as mine. And it is no coincidence that this concern should be shared by an Englishman and an Italian: our two countries are anxious, not about what is happening now — the adoption of an accounting device — but about arbitrary situations which may arise in future. The Commission should therefore give its assurance as to the objectivity of the criteria on which the weighting is based, in order to avoid doubts about the arbitrary way it is established.

Apart from this reservation which I wished to convey to the Commission, I feel that the proposal should be adopted, since it is right that we should begin to introduce the European Unit of Account account wherever possible.

President. — I call Mr Lange.

Mr Lange, deputy rapporteur. — (D) Mr President, I have asked to speak once again because this question,

which was raised by Mr Shaw and Mr Spinelli and touched on by Mr Van Aerssen, has been fairly thoroughly discussed in committee. We heard from the Commission how in their view things should, and can, be arranged. I should like to draw your attention to the report and, specifically, to the tables in the annex. The table on page 14 of the German text compares remunerations as calculated on the basis of present statutory provisions and on the basis of the proposal for a Council regulation which we are now discussing. In addition, there are special tables on pages 15 and 16 for retired officials. I should like to take just one example: where, as shown on page 15, a voluntarily retired official is resident in Switzerland — and we know that, in the application of the weighting, account is taken of purchasing power in each currency — then the increase in purchasing power resulting from the revaluation of the Swiss franc is taken into account, as a comparison of the two figures makes clear. The matter has to be seen in this light.

Furthermore, the wishes expressed by my three colleagues have really already been taken into account in the resolution. Paragraph 3 states that the European Parliament

Calls on the Commission to report as soon as possible on the application of this proposal and also on the views of the staff, who have so far expressed a number of reservations within the Joint Committee on the Staff Regulations;

This is in order to see how the staff on the committee view the matter at a later stage. These precautions have therefore been taken, and this is all we can do at present.

If we fear that this or that might not work the way this or that person would like, we shall not be able to accomplish anything, we must leave the whole thing alone; but this will not make the state of affairs any better: on the contrary, it will grow more intolerable from day to day and week to week. For this reason we must try to put things in order and then very carefully follow developments. This is provided for by the motion for a resolution. Reservations have thus been taken into account, and we should first adopt this motion for a resolution and then prepare ourselves for the time when the Commission submits the report which we have called for here.

President. — I call Mr Tugendhat.

Mr Tugendhat, Member of the Commission. — Mr President, you will be pleased to hear that this is the last occasion on which I shall be answering for the Commission. My colleague Mr Brunner will be taking over from now on. I must say the debates have been very largely in the English and the German languages during the course of today; it's quite extraordinary.

(Laughter)

Tugendhat

I have many reasons, Mr President, to be grateful to Mr Lange, but particularly on this occasion, since he has made a number of the points which I was myself beginning to feel that I ought to make when he drew attention to the impact of this change, and when, in particular, he drew attention to page 13 of the Cointat report. The whole question of the European Unit of Account, as I have said before in speeches to this House, is an extremely technical one, and the particular point that we are dealing with at this moment — the impact on staff salaries — is, I think, a vivid illustration of exactly how technical it can be. Precisely because it is so complex, I particularly welcome the Cointat report, which deals with this subject in a refreshingly clear and straightforward fashion. I also welcome Mr Cointat's support, relayed to us today by Mr Lange, for the Commission's proposal, and hope that Parliament will be able to accept the motion for a resolution from the Committee on Budgets.

As I have already said, the object is to ensure that the changeover is conducted in as financially neutral a fashion as we can secure. I think if one looks at page 13 of the Cointat report, and compares the salaries which it shows in national terms, one does see that really the gains and losses are absolutely microscopic. The difference is only ten pence less in the United Kingdom for the particular grade that is taken here — a ludicrous sum about which to make a fuss.

Both Mr Spinelli and Mr Shaw raise doubts about the weighting system. As I have said, the object of the Commission's system is financial neutrality, and what we think that our system can achieve is an equality of purchasing power. What we want is that a Commission official of a given grade, whether he is working in Brussels or Luxembourg or London or any other part of the Community, should be able to buy exactly the same quantity of goods as his equal in another part of the Community.

We have been working for many years on the basis of statistical enquiries conducted by the Statistical Office, and so far no problem has arisen. The old corrective coefficient included corrections both for purchasing power and for movement in the rate of the old unit of account.

The new weighting does not have to deal with monetary distortions; it only reflects purchasing power. But the calculation shows that the money result is the same. I hope the House will forgive me, as I am of British nationality, but one of the points was raised by a Member of this House who is also of British nationality, if I point out that the table produced by Mr Cointat shows how the cost of living in the United Kingdom is really very little more than half that of Belgium and Luxembourg, where so many of the Community staff are concentrated. I wish that more people who write about Community affairs in the United Kingdom, and more people in the United

Kingdom Parliament who speak about European affairs, would bear this fact in mind when they talk about the level of salaries paid to Community officials and, indeed, when they debate the level of salaries for directly-elected Members of the European Parliament. Whatever one's view of what a correct salary or remuneration should be, it quite clearly is the case that a given number of pounds simply does not buy the same amount of goods in Belgium or in Germany as it does in the United Kingdom. If people would look more closely at what the real level of salaries is there would be a lot less nonsense and a lot more sense, I think, talked about the way the Community Institutions run their affairs. It may be true that the same applies in some other member countries as well, but I mention the United Kingdom because it is the one about which I have the most practical experience.

The problem of transfers is also one that has preoccupied the Commission. There is a proposal for an amendment of the Staff Regulations now under consideration. In our view, that amendment must be adopted no later than the present draft regulation, and that, I think, covers another point about which there has been concern.

Lastly, Mr President, if I may turn to the points in the motion for a resolution. Mr Cointat starts by emphasizing the need to ensure good administrative arrangements to avoid disruption; I entirely agree. I myself discussed this matter with the personnel in the Commission. No doubt the other institutions are equally alive to the difficulties. Examination of the problem led me, and subsequently the Commission, to the conclusion, in the knowledge of the arguments of the personnel, that the difficulties which preoccupy the personnel were, in fact, all technical — none the less important for that, but technical — and capable of satisfactory resolution while the proposal itself was before the Parliament and the Council. I can assure the House that we are not taking these technical problems lightly. Recently, a report on these and their possible solution was drawn up within the Commission. We also have in hand work to prepare fictitious pay sheets so that officials can themselves establish in advance that the changeover to the European Unit of Account will not affect them adversely, and any particular problems can be looked at and dealt with quickly.

Mr President, as I said before, this is a very technical point, and I quite understand the considerable concern which it has led to in the minds of the people whose salaries are affected by the change. I would simply like to repeat that we are aware of the problems; we understand the nature of the concern; we believe that the formula that we have put together is not only neutral, but fair, and that it is the best way of dealing with the now very, very substantial variations that exist in the cost of living within the various Member States, which of course in turn reflect the economic divergence which is such a major concern of us all.

President. — Does anyone else wish to speak ?

I put the motion for a resolution to the vote.

The resolution is adopted.¹

10. *Siting of power-stations*

President. — The next item is the report by Mrs Walz (Doc. 145/77), on behalf of the Committee on Energy and Research, on the draft Council resolution concerning consultation at Community level on the siting of power-stations, and on the proposal from the Commission to the Council for a regulation concerning the introduction of a Community consultation procedure in respect of power-stations likely to affect the territory of another Member State.

I call Mr Zeyer.

Mr Zeyer, deputy rapporteur. — (D) Mr President, ladies and gentlemen, the written report for Parliament on this item was drawn up by my colleague, Mrs Walz. It provides Parliament with detailed information on the topic on which it has been asked for its opinion. Mrs Walz would have liked to have reported orally to the House and to have added a number of political remarks to her written report. As she is unfortunately prevented from attending today's sitting, it falls to me to present the committee's report.

On 13 January 1976, the House adopted a motion for a resolution dealing *inter alia* with the need for Community intervention in the siting of power-stations. The basis for this resolution was the 'own-initiative' report of 26 November 1975 on the conditions for a Community policy for the siting of nuclear power-stations, taking account of their acceptability for the population, which Mrs Walz also drew up and to which was annexed a collection of documents giving information on the planning, licensing procedures and criteria for nuclear power-stations, not only in the Member States but also in interested third countries. This resolution is referred to in paragraph 5 of the explanatory statement of the report before the House.

It is encouraging to note that, in addition to its proposal for a Council regulation on the introduction of a Community consultation procedure in respect of power-stations likely to affect the territory of another Member State, the Commission has been able to submit a draft proposal for a Council regulation concerning consultation at Community level on the siting of power-stations. Both texts are the subject of this debate, and I shall deal with them together on behalf of the committee. However, as the House is aware, under the Treaty of Rome, Council resolutions have no binding legal force; they are simply an expression of goodwill, and we therefore hope that these good intentions will be translated into action.

¹ OJ C 183 of 1. 8. 1977.

The binding force of a Council regulation is beyond question. However, in the view not only of the committee responsible but also of the committees asked for their opinions, the Commission's proposal for a Council regulation on the introduction of a Community consultation procedure in respect of power-stations likely to affect the territory of another Member State leaves something to be desired. The legal effect of the Commission's proposal is limited to setting up a simple consultation procedure within the European Community. Moreover, it does not state what procedure should be applied with regard to the siting of a nuclear power-station on a frontier with third countries or in cases where a third country sites a nuclear power-station on a frontier with the European Community. For this reason, too, the committee responsible is critical of the draft resolution. At the present time national authorities decide on the siting of nuclear power-stations; they reach their decision on the basis of national criteria which do not always coincide; and the Committee on Energy and Research feels that common criteria for the siting of nuclear power-stations must be established within the framework of the proposed consultation procedure between the Member States. While calling for the use of criteria which are common to all Member States, the Committee admittedly feels that national authorities must retain responsibility for siting. But in the end we should aim at establishing a common siting policy for nuclear power-stations in the European Community. This is explicitly stated in paragraphs 1 and 4 of the motion for a resolution. The introduction of a Community consultation procedure for nuclear power-stations may well pave the way for a common siting policy; however, the deciding factor will be the weight given to the opinions delivered by the Commission under the consultation procedure. The committee responsible feels that these opinions will only carry weight if they are based on the views of independent experts. Paragraph 5 of the resolution therefore calls on the Commission to obtain the opinion of specialists possessing practical experience in the siting of power-stations.

Paragraph 6 of the resolution expresses the hope that

the introduction of a Community consultation procedure in respect of power-stations likely to affect the territory of another Member State will rapidly lead to genuine trans-frontier cooperation on the siting of power-stations.

The committee responsible felt that it was necessary to extend the Community consultation procedure to countries bordering on the Community; otherwise, any Member State affected would have to deal independently with the third country on its borders. I would remind you that there are places in Europe where two Member States border on a third country. Should the Member States be obliged to negotiate with that third country, there is a danger that an attempt would be made to play off one Member State against the other. Obviously, one Member State could also play off another Member State against the third

Zeyer

country. This should therefore be obviated through an extension of the proposed consultation procedure to third countries.

Paragraphs 8 and 9 point to two further omissions in the Commission's proposal. The committee responsible regrets,

that the opinions to be forwarded by the Commission to Member States concerned in respect to possible siting of power-stations lack any binding force. It therefore considers that the benefit of the Community consultation procedure is limited because of the lack of such procedure and of any mechanism for arbitration in the event of persistent disagreement between two Member States.

These are the primary reasons why the committee responsible — as paragraph 10 of the motion makes clear — merely notes the Commission's proposals. The committee unquestionably regards the Commission's proposal as better than nothing, although the lack of binding force precludes it from making a significant contribution to the development of a European policy.

The reason why, on behalf of the committee, I recommend the adoption of this motion is that we wish to recognize that the Commission's proposal is a sign of good intentions and an indication of its readiness to engage in political cooperation.

I cannot, however, make this recommendation without addressing a number of critical remarks to the Commission. To avoid misunderstanding, let me say that these remarks are aimed, not at the Member of the Commission responsible for energy problems, but to the Commission as a whole, since it acts as an institution. In recent years, Parliament has seen the Commission repeatedly reach agreement with the Council or its representatives before consulting Parliament. Parliament is only consulted after the Commission is certain of the Council's approval. At first sight this may appear a prudent and reasonable procedure, but it is not politically correct in all cases. The Commission should perhaps ask itself whether this procedure is compatible with its own political responsibility.

The Commission has been in office for six months. It has still three and a half years to go. It should use this time to develop greater political manoeuvrability.

Mr President, ladies and gentlemen, I should like to close by thanking Mrs Walz most sincerely for her detailed report. I should also like to thank the Commission and the staff of the committees which delivered opinions.

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

Mr Flämig. — (*D*) Mr President, it should be noted that there are two parts to this proposal. The first is concerned with consultation on the siting of all types of power-stations and the second, which the rappor-

teur also referred to, is the proposal for a regulation on a consultation procedure. I should like to stress that it concerns all types of power-station and not only, as the topical interest of the discussion might lead one to believe, nuclear power-stations alone — that is to say, all power-stations likely to affect the territory of another Member State. There is no need to remind you what these effects are — waste gases, water pollution, potential dangers, etc.

I only wish to say that the Socialist Group welcomes the ideas behind the report. It is fully in keeping with the spirit of the European Community, and one can only hope that it will be rapidly implemented. Unfortunately — this is something which we must not overlook and on this matter I agree with what has already been said — there are a number of small defects.

First, with regard to the basic ideas. Mr President, it has been pointed out that the calculation of the number of sites which the Community will need between now and the year 2000 for the construction of power-stations is based on certain hypotheses regarding the growth in, and demand for, electricity. That is correct, but it also shows the major difficulty of this undertaking, since it has been noted that electricity supply undertakings in all countries have more or less based their predictions on a projection of current trends, somewhat as if electricity supply would increase indefinitely. We do not regard growth as a fetish. Neither do we believe that an automatic growth in national production is inextricably bound up with a growth in energy needs. I believe that, in the future, we must study very carefully the questions of ought to grow, in which direction it should grow, why it should grow and whether this growth should necessarily go hand-in-hand with growth in the demand for energy.

Certain figures have been advanced. The report mentions 180 sites for nuclear power-stations; that is something we shall probably have to discuss again. The process is fully under way and at the same time the question of what kind of nuclear power-stations remains unanswered. One thing, however, is certain: we should not consider the value of nuclear power-stations to the exclusion of conventional thermal power-stations.

It is pointed out that conventional power-stations usually have a relatively low output capacity and, taking by way of example conventional thermal power-stations of more than 100 MW, the figure of 400 is arrived at with the additional observation that their number will decline. This is correct, but only in so far as modern conventional power-stations naturally have a totally different output capacity, so that overall output may rise in the conventional sector and probably will do so. We believe in fact that it should increase.

With regard to the need to consider the overlapping of criteria, it is obvious that the siting of power-sta-

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tions, and of nuclear power-stations in particular, can no longer be decided on an *ad hoc* basis as in the past. There must be long-term programming or site-planning on the basis of agreed guidelines. This is something which we have already called for and on which we still insist. At the same time, we wish to add that we should always give some thought to the interests of our neighbours. We have therefore referred to the European Parliament's resolution of 13 January 1976, which called for more objective public debate. We hope that the establishment of criteria at Community level will enable these criteria to be formulated more objectively, while at the same time we note, as the previous speaker has pointed out, that the decision concerning siting should not, and cannot, be taken away from the Member States. The decision must ultimately rest with the Member States.

With regard to the consultation procedure, the Commission's proposal for a regulation is clearly intended to set up a joint consultation procedure which must precede any decision regarding the siting of any kind of power-station likely to affect the territory of another Member State. In such cases the Member State must provide the Commission with the necessary general data on its siting plans. It must contain information on effects such as the formation of clouds or fog from cooling-towers, excess heat, etc. — the effects I have already mentioned. This is nothing new, and it is somewhat surprising that it took us so long to get this far, since under Article 37 of the Euratom Treaty Member States are obliged to provide the Commission with general data relating to any plan for the disposal of all forms of radioactive waste. One can only point out that this obligation, which affects nuclear power-stations, is now to be extended to all power-stations: that is something to be welcomed.

Mr President, I referred to a number of minor defects. In the first place, the reference to independent experts naturally raises the question of in relation to whom the experts should be independent. Moreover, we agree with the rapporteur when she says that it would have been advisable to specify in greater detail the number, qualifications and term of office of these experts.

Finally, the arbitration mechanism. What happens if no agreement is reached? That should have been clarified. The fact that the Commission's proposal lacks any binding force underlines the limitations of the proposed regulation, and is one of the defects I referred to.

Finally, the most important defect is that this proposal only affects relations within the Community. It is a step in the right direction; but we hope not only that this procedure will be upheld but also that these defects will be removed and in particular that it will be possible to find ways for reaching agreement and

on setting up a consultation procedure on the siting of all kinds of power-stations with non-Community countries. I am thinking of Switzerland, Austria, Spain and Sweden, and I ask you not to forget that the Community also shares a frontier with the German Democratic Republic and Czechoslovakia. I realize that this goal appears distant; on the other hand, our efforts will only be meaningful if agreement can be reached on the siting of power-stations, since emissions and effluents recognize no frontiers. I know that this is perhaps still wishful thinking, but we hope that one day this dream will come true.

The Socialist Group approves the proposal.

President. — I call Mr Brunner, who wishes to make a statement relevant to the subject of this debate.

Mr Brunner, Member of the Commission. — (D) Mr President, the communication I wish to make is closely connected with the topic under discussion. The topic concerns the safety of our citizens and the possibility of reducing the burden placed on them. As you know, we have for some time now been making great efforts in the Community to ensure that research is undertaken into the safety of nuclear reactors. I am happy to announce that today, in the Council of Permanent Representatives, the British Government has withdrawn its reservations regarding the Community four-year research programme. The way is now open for a four-year, 346m. u.a. programme. This is a big and important step for the Community's research policy. It means that we now have stable prospects in an area which is extremely important to our citizens.

(Applause)

As you have for so long striven to achieve these results, I believe that you have the right to be the first to learn of it.

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

Mr Noè. — (I) Mr President, I should first like to thank Mr Brunner very sincerely for what he has just told us, and to say that I am particularly grateful for all the work that has been done to produce this result. Such a result is directly connected with what we are now discussing, because the work of the Joint Research Centre actually includes safety programmes. These safety programmes, which had been put on one side, can now make a tangible contribution to the fulfilment of our aims. I should therefore like to thank Mr Brunner for this quite important statement, which has been awaited with considerable interest.

As regards the subject which Mrs Walz has dealt with so thoroughly and which Mr Zeyer presented to us with such clarity a little while ago, I am happy to say that the Christian-Democratic Group will vote in favour, although at the same time there are certain points I should like to make.

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I shall make three observations, Mr President. The first, and most important, is a constructive one, as are those of Mr Flämig for the Socialist Group, since we wish to expand the scope of the project under consideration. A nuclear power-station forms part of several systems; just as each Member of this Assembly is a member of a family, of a national parliament and of the European Parliament and thus belongs to a series of different systems and must order his life in such a way as to fit into all the systems, so a nuclear power-station fits into a system of power-stations that generate electrical energy, and in this sense it is comparable to all other power-stations, including those of the conventional type, which generate electricity and distribute it through a grid network, since the energy load is distributed independently of whether it comes from a conventional, a nuclear or a thermal power-station or from a hydro-electric plant; furthermore, all power-stations generate energy. This, then, is the first system.

Let us now move on to the second system. A power-station is an industrial installation comparable in its effect on the environment to a chemical plant or an iron-and-steel plant; it therefore benefits the community, but it must not exceed ecological limits which we may fix in order to prevent excessive disturbances of the environment. There is, therefore, a territorial problem.

It is, however, the third system which I should like to look at most closely, because it comprises all those operations that make a nuclear power-station function — that is to say, the entire fuel cycle. I should like to invite the Commission and Commissioner Brunner to consider jointly in future this whole complex of plants that enrich uranium, produce fuel and send it to the power-stations, and above all those plants which reprocess the irradiated fuel and send it to its final destinations.

It is true that the Commission document, on page 4, paragraph 10, says that similar problems are met with in other energy-producing plants and in connection with the reprocessing of nuclear fuel, but this point is made rather in isolation, whereas it seems important to me that all these plants be viewed collectively. Why? On the one hand, in order to destroy the myth that a nuclear power-station is a purely regional problem, whereas it is, in fact, a larger problem inasmuch as it is only part of a whole system of works covering a territory a good deal larger than a region. On the other hand, because, according to the newspapers, a power-station is one of the safest places amongst those I have mentioned, and greater attention should perhaps be paid to reprocessing plants and plants for the disposal of wastes with a long radioactive life. But we should not forget that our experience of these plants is very limited, whereas our experience

of the power-stations themselves is considerable and we know them to be free from drawbacks. On the other hand, there are only two reprocessing plants in Europe; these are complex plants, and they should therefore receive even greater attention than the nuclear power-stations have had so far. I should therefore like to see this question viewed as a whole. I am well aware that this is not easy and that Commissioner Brunner could immediately reply that the reprocessing techniques have not yet been worked out to the last detail.

I shall now deal with two special points. On page 6 of the annexes, in paragraph 9.2, the Commission says it intends to make an assessment of the advantages and disadvantages of siting nuclear power-stations in underground caverns. I should like to make the following observation: quite advanced studies have already been carried out. In my own country, a couple of years have been spent looking for sites containing uniform rocks of good resistance where a nuclear power-station might be installed; this has to be on the coast for cooling purposes, seeing that my country has few large rivers.

Now there are extremely few suitable sites, since the caverns would have to be of considerable size. Even if the power-station were to be designed in such a way as to spread the installations over a number of different caverns or chambers, the largest chamber would still be a good deal bigger than those of hydro-electric stations of maximum power constructed so far. This poses difficult problems of rock mechanics, which can only be solved if the rocks are highly homogeneous. Anyone who has worked in this field will know how difficult it is to judge the quality of the rock in a large space. First, you make a number of soundings; then you go in; then you encounter difficult conditions; and with such large chambers the costs skyrocket, because these are complicated operations. My reason for saying all this is that it is nevertheless only by tackling difficult jobs, like building a nuclear power-station in a cavern, that the number of available sites can be increased to any great extent. Moreover, these sites along the coast, at least in my own country, are generally tourist spots — the Amalfi coast, for example. So even with nuclear power-stations being built in caverns, reaction is to be expected from certain circles — whether justified or not I would not like to say.

The US has carried out studies on underground power-stations and has made plans for major excavations in an alluvial plain with the object of installing a nuclear power-station to be covered with large structures in reinforced concrete. However, none have actually been built, because, while a power-station sited in a cavern offers a high degree of, let us say, military security, at

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the same time it must be asked whether, in the event of a nuclear war, it would be advisable to have a power-station in operation. There is no doubt that this type of power-station will have less adverse effects on the environment, because it cannot be seen, but the question is whether it is worth all the trouble. However, the number of possible sites would increase a little. In past years, some thought has been given to building power-stations on floats near the coast and linking them to the land by cable. However, the Americans, who had gone deeply into this question, have not yet achieved any solid results.

Another question to be considered — I know the Commission is examining it, because another document makes clear reference to joint heat-energy production — is the possibility of joint production of steam for industrial and energy uses for distribution through the network. This may decide which sites are to be chosen, for there is no doubt that sites close to an industrial zone that can absorb steam will be more convenient than others. Such joint production must be encouraged, since it makes considerable savings possible.

The report also states that applications of heat are being studied in other sectors, such as agriculture. Such solutions may lead to the fixing of precise locations. I shall not dwell here on the nuclear installations that have won a certain celebrity in America. I understand that at the recent Salzburg Conference an American delegate who was presenting this argument was a little embarrassed, because this scheme, prior to President Carter's new policy, provided for the siting of power-stations and reprocessing plants in a single zone so that it would not be necessary to transport plutonium. However, since the Americans now tend not to reprocess nuclear fuel, the nuclear installation problem is obviously of less importance. For this reason I do not think it is worthwhile taking up this question again now, though, as I say, it was an important issue some years ago.

I have nothing to add to what my colleagues have already said in regard to frontier plants. This problem should be settled in the way the Commission has indicated, with which I am in agreement. The difficulty with this solution, however, is in finding suitable sites in the Member States. Still, there are interesting experiments in progress in this direction in the hydro-electric field. I myself worked, from 1957 to 1963, in Italian-Swiss plants which utilized the waters on the border between the two countries. I believe that, even with nuclear power-stations, a way can be found for two countries to agree on arrangements that will not harm anyone.

At all events, we hope that these proposals from the Commission to the Council will form the basis for greater activity. Moreover, the news given to us earlier by Commissioner Brunner allows us to view the future with greater optimism.

President. — I call Mrs Kruchow to speak on behalf of the Liberal and Democratic Group.

Mrs Kruchow. — (DK) Mr President, when I recall the very broad support and satisfaction expressed by both the Commission and Parliament in connection with the adoption in January 1976 of Parliament's resolution on the conditions for a Community policy on the siting of nuclear power-stations, taking account of their acceptability for the population, I am well able to understand the weak conclusion in this report now put before us, and failing to arouse any great enthusiasm.

Mrs Walz was also the rapporteur for the report drawn up in January 1976 on the siting of nuclear power-stations, and the valuable working document which accompanied the report was received with great respect, while arousing equally great expectations. I therefore venture to hope that the draft regulation here laid before us is only an initial step towards further measures in this field. It is to be hoped that further regulations will be put forward setting out more explicit provisions concerning the environmental and safety aspects as also exact details of the various requirements governing, for example, the disposal of radioactive waste.

The proposal does not, however, refer exclusively to nuclear power-stations but to power-stations in general, and this is a major point in its favour. Nevertheless, mention is only made of a consultation procedure in connection with power-stations that might affect the territory of another Member State. It would therefore be difficult to apply this regulation to one of the larger countries, which would be able to site power-stations far from the borders of any of its neighbours; as far as the siting of power-stations in general is concerned, no specific requirements have yet been drawn up, a point to which the report, in an unequivocal and fair-minded manner, draws attention. A little is, of course, better than nothing at all, and the comments of mine which follow should be seen in that light.

The idea of setting up a coordinating body to assess the plans for those power-stations that are to be examined is, I feel, a good one, but the details concerning the make-up of this body are insufficient. Article 4 of the draft regulation seems to indicate a group of independent experts, yet paragraph 5 of the motion for a resolution mentions the term specialists. What is the difference between experts and specialists? Is the extra wording referring to specialists perhaps intended to open the door for consumer representatives possessing a certain amount of experience? It would be nice to know what exactly is meant.

I agree that the proposal lacks an arbitration procedure, and I am happy that Mr Flämig has pointed this out, for if the consulting parties cannot agree, what happens then? Will no power-station be built or will

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construction simply be started on the lines of the wishes of the party which originally planned the power-station in question? I feel that there is every reason for drawing attention to the fact that, as long ago as 1974, the participants at the international parliamentary conference on the environment in Nairobi appealed to all governments to give priority to environmental protection each time serious conflicts arose between energy production and the quality of the environment. We simply cannot overlook this appeal, nor can we just relegate it to what we in Denmark call political cold storage.

This is not something that is peculiar to us in Denmark. We ought to make use of declarations of intent of this kind. To do so would benefit both our economy and, indeed, our energy policy as well. To do so would encourage understanding of the kind of energy policy represented here, and that is what we are in urgent need of.

I should like to end by thanking Mr Brunner for notifying us as swiftly as he has done, that a substantial amount which figures on the budget has now been released for research purposes. I feel that it is very important to ensure that the considerable amount of top-level know-how available to us in Western Europe is given optimum conditions in which to develop. This will not just benefit Western Europe, but top-level scientific collaboration in all branches of research throughout the world. This is therefore a very welcome step, and I entertain considerable hope of our being able to make further headway not only with the new projects indicated here, but in other spheres as well. I join in expressing thanks for notifying the House so rapidly of this development.

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

Mr Veronesi. — *(I)* Mr President, ladies and gentlemen, I too should first like to thank Mr Brunner for the news he has given us. Although it is pleasing, we cannot forget the long delay in providing this sum, in view of the requirements in the research field.

I should like to remind you that yesterday our group voted against the supplementary budget for extremely sound reasons, which were explained by Mr Spinelli. In this connection, I should also like to point out that Parliament has agreed to let the Council be the final judge on this particular matter, thus renouncing its right to have the last word on an item of non-compulsory expenditure: in the last instance it was up to us to choose and take a decision.

As regards the matter with which we are concerned, I should like to say that we voted in favour of this proposed resolution at the meeting of the Committee on Energy and Research and that, consistently, we

shall vote for it here in the Chamber. This proposal is the outcome of much hard work and owes a lot to the intelligence and perseverance of our colleague, Mrs Walz, chairman of the committee responsible. Five meetings and many deliberations were needed to draft the text now before us; it was the subject of a lengthy debate during a period when there were many events of considerable significance for European energy policy. The Committee on Energy and Research completed its text almost simultaneously with the statements made by the President of the United States, Mr Carter.

None of our colleagues will fail to discern the widespread pessimism underlying the motion for a resolution. It is, perhaps, an indication of the onset of frustration or of a weakening in our will to fight the Community energy battle. To me the committee members seem, if not defeated, certainly not very confident of victory. Perhaps this assessment, which is purely personal, is mistaken: it may be that the tone of the motion and the explanatory statement instead reflects a deliberate caution, the outcome of continual disillusion. This situation can be traced either to the Community institutions and the Member States or to the wider context of public opinion and the attitudes it has shown most recently. Indecision on the part of the national governments, the Council's uncertainty and the major interests which have suddenly emerged at international level and outside the Community have created an extremely serious situation, which we shall have to face with determination long after this debate. There is not much time left to decide Europe's future in the energy field, assuming that it has not already been irrevocably compromised.

Let us consider the resolution. Paragraph 1 again denounces the lack of a Community energy policy, while paragraph 2 points out the limitations and weaknesses of the Commission's proposals. Paragraphs 4, 5, 6 and 7 are essentially recommendations based on common sense: the points they make are undoubtedly valid, and they should be heeded for their intrinsic self-evidence. Paragraph 8 points out that the Commission's opinion on this matter lacks weight, and paragraph 9 regrets the absence of an arbitration mechanism.

To complete this picture, which I have perhaps described over-pessimistically, I would mention paragraph 10 of the motion and the conclusions given in the explanatory statement, which note, with unmistakable disillusionment, the general situation of the Community energy policy. The explanatory statement is a document on which we should reflect deeply.

In the first place, mention is once again made of the failure to achieve the objects formulated with a view to reducing dependence on oil imports by using alter-

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native energy sources. This will certainly have repercussions — on a scale which cannot yet be assessed — on the Community's potential production capacity. The delay in carrying out the nuclear programme and public hostility, which will delay still further, if not prevent altogether, the realization of the plans, make the future extremely uncertain. However, what does not emerge from this sound analysis of the situation — perhaps because it was not so dramatically clear when the document was being drafted — is that the Community is now in a position of subordination, dependency and vulnerability of a seriousness unprecedented in the history of Europe. The Community has neither oil nor uranium, and only small quantities of coal. These comments concern the Community's production requirements. Its own energy resources are limited in relation both to consumption and to the requirements even of a policy based only on moderate economic development.

The newspapers have recently publicized the existence — the expression is taken from the newspaper headlines — of a secret agreement between the United States and Saudi Arabia to control jointly oil, petrodollars and, I think one could add, uranium. Perhaps the significance of the events last April and May involving President Carter now appear in a clearer light. They concerned not only extremely respectable and justifiable questions of ethics and conscience but also — and what is more important — business matters.

These remarks are not intended to induce further pessimism but to encourage the Community to pursue its initiatives with greater determination and dynamism. I am thinking, for example, of the JET project and of the various research programmes in the energy sector.

Secondly, the explanatory statement attempts to predict the number of sites needed for energy installations. Their forecasts seem to me to be reasonable, assuming adequate re-utilization of the sites. In this connection, there are clearly still problems as regards the transportation of energy and thermal pollution. As far as the latter is concerned, a decision should be taken to initiate a serious research project on the use of heat given out by power-stations.

As a final comment on the explanatory statement, I should like to mention the proposed consultation board. Such a body is undoubtedly necessary and its powers are extremely important. There are many aspects which have to be coordinated and reconciled when deciding on the location of power-stations: technical, economic and political aspects. Even the most sophisticated and well-tryed system will have difficulty in reconciling the technical and economic aspects, but it might arrive at a more or less acceptable solution. However, the political aspects will be of decisive importance, and here we do not deny that practical

difficulties will be encountered. The same difficulties face every Community initiative.

To conclude, we feel that the procedure used is basically the right one. It is impossible to foresee everything and changes can only be made through experience; the important point is to get things under way at an early date and, if possible, in a sincere Community spirit.

President. — I call Mr Dalyell.

Mr Dalyell. — Mr President, when people ask what purpose the European Parliament serves, it is sometimes difficult to pinpoint concrete examples and we naturally have to speak in generalities. However, in relation to Commissioner Brunner's welcome announcement of the unblocking of the UK reserve on the multi-annual research programme, here is an example where something has been achieved: first of all I would like to thank Commissioner Brunner for this courtesy in making the announcement to the Parliament and perhaps remark that of course it is right and proper that a European announcement of this kind should first of all be made in this House.

The purpose of this intervention is not just to claim credit for the Committee on Energy and Research of the Parliament, for members of all political groups — and not least, if I may say so, the Socialist Group among others — who have been extremely active publicly and privately in helping the Commissioner press his case, or to thank him for his own dedicated and concerned efforts. The purpose of this intervention is also to reply to the kind of criticism that Mr Chirac, who has called us all a lot of windbags, has been making and to suggest that Mr Chirac ought to stick to running Paris before making complaints of that kind about us. I see the same kind of complaint in today's *Guardian* in a report by Mr John Palmer, European Editor of the *Guardian* in Luxembourg, 'A day in the life of a sleepy assembly'. It is this kind of activity from all sides of the Parliament that, I think, is a challenge to the kind of things that Mr Chirac has been saying and Mr Palmer has been writing. If we are a lot of windbags, all one can say is that we have helped create a favourable breeze and this breeze has at least been in the right direction.

(Laughter)

But, of course, Mr President, our main pleasure is that the employees of the Community can now go about their technical and scientific work without a sword of Damoclean worry hanging over them as to what their futures will be. I would hope that this augurs well for the Foreign Ministers getting together very soon and settling once and for all the site of JET.

President. — I call Mr Bourdellès.

Mr Bourdellès. — (F) Mr President, I note that all members of this assembly agree on one particular point — that the study of new resources is of the greatest importance from the energy point of view. It is all the more important in that information from the whole world tells the same story. Whether the figures come from the OECD, the CIA report, the report by the Massachusetts Institute of Technology or from the recent nuclear conference in Salzburg, they all show that world energy consumption is going to increase considerably. The director of the International Atomic Energy Agency, Mr Sigward Eklund, declared last month in Strasbourg: 'world consumption, which is of around 6 000 million tonnes of oil equivalent per annum, will double or treble by the year 2000'. The poorest section of humanity, for the most part, has a rate of demographic growth which is much higher than that of the industrialized countries. It is just and natural for these least favoured peoples to attempt to acquire the knowledge and technology which have enabled the industrialized countries to reach their present standard of living.

Energy savings in the west, however useful they may be, will never cancel out the growing needs of the most populated countries. The reduction or levelling off of world energy consumption therefore appears to us an illusion. It is neither possible nor desirable. We should recognize the physical limits to the development of fossil fuels. The time when known resources will have been exhausted is in sight, we are in the middle of the crisis and serious difficulties are to be feared before 1990. The industrialized powers forget that they are sleeping on a volcano.

Faced with this situation, the political authorities of our countries have several times drawn up lists of measures to be taken: energy savings by industrialists and private individuals, a limit to oil plants, tax incentives to exploit and develop new hydrocarbon resources and, finally, active research and development of new forms of energy — the atom, geothermal energy, hydrogen, solar energy etc. But the time needed for productive results is long — ten years, in general. This is the time it takes from the moment when a decision in principle is taken and that when a practical result is forthcoming, whether it be oil, the atom or — especially — new forms of energy. The year 1985 is often considered to be a significant date for our research but that deadline is already too near. We can and must no longer think of a deadline any closer than 1987. Those in charge of energy policies remind one of the pilots of a heavy boat whose mass and inertia mean that movements of the helm only take effect several kilometres energy further on. That is why we must make every effort to accelerate the process of developing various energy sources. Mrs Walz's report is along these lines and we may congratulate her on her excellent work.

It is vital for energy problems to be brought out into the open, particularly as regards atomic energy. Purely national schemes are often difficult to carry out since internal or political considerations make them the subject of *a priori* suspicions. One is immediately classified as a proponent or opponent of the government of the day and objective criteria are forgotten. On the other hand, a European approach will be much more welcome since it will seem much more objective. We must make every effort to speed up the building of the new plants we vitally need but, in order to do so, we must obtain a broad consensus of European public opinion. That is why Mrs Walz's work is a step in the right direction and I confirm what Mrs Kruchow said earlier — the Liberal Group will vote for this motion for a resolution.

President. — I call Mr Waltmans.

Mr Waltmans. — (NL) Mr President, in 1848 a Communist manifesto was published that began with the words: 'A spectre is haunting Europe.' I feel that in 1977 we could probably write a new manifesto on the subject of energy and the environment beginning: 'a spectre is haunting Europe, the spectre of nuclear energy.' Because what we see here, repeated once again this afternoon, is a touching display of unanimity.

Mr Noè has pointed out very clearly that the assertion that this document by Mrs Walz deals with power-stations is true only in a very partial sense. He has stated that it deals with nuclear power-stations, which was the original intention. Furthermore, I have not noticed from the stance taken by Mr Veronesi that his group has raised a dissenting voice, given that the question arises as to what the actual position of his group is when faced with the hostility towards nuclear power-stations which he himself has observed among the general public in his own country. Neither did I think that anyone was entitled to shirk his responsibility, particularly with direct elections looming on the horizon. Yet people still stand in awe of the sacred cow of nuclear energy.

Upon reading in paragraph 1 of the European Parliament's motion for a resolution 'that the lack of a Community siting policy constitutes a further obstacle to the development of nuclear energy', the clear impression is given that the paragraph is based on the axiom that nuclear energy is not a subject open to public debate.

A great deal remains to be said on the topic, however. In point 3 of the explanatory statement, reference is made to the opposition of a section of public opinion — this is something I have spelt out repeatedly in questions to the Commission — to the development of nuclear energy. This is not seen as an incentive to initiate a serious public debate except, as is happening in the Federal Republic of Germany, on the chemical

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warfare aspect. Action is not being taken to start a serious debate on something which concerns all of us, including our children and grandchildren. All that is said, in fact, is that the opposition of a section of public opinion is a delaying factor which is acquiring increasing momentum.

Thank God that this opposition does exist and that it, in any case, acts as a delaying factor when problems occur that are brought about by lack of judgement at national level and lack of foresight on the part of politicians in Europe.

Whenever optimistic forecasts of energy consumption produced by the Member States are mentioned, the forecasts concerned are always extrapolations on the basis of past experience, which make no allowance for conservation measures, general retrenchment and alternative energy sources.

I also feel that, in reading though the whole report, something more remains to be said about the term 'specialists'. The Dutch version mentions at one point the word 'specialist' and at other times the word 'expert', there being a fair amount of difference between these two terms. Let us, however, assume that the intended meaning is 'expert'. But there then arises the question, one which will presumably also be asked: 'who are these experts and of whom are they independent?'. If they are people from the nuclear power industry, then they are bound hand and foot by financial ties and by their training to those responsible for having spread nuclear energy throughout the world. We have no faith in such people. If you really want independent experts, you must ask the citizens' action groups in the Federal Republic of Germany and the ecologists in France to make their experts available, and you must take seriously the fundamental objections raised by groups campaigning for environmental protection in the European Community.

There is one further point, and it concerns the fact that the European Community will have to play a role with regard to power-stations in general and nuclear power-stations in particular. I am firmly convinced that this is the aim of the policy in question, although it is not stated explicitly. There is even an explicit statement to the effect that this is not the aim, but the fact that nuclear energy is widely discussed in the Council, the Commission and the political groups, without opposition being voiced, does imply that no fundamental objections will be raised against inducing Holland at a given moment, the resolutions will probably say 'urging', to accept, in spite of everything, nuclear power-stations which we do not want. This will naturally apply with particular force where a border area is involved — I, in fact, come myself from such an area — with human life being put in jeopardy. If you see what is being planned in the way of nuclear power-stations for border areas in southern Holland without any notion of matters relating to

physical planning or industrial concentration, and without any notion of safety in the short term, either in the immediate vicinity or further afield, you would be horrified, and you would also be horrified if you could see what is planned for the banks of the Rhine in the Federal Republic of Germany and in Belgium and what is planned at sea.

I am not saying that consultation is pointless. Even those who reject nuclear power-stations for many reasons which I need not go into here should realize that, when nuclear power-stations are, despite everything, built against the will of the population, it may still be better to have a Community system of consultation rather than no consultation at all. For this reason therefore, I shall, after all, abstain from voting.

President. — I call Mr Holst.

Mr Holst. — (DK) Mr President, in getting up to speak I am not doing so in order to dissociate myself from the rapporteur for my group, Mr Flämig, nor is it to announce that I intend to vote differently. Instead, I am doing so because Mr Ove Hansen and myself, both from Denmark, wish to point out that our voting here does not mean that we have taken up a position on the use of nuclear power in Denmark.

I am my party's spokesman on questions of energy policy, my party being the government party in Denmark. We are not saying that we do not want to use nuclear power. We are saying that such use must be based on a system of economic priorities and on a greater degree of safety than it has been possible to achieve hitherto with regard to the high level radioactive waste produced by nuclear power-stations.

I do not intend to start a general debate on energy. I feel there are too few of us present for that, nor do I feel that the present report or resolution warrant such a debate. What the report does provide a basis for is a few, concrete, realistic steps. I very much regret that it is necessary to use the word 'small' in paragraph 2 and I can understand it being a realistic judgement to state that the Commission's proposal only represents a small step. Presumably, however, it is a realistic one.

I also deplore the statement in paragraph 8 that an opinion delivered by the Commission to the Member States affected by a projected power-station lacks any binding force. A weaker formulation could scarcely be found. Like Mr Ove Hansen, I have nevertheless noted the positive aspect of the present motion for a resolution, our view being that it contains a recognition of the fact that we cannot continue to build power-stations, either here in Europe or throughout the world, without taking account of the environment.

The resolution also recognizes the fact that the environment is not something with fixed national boundaries terminating at state frontiers. River pollution, airborne pollution, poisonous substances transported in various ways from one country to another are all part of the environment.

Holst

I would therefore like to express my thanks for this initiative. I regret that it does not have more teeth, and I feel bound to explain that the votes cast by Mr Ove Hansen and myself in favour of the proposal must not be interpreted as an indication of support, on our part, for the introduction of nuclear power in Denmark as matters stand at present.

President. — I call Mr Brunner.

Mr Brunner, Member of the Commission. — (D) Mr President, as with so many other matters, there is a wide gap between what we should like to do and what we can do. I fully understand that you regard the Commission's views as far too limited. However, this is a first important step even though it is a small one.

The topics we are debating concern the safety of the individual and environmental protection and frequently have a trans-frontier character. In the first place, with regard to the construction of power-stations outside frontier areas, the Commission can only play a very minor role. We must therefore concentrate our efforts on helping to harmonize the regulations of the various Member States. Not only is this extremely important for the welfare of the citizen, it is also very important in inspiring the citizen's confidence in the possibility of removing the risks connected with nuclear energy. For this reason we must work in this direction.

If we began by claiming a decisive role for the Commission in this area, we should certainly make no progress whatsoever, not even in those spheres where the Commission is entitled to seek a more important role, i.e., in relation to installations in frontier areas. It has been noted again and again that this is what causes the greatest stir in public opinion. Generally public opinion on this matter reflects the basic attitude of larger sections of the population to nuclear power in general. The basic attitude of large sections of the population is, fundamentally: yes, but in somebody else's backyard, not in ours. This is something which, in the case of trans-frontier problems, environmental pollution affecting two or three Member States and the concentration of nuclear power-stations in frontier regions, concerns the Community as a whole.

The Community must develop a procedure for, and must insist on its right to, consultation on such matters. This is what this proposal aims at doing. You have correctly assessed the spirit of the proposal. Your work since 1975 on siting has provided the impulse. Your efforts have made our task lighter. The impulse you have provided has enabled us to approach the Council with diplomacy and with vigour to ensure that the Community will seek minimum consultation rights.

The debate has raised various problems, including that of the independence of the experts. I can only say

this: we too wish to have as much expert advice as possible. We too wish to organize our activities in such a way that the experts can play an independent role in forming policy. However, in working towards these goals, we wish to avoid excluding the governments altogether. Consequently, we must take steps to ensure that government officials are also included and that they have a leading part to play. That is why we have worded that particular passage in the proposal in this way.

Our ultimate goal has been to ensure that the Commission should be responsible for the procedure. The Commission will preside over this gremlin, and will not be able to shed its own responsibilities by shifting it on to the experts. I am sure that it is also your intention that the Commission's basic responsibility be maintained, not for its own sake but because the Commission is the expression of the general will of the Community.

Today we are taking only the first small step. It is, however, a topic which will remain with us as the years go by, and I can assure you that, for our part, we shall do everything in our power to ensure that the citizens of Europe feel that the European Community is defending its interests in this area.

President. — I call Mr Waltmans.

Mr Waltmans. — (NL) Mr President, I am grateful to Mr Brunner for the answer he has given on a number of points and also for explaining his own position.

I am somewhat shocked by what I, anyway, understood from the interpreted version to be his remark that the general public's position on nuclear power stations was: 'Yes, although not on my territory but on my neighbour's.' I agree with him when he says that this is a reprehensible view. However, my view, the view of the members of my party and of the environmentalists as well is not that such things are acceptable on our neighbour's territory; our view is precisely that such things are not acceptable at all. I would also like to remove the false impression which Mr Brunner gave of the ecologists and people in favour of the environment in the European Community, because, in speaking up on such matters, they have something altogether different in mind than their own self-interest.

President. — I call Mr Brunner.

Mr Brunner, Member of the Commission. — (D) Mr President, I hope that the interpreters will now convey what I said earlier. What I said was that most of the citizens of Europe who favour nuclear energy do so provided the installations are not set up in their own areas. I was not referring to the environmentalists.

President. — I call Mr Noè.

Mr Noè. — (*I*) Mr President, I only wanted to point out to my colleague in a general way that we cannot spend days debating only to return to the point we started from. He maintains that we must say 'No' to nuclear power-stations. Excellent! Let him then suggest an alternative! We have spent whole days discussing the question without finding any! There are therefore no grounds for harping on one string.

We are in a situation which offers real opportunities for advancing in certain directions, in the direction we should be taking — that is, making nuclear power-stations safer. That is why I was pleased to hear the information supplied by Mr Brunner — precisely because I am aware that the Joint Research Centre has programmes dealing with security. Solar energy, waves, winds, geothermal energy cannot be considered valid alternatives!

The only valid course is to do things properly in the nuclear field. I say 'properly' because, naturally, environmental problems might otherwise arise, whereas we want to proceed with absolute safety.

President. — I call Mr Flämig.

Mr Flämig. — (*D*) Mr President, as Socialist Group spokesman on energy and research questions, I wish to make a short comment on what Mr Waltmans has said.

Mr Waltmans referred in his speech to his friends in the party who shared his view that nuclear energy was not necessary. I must point out that Mr Waltmans is an associated member of our group and that he naturally has every right to express his own opinion. However, the position of the Socialist Group continues to be: as much nuclear energy as necessary and as little nuclear energy as possible, but it is not possible to do without nuclear energy altogether.

President. — I call Mr Zeyer.

Mr Zeyer, deputy rapporteur. — (*D*) Mr President, ladies and gentlemen, I should like to begin by thanking Mr Brunner. He has once again pointed out that even the Commission regards this proposal for a regulation as merely a first step and that we have grounds for hoping that a second and a third step will follow. You can be sure, Mr Brunner, that the Commission will have the full support of Parliament if it is prepared to take the second and third steps.

As rapporteur, I should like to comment on a number of remarks made by colleagues in the course of the discussion. I also wish to return to a remark made by Mr Waltmans. To begin with, referring to Mr Noè's speech, he said that the draft regulation only covers nuclear power-stations. I must point out that this is

simply not true. The draft regulation under consideration covers conventional power-stations as well as nuclear power-stations.

Mr Waltmans also referred to unacceptable environmental damage. I do not know, Mr Waltmans, whether you are familiar with the precise technical details concerning the construction of power-stations. I must point out that conventional power-stations, in particular coal-fired power-stations, do much more damage to the environment than nuclear power-stations. This applies both to dust emissions and sulphur emissions. Permit me, therefore, Mr President, ladies and gentlemen, as a German Member of this Parliament, to reject Mr Waltmans' statement decisively. Mr Waltmans has said that, in the Federal Republic, chemical weapons have been used against the opponents of nuclear power-stations. I should like to point out that some years ago the Federal Republic solemnly renounced the construction or use of nuclear, biological or chemical weapons and that no chemical weapons are in use in the Federal Republic. Mr Waltmans can travel freely throughout the Federal Republic and see for himself.

Ladies and gentlemen, I should like to conclude. To put it briefly, the speakers in this afternoon's debate have, almost without exception, been in favour of the proposed regulation. They have also announced that their groups will vote for the motion for a resolution. As rapporteur, I would again ask this House to adopt the motion unreservedly.

President. — I call Mr Veronesi.

Mr Veronesi. — (*I*) Mr President, I think there is a misunderstanding. If there is a document that should find support from all Members of this Assembly, whether they favour nuclear energy or not, it is this document, because it establishes a basis for consultations and hence a better safeguard against the perils of an uncontrolled nuclearization of Europe on the part of individual countries.

I fail to understand how a document laying down that the countries of Europe must not proceed to build up an energy potential, including nuclear energy, without taking into account the needs of their partners in the Community but should exchange information and consult these other countries — how such a document should not be approved by all. I should not want to see that famous spectre that is haunting Europe dim the sight or blunt the capacity for judgment of those who are hostile to nuclear energy or those who are very much in favour of it.

In conclusion, therefore, I think the matter we are now considering may be summed up as follows: better guarantees for all.

President. — I call Mrs Kruchow.

Mrs Kruchow. — (DK) Mr President, I feel it is necessary to point out that neither the motion for a resolution nor the report at present before the House, nor the resolution of 1976 on the siting of nuclear power stations, including Mrs Walz's valuable report, in any way require any country to build atomic power-stations.

We do note, however, that there are power-stations already in existence and that there are further such stations on the drawing-board, and, whether one is a supporter or an opponent, has nothing whatever to do with the matter. I feel that everyone, both supporters and opponents, should be interested in resolutions of the kind before the House today, since such action does at least advance matters a step further towards better inspection and safety arrangements. This being so, the question facing us today has nothing whatever to do with whether one is a supporter or an opponent of nuclear power.

President. — Before putting the motion for a resolution to the vote, I call Mr Waltmans, who wishes to make a personal statement.

Mr Waltmans. — (NL) Mr President, since I misunderstood a remark made by Commissioner Brunner, it is, I feel, only right that I should now thank him for putting me right and apologize for my unfair interpretation. I entirely agree with his explanation.

In consequence, it has to be said, however, that the attitude of those who advocate something but who wish to shift the hazards on to someone else is a wrong one.

President. — Does anyone else wish to speak?

I put the motion for a resolution to the vote.

The resolution is adopted.¹

11. *Membership of committees*

President. — I have received from the Group of European Progressive Democrats a request for the appointment of

— Mr Inchauspé to the Committee on Energy and Research, in place of Mr Lenihan, and

— Mr Lenihan to the Committee on Social Affairs, Employment and Education, in place of Mr Inchauspé.

Are there any objections?

These appointments are ratified.

12. *Agenda for next sitting*

President. — The next sitting will be held tomorrow, Friday, 8 July, at 9 a.m., with the following agenda:

— Procedure without report;

— Spicer report on the EEC's trade with Malta and Cyprus (without debate);

— Kaspereit report on the EEC's agreements with the Mashrek and the Maghreb (without debate);

— Lemp report on tomato concentrates and peeled tomatoes;

— Albertini report on the fifth financial report on the EAGGF;

— De Koning report on monetary compensatory amounts;

— Bourdellès report on the marketing of various seeds;

— Terrenoire report on cooperation agreements with Algeria, Morocco and Tunisia;

— Broeksz report on the skimmed-milk powder and butter-oil food-aid programmes.

The sitting is closed.

(The sitting was closed at 6.40 p.m.)

¹ OJ C 183 of 1. 8. 1977.

SITTING OF FRIDAY, 8 JULY 1977

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IN THE CHAIR: MR MEINTZ

Vice-President

(The sitting was opened at 9 a.m.)

President. — The sitting is open.

I call Mr Evans on a point of order.

Mr Evans. — Mr President, I do apologize for having to raise a point of order on a Friday morning, but I am led to believe that Mr Gaston Thorn, the Prime Minister of Luxembourg, has become rather upset at the thought of the European Assembly's leaving the Grand-Duchy. Could I bring to the attention of the enlarged Bureau the following: Last night, because of the failure of a British Airways aircraft to take off, three Members of Parliament, Mrs Dunwoody, Mr Dalyell and myself, decided that we would stay overnight in Luxembourg. After finally getting our bags off the plane we booked into the Hotel Aerogolf, and when we came out of the airport we discovered that two taxis on the rank flatly refused to accept our fare and would not transport us to the Hotel Aerogolf.

Would the enlarged Bureau look into this question, because if the Luxembourg authorities are anxious to retain the European Parliament within this country, then surely the least they can do is to ensure that Members of Parliament are able to travel in taxis and transport of this nature to facilitate their business, otherwise it is going to make life very difficult. Certainly some of us would not be happy at the European Assembly's remaining in Luxembourg.

President. — I call Mrs Dunwoody.

Mrs Dunwoody. — Mr President, may I just explain that the vote in our Parliament last night was an exceedingly important vote on direct elections. There were 7 Members of Parliament who did not get away from Luxembourg airport. That was probably an act of God, although slightly complicated by an act of engineering. But may I say to you that the events which then followed convinced us that if, in fact, Luxembourg is to remain a seat of the European Parliament, it has to look very urgently at the facilities it offers, the attitude it takes and, above all, the sort of relationship it expects to have with parliamentarians. If there are continuing problems, I hope what we shall see is that Luxembourg will be given back to the lawyers and to the Commission, both of whom probably deserve it.

President. — I call Mr Dalyell.

Mr Dalyell. — At the risk of annoying my colleagues and my good friends who would have voted against direct elections, may I say that some of us who had

intended strongly to vote for direct elections draw the conclusion from this kind of experience that the dual mandate is very, very difficult and that this is an added reason why there should be direct elections.

President. — I call Mr Terrenoire.

Mr Terrenoire. — *(F)* Mr President, I shall be grateful if the chair will make sure in future that, in the debates of the European Parliament, everyday matters concerning luggage, taxis and transport are not mixed up with affairs of state.

President. — Mr Terrenoire, you make it easier for me to reply. Neither the European Parliament nor, I imagine, the Luxembourg Government can be held responsible for the breakdown of an aircraft or for the reactions of a private taxi-driver. Those are things on which the government has no influence. I am prepared to convey Mr Evans's complaint to the enlarged Bureau, but I would point out that we have all been left in the lurch at one time or another somewhere in the countries of the Community. For my part, I had to wait one day in London for an hour-and-a-half at Leicester Square before a taxi consented to stop and pick me up.

(Laughter)

1. *Approval of the minutes*

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

Are there any comments?

The minutes of proceedings are approved.

2. *Documents received*

President. — I have received the following documents:

- (a) from the Council, a request for an opinion on the proposal for the transfer of appropriations between chapters in Section II: Council, Annex III: ECSC Auditor, of the General Budget of the European Communities for the financial year 1977 (Doc. 219/77),

which has been referred to the Committee on Budgets;

- (b) from the Commission, the ECSC Auditor's report for the financial year 1976 (Doc. 220/77),

which has been referred to the Committee on Budgets;

- (c) from Mr Durieux, on behalf of the Liberal and Democratic Group, a motion for a resolution, pursuant to Rule 25 of the Rules of Procedure, on a single designation for the Community process and for the institutions (Doc. 221/77),

President

which has been referred to committee.

3. Appointment of Members of Parliament

President. — On 15 August 1977, the Danish Parliament renewed its delegation to the European Parliament.

The following were appointed :

Mr Holst, Mr Andersen, Mrs Dahlerup Andersen, Mr Dinesen, Mr Kofoed, Mr Stetter, Mr Jakobsen, Mr Nyborg, Mr Jensen and Mr Petersen.

At its meeting of 22 June 1977, the Bureau, pursuant to Rule 3 (1) of the Rules of Procedure, verified these appointments and made sure that they complied with the provisions of the Treaties. It therefore asks the House to ratify these appointments.

Are there any objections ?

These appointments are ratified.

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

4. Membership of committees

President. — I have received

— from the Liberal and Democratic Group, a request for the appointment of Mr Damseaux to the Committee on Economic and Monetary Affairs, and

— from the Christian-Democratic Group, a request for the appointment of

— Mr Dewulf to the Committee on Agriculture and the Committee on the Rules of Procedure and Petitions,

— Mr Verhaegen to the Committee on Energy and Research and the Committee on Budgets, and

— Mr Deschamps to the Committee on Economic and Monetary Affairs, the Committee on Development and Cooperation and the delegation of the European Parliament to the ACP-EEC Consultative Assembly.

Are there any objections ?

These appointments are ratified.

5. Procedure without report

President. — During the sitting of Monday, 4 July 1977, I announced to the House the proposals from the Commission to the Council to which it was proposed to apply the procedure without report laid down in Rule 27A of the Rules of Procedure. Since no Member has asked leave to speak and since no amendments have been tabled, I declare these proposals approved by the European Parliament :

— Proposal from the Commission to the Council for a regulation on imports of olive oil originating in the Lebanon (Doc. 111/77),

— Proposal from the Commission to the Council for a regulation extending for the sixth time the system of temporary partial suspension of the Common Customs Tariff duties on wine originating in and coming from Turkey provided for in Regulation (EEC) No 2823/71 (Doc. 112/77);

— Proposal from the Commission to the Council for a Council directive amending for the first time Council Directive No 76/118/EEC on the approximation of the laws of the Member States relating to certain partly or wholly dehydrated preserved milk for human consumption (Doc. 124/77);

— Proposal from the Commission to the Council for a decision modifying the Decision of 22 July 1975 concerning a programme of pilot schemes and studies to combat poverty (Doc. 182/77);

— Proposals from the Commission to the Council for :

— a regulation amending Regulations (EEC) Nos 3035/76 and 3036/76 opening, allocating and providing for the administration of Community tariff quotas for dried figs and dried grapes falling within subheadings ex 08.03 B and 08.04 B I of the Common Customs Tariff, originating in Spain (1977);

— a regulation amending Regulations (EEC) Nos 3032/76, 3033/76 and 3034/76 opening, allocating and providing for the administration of Community tariff quotas for certain wines falling within subheading ex 22.05 C of the Common Customs Tariff, originating in Spain (1977)

(Doc. 193/77).

6. Regulations on trade with Malta and Cyprus

President. — The next item is a vote without debate on the report by Mr Spicer (Doc. 206/77), on behalf of the Committee on External Economic Relations, on the proposals from the Commission to the Council for :

I. a regulation extending the arrangements applicable to trade with Malta beyond the date of expiry of the first stage of the Association Agreement ; and

II. a regulation extending the arrangements applicable to trade with Cyprus beyond the date of expiry of the first stage of the Association Agreement.

Does anyone wish to speak ?

I put the motion for a resolution to the vote.

The resolution is adopted.¹

7. Regulations on Cooperation Agreements with the Mashrek and Maghreb countries

President. — The next item is a vote without debate on the report by Mr Kaspereit (Doc. 201/77), on behalf of the Committee on External Economic Relations on the proposals from the Commission to the Council on seven regulations on the safeguard measures provided for in the Cooperation Agreements and Interim Agreements between the European Economic Community and

¹ OJ C 183 of 1. 8. 1977.

President

- the Arab Republic of Egypt
- the Hashemite Republic of Jordan
- the Syrian Arab Republic
- the Lebanese Republic
- the Kingdom of Morocco
- the People's Democratic Republic of Algeria
- the Republic of Tunisia.

Does anyone wish to speak?

I put the motion for a resolution to the vote.

The resolution is adopted.¹

8. *Regulation on tomato concentrates
and peeled tomatoes*

President. — The next item is the report by Mr Lemp (Doc. 217/77), on behalf of the Committee on Agriculture, on

the proposal from the Commission to the Council for a regulation amending Regulation (EEC) No 522/77 laying down special provisions applicable to trade in tomato concentrates and to peeled tomatoes between the Community as originally constituted and the new Member States.

I call Mr Hughes.

Mr Hughes, deputy rapporteur. — Mr President, I trust Parliament will understand that in certain parts of the United Kingdom the thought that this Parliament should debate tomato concentrates and peeled tomatoes is used as an example of how we appear to be debating unimportant issues. I would start this debate by pointing out that, far from being unimportant for a large number of people and in very many crucial areas, tomato concentrates and peeled tomatoes are one of the most sensitive products this Community has to deal with. And when one looks at the possibilities of enlargement and the dangers involved therein, anyone who underestimates the importance of tomatoes in the relevant negotiations does so at grave risk.

When the three new member countries were joining the Community, the problem was arranged so that up to the end of this year the three new members should be able to import these products from third countries at a lower minimum import price. For the present period ending 30 June, the minimum price has been 64 u.a. per 100 kg in the original Six and 48 u.a. for the three new members. Over the last few months it has become quite clear that these arrangements have allowed a loophole to develop whereby the United Kingdom in particular is importing tomato concentrates from third countries at a price far below that which members of the Six are required to pay, and is then re-exporting the said concentrates to the original Six. This is clearly not the intention of the original derogation, nor can it be suffered to continue indefinitely. This particular proposal is concerned with stopping that loophole and preventing the abuse of a

necessary derogation on behalf of the three new Members.

But before dismissing it as merely that, I would like to draw the attention of this House to one of the major difficulties. One of the public-health requirements for the importation of tomato concentrates into the United Kingdom, as with the United States of America, Canada and the Scandinavian countries, is that on what is called the Howard mould count, there should be not more than fifty units per millilitre, whereas for the remainder of the Community, the public health standard is eighty units. Britain thus has a more stringent public health requirement, which means that no matter how much surplus tomato concentrate is available on the internal Community market from Italy, no British importer is permitted to import it from that source. This creates a great difficulty, because although there is the appearance of a surplus it is not a surplus to which Britain, under its public health regulations, has any real access. Therefore, whatever the minimum import price for the original Six, it is impracticable to compare the two products. There are also other difficulties regarding the ownership of canning factories in Portugal, Morocco, Greece and so forth, which means that by the use of multinational price transference, certain arrangements can be made which also bedevil any attempt to impose a minimum import price structure.

In recommending this report to the House, I would ask it once more to recognize that over the coming years, when we are negotiating with Greece, Portugal and Spain as to their possible entry, tomato concentrates will represent, for Mediterranean agricultural policy generally, about the most sensitive issue of all. Having said that, I recommend this report to the House.

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

Mr Ligios. — (I) Mr President, on behalf of the Christian-Democratic Group I should like to thank the rapporteur, Mr Lemp, and also Mr Hughes, who has deputized so brilliantly for him, for the clear explanation we have been given and above all for the speed with which this report has been put before our Parliament for its consideration. I should also like to thank the Commission and the Council for the promptness with which they have got to grips with this problem, which might otherwise have been frittered away over the years.

As the rapporteur has very wisely pointed out, what we are doing here is amending a faulty regulation which fixed two Community minimum import prices for tomato concentrates and peeled tomatoes, such that the difference between the two prices in units of account per 100 kilos was a fairly sizeable one. Clearly it might have been foreseen that this would set up a

¹ OJ C 183 of 1. 8. 1977.

Ligios

flow of imports into the Six from the other three countries, particularly from the United Kingdom, in view of the fact that the difference between the two prices amounted to 16 u.a.

We feel that these problems might have been foreseen from the outset, thus enabling consequences of this kind to be avoided. Indeed, Mr President, these consequences are rather serious, because we have been informed that in May the volume of imports of tomato concentrates in respect of which applications were received by the Commission, mainly from Portugal but also from other third countries, increased by about 35 %, while the number of applications went from 18 000 to 27 200. To make matters worse, this is an extremely delicate sector. Last year the production of tomatoes, which is a matter of particular concern to Italy, gave rise to protests which, on the one hand, led to enormous quantities of this product being destroyed and, on the other, forced the Community to intervene, bringing Community stocks up to a level of 60 000 tonnes, which has now happily been reduced to a figure of 20 000 tonnes.

I feel that if we extend the monetary compensatory amounts applied to imports from the three new Member States to the original Six to products originating in third countries and passing through the three new Member States, we should have done enough. However, this is a delicate question, and we are grateful to the Commission which has tried to resolve it speedily, even though we are aware that the problem will have resolved itself by 31 December, on which date the transition period will expire and the minimum price will be the same in all nine countries.

We should like to take the opportunity, however, to call attention to all regulations of this kind, so as to prevent disturbances of the kind that have arisen in this context.

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

Mr Liogier. — (*F*) Mr President, ladies and gentlemen, the Community market in peeled tomatoes and tomato concentrates has considerable surpluses and is going through a serious crisis. This is not a minor problem, as the rapporteur has just stressed. It is much more important than its name might suggest, particularly as it will serve, once again, as an example or rather, as a bad example which should not be followed. As regards peeled tomatoes, stocks at the end of the agricultural year are likely to be around 200 000 tonnes, stocks of concentrates being around 60 000 tonnes.

To remedy this situation, the Commission has already taken three sets of measures aimed at increasing exports to third countries, increasing Community production as opposed to low-priced exports from the

Mediterranean countries and increasing intra-Community trade. But the Community again finds itself facing domestic problems which must be solved as rapidly as possible. As you know, there is no single minimum price for the Community as a whole. For the three new members, the price is lower than those in the six original Member States of the Community. It has, however, been noted that this difference is leading to a considerable increase in exports to the Six of tomato concentrates originating in the three. Indeed, products originating from third countries such as Portugal and imported mainly into Great Britain are later reexported to the other Member States to take advantage of the lower minimum prices.

This situation is abnormal in that it distorts Community trade as a whole. Community producers must therefore be protected against these activities by putting a stop to such speculative manoeuvres, which are jeopardizing their existence by taking advantage of loopholes in the Community rules.

There are two reasons for taking such action. The first concerns the sector involved as such. Tomato derivative products remain one of the most sensitive areas in the Community. Although the level of Community stocks has fallen considerably since last year, the situation remains very difficult. Pressure from exporting countries, Greece and Portugal in particular, is likely to jeopardize Community production and to increase tension between producers of fresh tomatoes and the processing industry. More generally, we regret that competition is being distorted by certain Members of the Community importing larger quantities from third countries. This situation is an incentive to deflection of intra-Community trade. This can arise since internal customs do not require a certificate of origin and do not possess the means of checking on the real origin of these products.

This is because the rules governing the determination of origin in intra-Community trade are not defined with any degree of exactitude with the result that they are not applied, whereas, in relations with associated countries, both in Europe and in Africa, there are rules which govern trade between the EEC and the associated States and the process of liberalization of products not covered by bilateral agreements varies widely from one country to another. To remedy this situation, intra-Community trade must be subject to rules whose definition is at least as precise as that adopted by the EEC in its association agreements for the origin of products. Furthermore, the EEC should devise and implement a genuine common commercial policy.

In conclusion, the Commission must be constantly on the alert, as mentioned in Mr Lemp's excellent report, to prevent any further disturbances of the common market. The first proposal put before us is that of a compensatory amount with respect to third countries.

Liogier

We accept this first proposal but we recognize that the problem will have to be reexamined in the future in a more general way within the framework of a new European commercial policy.

President. — I call Mr Lange.

Mr Lange. — Mr President, I do not wish to comment on this subject but would merely like to draw attention to an unacceptable situation.

My remarks are mainly addressed to the Commission. The Commission must plan its work in such a way that this Parliament and its committees do not have to spend valuable time on unnecessary detail. Normally, the Committee on Budgets would also have had to deliver an opinion on this subject, which it has not done, for reasons I already explained when we were discussing hops; and I assure you — we shall be raising this again in Parliament — that we shall not go on putting up with the Commission's incompetence in submitting documents which are subject to deadlines. That is just not acceptable, because it puts a strain on the whole of Parliament.

I hope that the Commission itself will consider this matter, so as to overcome the difficulties which it brings on itself as well as Parliament.

President — I call Mr Brunner.

Mr Brunner, Member of the Commission. — (D) Thank you for that last remark, which I have noted. It is of course highly undesirable for Parliament to be asked to deliver an opinion at the last minute because compulsory expenditure is involved and the documents are not provided in good time.

The aim here is to introduce a compensatory amount; it is not to affect prices in the three new Member States of the Community. I am glad that you support this measure in your opinion. We must of course avoid any price distortion, and we have simply taken the necessary action. The whole thing applies only for a limited time, i.e., until the end of the transitional period. Thank you very much for your support.

President. — Does anyone else wish to speak?

I put the motion for a resolution to the vote.

The resolution is adopted.¹

9. Fifth financial report on the EAGGF

President. — The next item is the report by Mr Albertini (Doc. 190/77), on behalf of the Committee on Budgets, on

the fifth financial report on the European Agricultural Guidance and Guarantee Fund, year 1975.

I call Mr Albertini.

Mr Albertini, rapporteur. — (I) Mr President, in presenting on behalf of the Committee on Budgets the fifth financial report on the European Agricultural Guidance and Guarantee Fund for 1975 there are a few brief points I should like to make.

The thinking behind the points I am about to make is in line with that repeatedly emphasized by the Committee on Budgets and reflects in a certain sense its constant and firm beliefs. It seems to me that our first duty should be to give due credit to the Commission of the European Communities for all the information contained in the financial report. But this alone is not enough. In addition to analysing the various items in the accounts, solutions should be proposed to the various problems, and some comparison should be made between what has actually been achieved and the Commission's stated aims when submitting its annual budget, and I should like to recommend that this be done in future.

The importance of this financial report lies in the fact that about 75 % of all the funds available under the Community's budget are spent on agriculture, and the aim of the financial report is, or at least should be, to provide the institutions concerned with an overall view of the financial problems involved and of the previous year's budget in order to enable judgment to be passed on the various points at issue and the necessary improvements to be suggested. The financial report we are considering centres around four main points.

The first is the expenditure resulting from the common policy on markets and agricultural prices — Guarantee Section, the second is the financing of the Community policy for improving agricultural structures — Guidance Section, the third is the supply of agricultural products as food aid and the fourth is the elimination of irregularities. Broadly speaking, it may be noted that the financial report, the contents of which are purely descriptive, does not make the comments that should be made on the issues involved, particularly on the establishment of a link between the administration of expenditures and the programming aspects announced by the Commission in connection with the common agricultural policy at the time of presentation of the budget.

If it is to be accurate and effective in giving an overall picture of the position, the financial report should clearly specify the real facts, their causes, the solutions envisaged and actually achieved and the shortcomings detected and should give a sober and objectively critical assessment of the situation in order to provide Parliament with the information it needs to pass full and accurate judgment on the report, enabling it to act on the observations made on the guidelines and solutions to the problems involved.

¹ OJ C 183 of 1. 8. 1977.

Albertini

I should like to go on now to take a closer look at the various items. On the Guarantee Section of the EAGGF, the purpose of which is to finance expenditures relating to the policy on markets and agricultural prices, including refunds on exports to third countries, the following points must be made.

The first point has to do with the practice of having recourse to a series of regulations implementing the basic regulations on the organization of the markets for various agricultural products, which call for Community expenditures not specified in the annual budget. This prompts the question as to what limits are set to the Commission's discretionary powers when taking action in this sector. Furthermore, in view of the fact that as from 1978 the general budget will, we hope, be financed entirely from own resources, is the Council alone to be competent, or must not Parliament also be competent to decide on implementing regulations with direct financial implications? Finally, will it not be advisable that the Council should act together with Parliament in fixing the amount of the expenditures arising from each regulation as well as the revenues to be earmarked to meet these expenditures?

No one will have failed to notice the contradiction involved in providing financial support for markets while at the same time granting aids to increase production of goods that are in direct competition.

It is quite clear that the Commission cannot simply confine itself to tolerating the spontaneous movements of the market in this sector and applying simple corrective measures. Its task is to guide, foresee and regulate by means of a rational programme of action, because its policy on agricultural markets is in a certain sense a structural policy or at least has an influence on structures.

In its report for 1975 the Control Subcommittee pointed out that while the Guarantee Section financed the distillation of surpluses of table wine to the tune of 102 million u.a. appropriations from the Guidance Section were used to finance three projects aimed at encouraging the production of ordinary wine.

The basic question in the agricultural sector is the administration of a single market, the equilibrium of which will be assessed on the basis of criteria taking into consideration the diverse realities of the agricultural situation, which vary greatly from one country to another within Europe.

To sum up then the criticisms that may be levelled at the Guarantee Section are as follows :

(1) the often summary nature of budgetary estimates ;

- (2) the overall allocation of appropriations in the budget for agricultural market policy, when what is needed is entries fulfilling the criteria of budgetary specificity and transparency ;
- (3) the regular use, consistently condemned by the Committee on Budgets, of supplementary budgets, even to finance expenditure that is foreseeable at the start of the financial year ;
- (4) the insufficient utilization of funds available under the headings included in the draft budget ;
- (5) excessive carry-overs between financial years ;
- (6) the absence of parliamentary control over, or participation by Parliament in, budgetary decisions made in the course of the financial year which substantially alter the initial entries.

As far as the Guidance Section is concerned, the first comment to be made on the common measures is that there has been no implementation of the principle laid down in Regulation No 729/70, whereby a transition was to be effected from a sectoral policy centred on aids to individual projects to a genuine structural policy based on common measures.

It is clear from the report we are considering and from the figures set out therein that after five years this transition is far from being a reality. The same figures prove that the agricultural structures policy is still being run by the Member States, something which obviously has an adverse effect on that revitalization of the Community spirit towards which all our efforts should be directed.

It is also clear from the report that many applications have been refused, even though in general there is a real need for this form of financing, which, however, should be integrated into an effective structural policy.

This brings us to the part of the report dealing with 'inspections and irregularities'. This is very important, since it is on the basis of these inspections that the Commission is enabled to take decisions on such matters as the annual clearance of accounts for the Guarantee Section and the allocation of aid or payments under the Guidance Section. On the matter of inspections under the Guarantee Section it is incumbent on us to point to the considerable delays to which they were subject, due possibly to shortage of staff. Nevertheless, we would be remiss in our duty if we failed to appreciate the positive results achieved by on-the-spot inspection and by checks aimed at deepening our understanding of certain specific problems and providing guidelines for measures and actions to be taken in the future. As far as the Guidance Section is concerned, there is a fall in the number of inspections, which the Commission explains by saying that its staff were engaged in examining applications for

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payment. This shows that whenever the administrative burden increases, the work of carrying out inspections falls off proportionately.

It is difficult to access the effectiveness of these inspections as a whole. However, no one can have the slightest doubt about the need for on-the-spot inspections, and for these the Commission should have a sufficient number of highly qualified officials.

The basic instrument for eliminating irregularities is Regulation No 283/72, which so far has given fairly satisfactory results. There is, however, a tendency for irregularities to be on the increase, particularly in the cereals, beef and veal and milk products sectors. In the Guarantee Section 139 cases of irregularities were detected in 1975 involving 2.3 million u.a., while in the Guidance Section 100 cases of irregularities were detected involving 382 000 u.a.

Finally, a few words on the financing of food aid. The budget system in this sector is identical in all respects to that of the EAGGF's Guarantee Section. Since 1 January 1975 it has been governed by Regulation No 2681/74, which lays down a uniform financial system for all products intended for food aid.

It may be pointed out that the financial report gives an incomplete picture of the accounting situation in this sector, inasmuch as expenditure relating to refunds is not shown in the chapter on food aid. The result is that there seems to be a difference between the estimates and the final figure, which is explained by transfers carried out in supplementary budget No 3/75. When debating the adoption of this supplementary budget, Parliament sharply criticized a transfer in favour of beef and veal producers and said that these methods smacked of 'legalistic conjuring tricks'.

In this connection it should be pointed out that, in accordance with the amendment proposed by Parliament to Article 113 (4) of the Financial Regulation, the budget authority will, in future, have to control movements of appropriations between the food aid and Guarantee Sections, in order to prevent insufficiently broad lines of demarcation between these two parts of the budget from inhibiting a food aid policy separate from the policy of market support.

These then are the points I wish to make on behalf of the Committee on Budgets. I thank the Assembly for its attention and I would recommend that this report and the motion for a resolution submitted on behalf of the Committee on Budgets be adopted.

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

Mr Liogier, draftsman of an opinion. — (F) Mr President, since our colleagues will certainly have read the report by our committee, which was attached to Mr Albertini's, I shall confine myself to listing its conclusions.

The Committee on Agriculture once more deplors the fact that the amount earmarked for the Guarantee

Section is sixteen times greater than the amount for the Guidance Section, although the market support policy constitutes only a small proportion of the Community's gross domestic product. The Committee on Agriculture considers that agro-monetary expenditure — which represents 8.6 % of the Guarantee Section's expenditure in the case of monetary compensatory amounts alone and 8.6 % in the case of 'accession' compensatory amounts — is far too high. In this connection it believes that, with a view to abolishing these compensatory amounts, it would be advisable to earmark equivalent amounts either for the improvement of the agricultural structures proper or for the elimination of regional disparities by making these appropriations available to the Social Fund or the Regional Development Fund, since only structural measures can in the long term combat the inflation which is threatening the common agricultural market and hence the Community's survival.

The committee also deplors the delay in clearing the aid granted in certain Member States. It therefore welcomes Regulation (EEC) 3171/75 which stipulates, in Article 2, that the sums that remain unused, either because the beneficiary has abandoned the project or because the work has not been commenced within two years of notification of the decision, shall be used to finance other projects. The unused funds can thus be used to improve agricultural structures, which will undoubtedly represent a saving for a given financial year.

The committee, on the other hand, welcomes the extension of the checks carried out by the Commission departments and the work of the Special Committee of Enquiry. It considers that the European Parliament should be notified of all conclusions reached by the Commission or the Special Committee of Enquiry as a result of these enquiries so that it can exercise its control responsibilities as effectively as possible. It therefore welcomes the section of the Fifth Financial Report relating to the investigation of irregularities, particularly in the beef and veal sector, which usefully complements the report by the Special Committee of Enquiry on this sector. It also feels that it should be informed as soon as possible of all conclusions that the Commission might draw from the reports of the Special Committee of Enquiry so that Parliament can obtain a clear picture of the difficulties encountered by the Commission in the management of the various sectors of the common agricultural policy. The committee feels that measures to combat fraud should be extended and urges Member States to step up their cooperation in this field. Indeed, quite apart from the financial implications which are, after all, negligible — 0.04 % of the Guarantee Section's expenditure — it is essential to combat irregularities, since they are prejudicial to the image of the common agricultural policy and hence of the Community itself.

As regards food aid, the committee notes that advances accounted for a sum of 184 520 205 u.a. and

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expenditure 163 979 335 u.a., i.e. the percentage utilized was 89 %, 2 % higher than in 1974. Thus it welcomes the fact that the Community is stepping up its operations in this field, in the interests of solidarity with the poorest countries in the world. Nevertheless, it considers that the use of the aid by the recipients should be more closely controlled to ensure that Community funds are being utilized to the best possible effect and that the ultimate beneficiaries of the aid, namely the peoples of these countries, are actually receiving and deriving the maximum benefit from the food aid paid for by the European taxpayer. The Committee on Agriculture therefore welcomes the submission of an annual financial report on the EAGGF which provides a picture of the management of the most important Community fund in terms of the expenditure involved and the effect that the Community funds placed at the Fund's disposal have on agricultural policy.

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

Mr Früh. — (*D*) Mr President, after the detailed statements by the rapporteur of the Committee on Budgets and the draftsman of the Committee on Agriculture's opinion, I think I can be very brief and confine myself to adding just one point. I think it is a great step forward — and one worth pointing out — that the period elapsing between the financial report and the period covered by it is getting shorter. I remember when I first came here the first financial report was brought out and referred back to a period several years before. Thanks to great efforts by the Commission, it has now become possible for the financial report to cover a period which we still remember. This shows us how time flies. Every year, the agricultural policy situation is different and this is why it is absolutely essential that this House should be told how the money has been spent. 70 % of the budget — as we are told over and over again — is spent on agriculture, though it must also be borne in mind that the agricultural policy is the Community's only integrated policy.

In this connection I should like to open a brief parenthesis to say that I am fully aware of the difficulties involved in producing this financial report. We should urge the member countries to submit their information by the appointed deadline so that the report can be brought out on time.

Now, as everyone knows, the Guarantee Section receives the lion's share. This section covers intervention buying and export refunds, which are logical consequences of the agricultural policy. Now, I should like to mention a point which will also come up again later. We are told repeatedly that expenditure far exceeds forecasts; indeed, in the period covered by the report it rose 10 %. This increase is due to the

increase in agricultural prices. Everyone knows that there is going to be a farm price increase during the year. I would therefore appeal to those concerned to make allowance in the budget for the increase likely to be agreed upon during the farm price negotiations. We should then be spared such increases.

Another thing which could not of course be predicted in the same manner was the increase in monetary compensatory amounts which in this financial report was about 195 % between 1974 and 1975. We do not need to go into details on this matter since it is something which has already been discussed and we now have an excellent report on it for which I am very grateful.

Public opinion is, I think, particularly concerned about one point and this is something which should be more clearly understood by Parliament. Every time a financial report is published, complaints are made about the imbalance between the Guarantee Section and the Guidance Section. It is considered intolerable that so much should be paid out on intervention, export refunds and market imbalances and next to nothing on structural improvement. It must be realized however, that structural policy is still chiefly in the hands of the member countries and I wonder whether it is not in fact better for structural policy to be taken care of by those most familiar with actual circumstances. I am also convinced that structural policy was bound to make slower progress because structural policy in agriculture and overall economic growth are directly correlated and everyone knows that in recent years the positive influence of economic growth on agricultural structural policy has been blocked and slowed down, and that is certainly a crucial factor.

I would make one criticism, however. There is no reason why the Guidance Section should not use the available resources when such a large number of individual projects designed to improve market structures and other such things in agriculture have been submitted. It is really reprehensible that only 750 individual projects have been subsidized while almost twice as many have been approved.

Of the 234 million units of account available one million have been mobilized to improve structures.

I think everyone realizes that we must insist on more intensive investigation, but we also realize that this raises a staff problem and we must give our approval to the creation of extra posts.

In view of the lateness of the hour I shall close by explaining my amendment now in order to save time later. Paragraph 5 of Mr Albertini's motion for a resolution is of course basically acceptable. It states that, in view of the imponderables in the agricultural sector, the necessary expenditure and revenue should be fixed on an annual basis in the budget estimates.

Früh

We feel that this wording might give the impression that as soon as the budget has been adopted there is no further possibility of pursuing agricultural policy in the manner desired by the Community, in the context of subsequent price negotiations — which are also a political event and at which prices are fixed on the basis of cost trends. For this reason and in order not to block prices from the outset, and though we realize that it is for example impossible to predict costs in the coming harvest, we should like to supplement this paragraph by stating that these estimates must not be allowed to interfere with the normal application of the market prices decided on by the Council. I request the House to adopt this amendment.

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

Mr Vitale. — (*I*) Ladies and gentlemen, I feel that Mr Albertini and Mr Liogier have said more or less all that there is to say. I shall confine myself therefore to making a few very brief points.

On this last day of the part-session, which like all Fridays is a rather special kind of day, I feel that there is no point in going back again over all the mistakes and contradictions of the agricultural policy, the enormous amounts of money it swallows and the imbalances it produces. These are matters that are well known to all of us and that we have been discussing over the last few days.

As other colleagues have already pointed out, the main thing that needs to be stressed in this chamber is that by its practice of making appropriations during the financial year according as various circumstances require, plugging economic gaps by allocating monies not provided for in the estimates and transferring resources from one heading to another within the budget, the Commission is depriving Parliament of its major power, which is that of controlling the Community budget. In our opinion, this is a very serious matter, inasmuch as it constitutes an undermining of the institutional machinery and a retrograde step for the entire construction of Europe, not only on the technical level but also on the general political level.

Since any discussion on budgets serves also for future reference, I think that we must say quite clearly that Parliament cannot accept budgets that exceed, often by considerable amounts, the estimates worked out at the cost of much toil and trouble over months of discussions I feel that this point of view must be forcibly impressed on all concerned during the forthcoming meetings between Parliament, the Commission and the Council.

The advocates of a market economy claim that economic disturbances can always give rise to unforeseeable situations, and Mr Früh is right when he says

that a certain budgetary flexibility is needed. However, this point raises a problem which is not so much a technical one as a political one. In our opinion the budget can never be put on a serious footing until such time as the Community works out proper programmes for the production and utilization of our own agricultural resources so as to gradually match supply to demand in the matter of food products. It must devise a better and more accurate system for forecasting harvest and price trends at world level and work out its own policy with regard to reserve stocks so as to prevent speculate manoeuvres. Unfortunately, the financing of surpluses imposes a burden which makes it impossible to pursue any genuine policy in regard to maintaining food reserves, while the budget is tossed about like a small ship on the ocean waves by the storms raging on the world markets.

One wonders also to what extent it might not have been possible to foresee the sugar shortage that came about at the end of 1974, on which we spent about 200 million u.a. 177 of them from the 1975 budget. Sugar was bought up to such an extent that it practically disappeared from the market. The Commission admits this much in its general report, yet it does not give one word of explanation as to how or why this cornering of the market in sugar came about.

In cases like this, there is no point on blaming it on the housewife who runs out to buy a few pounds of sugar! Behind things like this you will almost always find largescale operations carried out by international speculators and tactical moves on the part of multinational companies operating in the sugar sector.

These manoeuvres could have been thwarted if the Commission had then had at its disposal, as it has today thanks to the intervention of Commissioner Gundelach, reserve stocks equivalent to 10 — 15 % of its total requirements. Instead of that, we preferred to pay out a sum of money that could have been spared and that was not much lower than the total amount spent in 1975 in financing agricultural restructuring projects under the Guidance Section — I mention this by way of example. And the only reason for this was that we failed to foresee events that were eminently foreseeable. This was a real case of wilful waste, but it was only the logical consequence of a blanket imposition of the present prices support policy, which has nothing whatever to do with a real agricultural policy.

The waste was all the greater if we remember that in the course of that same financial year, i.e. 1975, further sums had to be spent in the form of premiums for the extraction of sugar from molasses. These are contradictions that are hard to grasp, not only for the man in the street but for anyone with any elementary knowledge of economic science. In the same way it is hard to explain why 274 million u.a. were granted in 1975 for the slaughter of cows while 81 million u.a.

Vitale

were being spent at the very same time to keep cows alive.

This is neither the time nor the place to go into the whole question of the agricultural policy and its merits. It should, however, be pointed out that whereas these problems are squarely faced in the report of the Committee on Budgets, they are less clearly outlined in that of the Committee on Agriculture, possibly because the latter committee is less given to self-criticism.

One final point with regard to the EAGGF's Guidance Section: out of 1 077 applications for financing submitted by the beginning of 1975 only 766 were granted, little more than a third of these coming from the poorer regions of the Community, namely, Ireland and Italy. The striking feature in this context is not only the extremely meagre sums assigned to structures — it is impossible to have a proper structures policy as long as we persist with this prices policy — but also the need for a radical overhaul of the EAGGF in the sense that financing from the Guidance Section must be seen as aids for wide-ranging regional and social programmes. There must be genuine coordination in the deployment of the EAGGF, the Social Fund and the Regional Fund. There are encouraging indications along these lines in the statements made by Mr Jenkins, President of the Commission.

These, ladies and gentlemen, are the few simple and brief points we wish to make with regard to the EAGGF's finances for 1975. If our criticisms seem severe, it is not because we have any wish to indulge in recriminations over what is past and gone, but so that lessons may be drawn for the future.

President. — I call Mr Brunner.

Mr Brunner, Member of the Commission. — (D) Mr President, Parliament made a valuable contribution to the preparation of the fifth financial report. Now that we are preparing the sixth financial report we are grateful for your suggestions. Any useful suggestions will be included in the report.

I should like to thank Mr Albertini in particular for the work he has done. In the position you outlined and in the discussion which has taken place today you have concentrated on five points — market policy, forecasts for the Guarantee Fund, the matter of excessive spending distortions and irregularities, the organization of the Guidance Fund and finally the question of food aid. On each of these matters you have made a number of suggestions which we have taken note of and will use.

As far as market policy is concerned you will have noticed that the Commission has for some time been attempting to achieve certain improvements. We have now at last succeeded in persuading the Council that the participation of the producer is also an important matter. As from next September such participation

will exist. We have also succeeded in making an initial step towards improved coordination of the financial instruments.

We have also made a certain amount of progress as regards improved forecasts in respect of the Guarantee Fund. If you look at the forecasts in the 1978 budget you will observe that they are far more transparent than in previous years. This is partly due to your own efforts. Your suggestions are taken note of and used by the Commission.

Finally, you rightly attach particular importance to the problem of irregularities. Given the wide variety of measures and the differentiated application of support measures in the agricultural sector it will never be possible to completely eliminate irregularities. However, we and the national governments have together detected a large number of irregularities. We detected 258 such irregularities in the past year. We are now in the process of commissioning a management institute to investigate this so that we can have a better idea of the causes and take more suitable measures to prevent such irregularities. Finally, the Council has adopted a directive which will ensure that irregularities are combatted more effectively. I think that taken together all these measures show that despite inevitable failings the instruments available in this area are being used optimally and irregularities are being combatted as effectively as possible.

You rightly complain that the Guidance Fund still plays a comparatively insignificant role compared to the Guarantee Fund. The Commission is aware of this. If you look at the forecasts for 1978 you will observe that for the first time the 500 million u.a. mark has been exceeded. This means that in the future, in order to safeguard the financing of the Guidance Section, we shall have to have recourse to the Mansholt reserve. Thus a dynamic process is operating here, and indeed it is operating along the lines proposed by this Parliament.

You voiced some criticism in connection with food aid, and rightly so. It is true that so far the relevant funds have been entered under two different titles in the budget. While the value of products at world prices was entered in the 'food aid' section, the export refund appears under guarantee'. That is not a good solution. Nor is it desirable from the point of view of transparency. We shall therefore alter this. In future nothing related to food aid will appear again under the title 'guarantee'. This will all be brought under the title 'food aid'. The Commission will also present the necessary proposals for regulations to ensure that the legal measures necessary to put an end to this procedure are taken.

I repeat my thanks to the various speakers, the rapporteur in particular. Thank you for your attention.

President. — The general debate is closed.

President

We shall now consider the motion for a resolution.

I put to the vote the preamble and paragraphs 1 to 4.

The preamble and paragraphs 1 to 4 are adopted.

On paragraph 5, I have Amendment No 1, tabled by Mr Früh on behalf of the Christian-Democratic Group and adding the following words at the end of this paragraph :

... but these estimates must not be allowed to interfere with the normal application of the market prices decided on by the Council ;

What is the rapporteur's view ?

Mr Albertini, rapporteur. — (I) I accept both the observations and the amendment.

President. — I call Mr Lange.

Mr Lange, Chairman of the Committee on Budgets. — (D) Mr President, I am afraid I must disavow the rapporteur: he cannot be in agreement with this amendment. If I did not know Mr Früh, I should suspect this amendment to be prompted by impure motives. I stress 'if I did know Mr Früh', because to anyone who does not know him this amendment means we don't care a fig about the budget, all we are concerned about is the operation of agricultural prices, whereas we must be aware of the fact that agricultural prices constitute only *one* of the instruments of agricultural policy according to the Treaty.

Having said this, I would point out that this House has attempted umpteen times, and will have to keep on attempting to reach reasonable solutions in matters related to the agricultural budget. We entered an amount of 200 million u.a. in Chapter 100 — i.e. the reserve chapter, from which transfers can be made — of the 1977 budget. We made a similar proposal in the 1976 budget which was rejected by the Council. We must continue what we began in 1977, i.e. we must enter a certain margin of reserve appropriations which should make it possible for both the budget and the decisions which the Council is obliged to take at a later date on agricultural policy and agricultural price policy to operate successfully. I think we should agree to use the budget in such a way as to put into effect the principles which this Parliament has repeatedly emphasized, i.e. that of budgetary veracity and clarity and that of the need to avoid supplementary budgets as far as possible. What I am about to say now is based on the position adopted hitherto by the Committee on Budgets and I think I can say it on behalf of the Committee on Budgets irrespective of the perhaps somewhat premature statement by the rapporteur, because this text might lead the unbiased reader to draw the conclusions I have outlined above. In the resolutions they have taken so far, the Committee on Budgets and Parliament as a whole have adopted a definite line in Budgetary policy and we cannot just throw this overboard or distort it,

which we would be doing if we adopted the amendment that has been proposed. We did not blame the agricultural policy for certain problems in connection with monetary compensatory amounts which were due to the shortcomings of economic and monetary policy, but regarded them as separate matters. The mover of this amendment, who is himself also a member of the Committee on Budgets and was involved in drawing up all these resolutions — and I don't mean just in connection with the report under consideration, but with reference to the budgetary policy as a whole — ought to show similar trust, and agree with us to attempt, in the context of the budgetary procedure, in Chapter 100 or in some other suitable form, to keep the structure of the budget operational, in the light of probable agricultural price decisions. In other words, Mr Früh, we do not need this additional sentence; indeed I think it constitutes an extremely dangerous statement as far as budgetary policy is concerned. You know very well that we want both an operational budget and an operational agricultural policy, but that problems arise in the context of the budgetary procedure which I am convinced can be solved by the measures I have outlined here today. I therefore request you to withdraw your amendment, Mr Früh, so that our position can be based on the explanations we have given on this matter today.

President. — I call Mr Früh.

Mr Früh. — (D) Mr President, the remarks made by the chairman of the Committee on Budgets, to which I should reply in the same manner in which he began, i.e. by saying 'if I did not know Mr Lange', prompt me to make a few remarks to prevent any misunderstanding.

As it stands, Mr Lange, paragraph 5 of the motion for a resolution can also give rise to certain misunderstandings in the same way as the amendment tabled by myself and the Christian-Democratic Group, and in either case this is something which we naturally do not want.

In view of the comments you have just made, I do not have any objection to withdrawing my amendment. You said quite clearly — and we can now quote you on this — that we must make allowance for the imponderables of the agricultural market by means of Chapter 100 in the budget estimates. But Mr Lange, we shall also have to insist on having a reserve for all the imponderables which we cannot write off — changes in world market prices, increased costs, exchange rate fluctuations and so on, for which the farmers and the agricultural policy are not responsible — and — this is the crucial point — we cannot tolerate the Council's deleting this reserve and then complaining the following year that yet larger sums are being demanded. Subject to this condition, Mr Lange, and in the light of what you have clearly stated as chairman of the Committee on Budgets, i.e. that

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the imponderables of the agricultural market, for which allowance cannot be made in the budget estimates, should be taken into account in the form of a reserve in Chapter 100, I think I can withdraw this amendment, both in a personal capacity and also on behalf of my group. The remarks we have made should be included in the explanatory statement on paragraph 5 as it stands in this motion. If it were possible to table oral amendments I should like to have two sentences inserted at that point; the explanation would then appear in the relevant paragraph itself. However, I accept the observations made by the chairman of the Committee on Budgets and withdraw the amendment.

President. — I call Mr Lange.

Mr Lange, chairman of the Committee on Budgets. — (D) I should just like to add something to emphasize the point we have just been making and the intentions we have announced. The place occupied by the agricultural budget in the overall budget will of course have to come up for discussion during consultation with the Council. This was, I think, clearly pointed out yesterday when the budget was introduced by Mr Tugendhat and during the subsequent debate. We want to emphasize to the Council — and this is bound up with our position as regards supplementary budgets — that we shall no longer need supplementary budgets as a result of agricultural price decisions, as the necessary funds — as I have just said — will be entered in Title 100. These should also be the subject of consultation. I believe this will be taking place quite soon, Mr Früh, on 20 July. I think this gives us a foundation for the discussions to be held then.

President. — The amendment is accordingly withdrawn.

I put paragraphs 5 to 17 to the vote.

Paragraphs 5 to 17 are adopted.

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

The resolution is adopted.¹

10. *Regulation on the calculation of monetary compensatory amounts*

President.— The next item is the report by Mr De Koning (Doc. 188/77), on behalf of the Committee of Agriculture, on

the proposal from the Commission to the Council for a regulation amending Regulation (EEC) No 974/71 as regards the price-level to be taken into consideration for the calculation of monetary compensatory amounts.

I call Mr Lange on a point of order.

Mr Lange, chairman of the Committee on Budgets. — (D) Mr President, at the start of yesterday's afternoon sitting I already hinted that an agreement had been reached to refer this report back to the committees because there are too many unsettled issues involved in this matter. In addition, as you will have

noticed, an amendment from the Committee on Budgets has been accordingly tabled by the draftsman of the opinion, Mr Früh, who is basically opposed to the matter. However, we should not take a decision but give the Commission the opportunity of carrying out its intention of reconsidering this matter in the overall context of all these monetary policy issues. And as Vice-President Gundelach has told us that relevant proposals will be forthcoming in September and October, we should, I think, put off our decision on this matter and refer it back to the committees so as to allow them and the Commission to clarify this whole issue. I make this proposal as chairman of the committee asked for its opinion. I hope the committee responsible will approve of my suggestion. The preliminary discussions we held on the matter lead me to believe that it will do so.

President. — I call Mr Laban.

Mr Laban, acting chairman of the Committee on Agriculture. — (NL) Mr President, I should like to endorse Mr Lange's argument. It is true that this matter was also forwarded by the Commission to the Council so that the latter might look more closely at it. There is, therefore, little point in our considering this report now. We can expect to deal with the matter again on the basis of new Commission proposals in September or October. This does not mean that the Committee on Agriculture does not consider it necessary that something be done as soon as possible to bring about the gradual abolition of monetary compensatory amounts in an acceptable fashion. But I would now ask you to withdraw Mr De Koning's report from the agenda.

President. — Having been requested by the chairman of the committee responsible, reference to committee is, by virtue of the Rules of Procedure, a matter of course.

I call Mr Hughes.

Mr Hughes. — Mr President, one of the purposes for this is to deal with the very difficult area of pigmeat, and one of the Commission proposals is to relieve the most depressed part of the Community's pig industry by altering the method of calculating MCAs on the basis of an intervention price which is never used. In the whole period of 7 to 10 years when there has been a pigmeat intervention price, less than 70 tonnes have ever gone into intervention. Yet, because the Commission and the Council know the urgency of doing something for the pigmeat sector, I would regretfully have to disagree with my colleague, as Chairman of the Committee on Agriculture, because if this House rejects or refers this report, the inability to take effective action on the pigmeat sector is only continued.

President. — I call Mr Glinne.

¹ OJ C 183 of 1. 8. 1977.

Mr Glinne, *chairman of the Committee on Economic and Monetary Affairs*. — (F) Mr President, I can only bow to the demands of the Rules of Procedure, but as chairman of one of the committees asked for its opinion, I think that it would have been useful for the Commission to know the reasons behind the opinions given by the various committees.

The Committee on Economic and Monetary Affairs gave a negative opinion. Would it not have been natural to inform the Commission of the reasons for this decision?

But the Rules of Procedure being what they are, since the chairman of the committee responsible has asked for the matter to be referred back, there is nothing more to be done for the moment!

President. — I call Mr Liogier.

Mr Liogier. — Mr President, of course, I also bow to the sacrosanct Rules of Procedure and to the position taken by Mr Laban on behalf of the Committee on Agriculture. I must however point out that the reports on this matter have been referred back every month since January. How much longer can this go on?

President. — Mr Liogier, I can apply the Rules of Procedure. Mr De Koning's report is accordingly referred to committee.

11. Directive on the marketing of various seeds

President. — The next item is the report by Mr Bourdellès (Doc. 203/77), on behalf of the Committee on Agriculture, on

the proposal from the Commission to the Council for a directive amending Directives 66/400/EEC, 66/401/EEC, 66/402/EEC, 66/403/EEC, 68/193/EEC, 69/208/EEC, 70/458/EEC and 70/457/EEC on the marketing of beet seed, fodder plant seed, cereal seed, seed potatoes, material for the vegetative propagation of the vine, seed of oil and fibre plants, vegetable seed and on the common catalogue of varieties of agricultural plant species.

I call Mr Bourdellès.

Mr Bourdellès, *rapporteur*. — (F) Mr President, ladies and gentlemen, this directive, which has been proposed by the Commission to the Council, is the ninth since 1966 to deal with the same question, namely the determining of the conditions as regards genetic properties, quality, packaging and labelling, under which the marketing of seeds and agricultural or horticultural plant species shall be carried out within the Community.

This proposal is mainly intended to take account of technical progress since the last directive, which was issued in 1970, in the field of packaging material, closing systems and methods of labelling. Some adjustments are also proposed to the definition of technical terms such as 'basic seed' and 'certified seed' in order

to discourage excessive production of basic seed, since the price of the latter, which is always higher, is liable to render it unsaleable.

The Commission also proposes to the Council that the facility — already open to other species — of being defined as 'certified seed' should be extended to two new species (in particular, self-fertilizing species).

This proposal will also subject seed potatoes to the same principles for the taking of samples as those applied to other species. It is also proposed to apply the 'accelerated procedure', i.e. the standing committee procedure provided for in the directive in order to amend, if necessary according to Community criteria, the classification of the species, in particular as regards seed potatoes, which are at present classified at national level. Finally, this directive will permit the possible extension of the deadlines fixed on expiry of the equivalences currently granted at national level to certain third countries for the admittance of varieties of agricultural species or vegetables produced outside the Community, in order to avoid disturbing traditional trade relations.

These ladies and gentlemen, are the main points in this proposal from the Commission to the Council, which mainly concerns technical matters, particularly in relation to closing systems and packaging. The Committee on Agriculture has every confidence that the Commission of the European Communities will settle these questions in the best interests of producers and consumers.

The Committee on Agriculture adopted this text unanimously and requests that you do the same.

President. — I call Mr Hughes.

Mr Hughes. — Mr President, in the first debate on tomatoes, I indicated that in the United Kingdom tomato concentrates are quite wrongly treated occasionally almost as a joke subject. When we come to this particular set of proposals, I fear that public opinion in the United Kingdom will find it farcical that this Parliament should spend its time debating the colour of the label on a package of seeds. The colour of labels is not a matter on which this Parliament ought to spend its time, and the sooner we adopt this report and get on to real business, the better.

(Laughter)

President. — I call Mr Brunner.

Mr Brunner, *Member of the Commission*. — (D) Mr President, I extend my thanks to Mr Bourdellès. These are all highly technical proposals. We share the rapporteur's opinion. Care must be taken to ensure that the uniformity of rules regarding the quality of seeds in the Community is safeguarded. This also constitutes an important contribution to promoting

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productivity. This is what the proposal is intended to achieve, as we understand it.

President. — Does anyone else wish to speak? I put the motion for a resolution to the vote. The resolution is adopted.¹

12. *Regulation on the Cooperation Agreements concluded with Algeria, Morocco and Tunisia*

President. — The next item is the report by Mr Terrenoire (Doc. 199/77), on behalf of the Committee on Budgets, on

the proposal from the Commission to the Council for a regulation on the application of the provisions of Protocol No 1 to the Cooperation Agreements concluded with Algeria, Morocco and Tunisia.

I call Mr Terrenoire.

Mr Terrenoire, rapporteur. — (*F*) Mr President, ladies and gentlemen, the proposal for a regulation on which Parliament is being consulted today concerns the application of the provisions of the financial Protocol concluded between the Community and the three Maghreb countries.

At the beginning of this part-session, Parliament already adopted an opinion on the implementing provisions for the Financial Protocol concluded between the Community and the Republic of Malta.

The implementing provisions of this protocol with the Maghreb countries are absolutely identical and there is therefore probably no need to describe them in detail. I shall therefore confine myself to stressing — in line with the statement made on Monday by our distinguished and respected chairman, Mr Lange, on the agreement with Malta — the two political problems raised by these implementing provisions.

After many difficulties, Parliament succeeded in pushing through its request for the budgetization of appropriations for cooperation with third countries. This means that aid granted by the Community to these countries will henceforth be of two distinct types: firstly aid granted from the European Investment Bank's own resources and, secondly, aid granted from the resources of the Community budget. The Commission proposed that the major part of budgetized aid should in fact be managed by the European Investment Bank, which has the means and experience required.

After some hesitation, the Committee on Budgets approved this position, subject, however, to certain reservations.

Development aid schemes financed from the Community budget must be managed under Commission supervision. The latter remains responsible for the management of its appropriations to the budget authority granting them. Secondly, the Commission must therefore retain overall political responsibility

for the management of budgetized aids, even if this management is largely carried out by the European Investment Bank.

The second reservation made by the Committee on Budgets concerns the notorious machinery of the management committee. The regulation proposed by the Commission provides for the setting up of inter-governmental committees which will not only have the task of supervising the implementation of financial cooperation but will have a power of suspensory veto over financing transactions carried out within the framework of the agreements. In other circumstances, the committee on Budgets and Parliament have simply refused to grant these committees powers of management which encroach on those which Article 205 of the Treaty assigns to the Commission. I must, therefore, remind the Commission of Parliament's position on the role of management committees, the setting up of which results in a weakening of the responsibilities of Parliament and the Commission.

In the case of the dossier under discussion today, however, the Committee on Budgets did not consider it necessary to reject the Commission's proposals concerning the management committees. It realizes that such an attitude might considerably slow down implementation of agreements of whose political importance we are well aware.

The committee therefore considers that Article 205 of the Treaty of Rome gives the Commission sole responsibility for implementing the budget and that no provisions in the regulation could detract from this principle and that the problem of the management committees will be the subject, in the near future, of a conciliation procedure and that it will therefore be possible to find a solution within the framework of a regulation currently under consideration by the Council.

This conciliatory attitude does not present the Committee on Budgets from proposing a number of amendments to the Commission's proposal. These are intended to reaffirm the principles mentioned above or to complement or improve some given aspect of the proposal. On behalf of the Committee on Budgets, I ask you to approve the Commission's proposal and the minor amendments attached to this report.

Finally, I must once more draw your attention to the fact that the implementing provisions of the agreement with Malta and the Maghreb countries constitute a real precedent for the implementing agreements of the 10 other agreements signed by the Community with the various Mediterranean countries. These agreements will last for five years. I trust these remarks will enable you, ladies and gentlemen, fully to appreciate the real importance of the proposal for a regulation which has been put before you today.

President. — I call Mr Brunner.

¹ OJ C 183 of 1. 8. 1977.

Mr Brunner, Member of the Commission. — (D) Mr President, the Commission thanks Parliament, and Mr Terrenoire in particular, for their comments and suggestions. The role of the European Investment Bank in all this has been questioned. We work on the assumption that the European Investment Bank has accumulated considerable experience. We too have gained considerable experience in working with it. We therefore believe that the European Investment Bank should also itself administer the low-interest special loans.

We have set a definite framework for this. Firstly, the European Investment Bank receives precise instructions; secondly, it may act only within the framework laid down by the Cooperation Council and thirdly the Commission has a right of veto in respect of these decisions. Consequently there is a two-fold guarantee here provided by previous experience in common on the one hand, and the abovementioned precautionary measures on the other. In addition, we are certainly both able and willing to report to you on the utilization of the appropriations which will be administered by the European Investment Bank.

It was also questioned whether the management committee procedure was the best procedure in this particular case. The Commission would naturally have preferred to have taken autonomous decisions in these matters. We must, however, accept the fact that it is not possible to put into effect everything we should like to do. We must expect to cooperate with the Member States in such cases, otherwise we shall not be able to implement our proposals. That is why we have proposed the use of a management committee procedure along the lines of the management committee procedures we use in the agricultural sector.

Thirdly, the suggestion you make in paragraph 4 of your motion for a resolution is perfectly acceptable to us. We too believe that experience with the Maghreb countries could serve as a model for other Mediterranean countries. In particular we feel that they could also serve as a model for cooperation with Malta, which is developing favourably.

In conclusion I would again thank you for your contribution.

President. — Does anyone else wish to speak?

I put the motion for a resolution to the vote.

The resolution is adopted.¹

13. *Skimmed-milk powder and butter-oil food aid programmes*

President. — The next item is the report by Mr Broeks (Doc. 191/77), on behalf of the Committee on Development and Cooperation, on

the communication from the Commission to the Council concerning the 1977 skimmed-milk powder and butter-oil food aid programmes.

I call Mr Laban.

Mr Laban, deputy rapporteur. — (NL) Mr President, I can be relatively brief about this communication and the motion for a resolution tabled by the Committee on Development and Cooperation without detracting in any way from the importance which Parliament and that Committee attach to food aid programmes. We are talking about the supply of 150 000 tonnes of skimmed-milk powder and 45 000 tonnes of butteroil to various developing countries. The Committee on Development and Cooperation has come out unanimously in favour of these food aid programmes and of the motion for a resolution which contains a number of comments worthy of consideration which I should like to explain briefly.

Firstly, it is particularly regrettable that at this moment there are only sufficient appropriations available for the supply of 105 000 tonnes of skimmed-milk powder. For the remaining 45 000 tonnes, in consultation with this Parliament, an extra appropriation of 14m u.a. is entered in the budget. Our committee feels that this should be unfrozen as quickly as possible.

According to our figures, the situation is that the applications from the various countries involve much larger amounts than those in the programmes drawn up so far, and we would ask the Commissioner to tell us the actual scale of applications in relation to the quotas which have been made available by the European Community. In connection notably with the delivery of skimmed-milk powder, something strange is going on. I find it totally inadmissible that when there is a need in the poor countries for larger amounts of milk powder, the allocation cannot be increased because here in Europe we are still using milk powder to feed animals.

Skimmed-milk powder, which fortunately is now vitamin enriched on delivery, has very high food value. For this reason we must ensure that it in fact reaches the people who urgently need it. This would be more successful if a simple piece of technical equipment was made available, for example in the form of small dairy machines with which skimmed-milk powder can be reconverted into liquid milk. On behalf of the Committee on Development and Cooperation, I would therefore like to ask the Commission to make available the funds required for this; the effectiveness of this aid programme would thereby increase sharply. Various Community countries have already given a lead in this matter.

We emphasize this particularly because in the final analysis we do not want to make skimmed-milk powder available for a large proportion of it simply to deteriorate in the transit sheds in the various ports. Milk powder and butteroil must reach the people who need them, and as far as possible at no cost to them. The Commission considers it advantageous in the interests of rapid distribution that part of the skimmed-milk powder should be distributed by interna-

¹ OJ C 183 of 1. 8. 1977.

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tional aid organizations. The Committee on Development and Cooperation would be glad to receive in the next few months a report from the Commission outlining the distribution system as it affects both dairy products supplied directly and those which are distributed by international organizations.

What remains important is that in the long run, the countries themselves should be able to provide their own food supplies. In this context it is therefore of the greatest importance that a number of the rich nations of the world should at long last make money available — however difficult and painful this may be — for a fund to improve the agricultural structures in the poor countries. I should like to urge the Commission representative once more to ensure that the European Community continues to offer assistance in setting up the fund and, where necessary, to urge their international partners to grant aid.

As long as hunger is prevalent in the poor countries, we as rich countries must continue distributing food aid. But it must not turn out that we behave generously on particular occasions simply because we have produced large surpluses. These surpluses will disappear sooner or later, but food aid must continue. It is therefore essential for the supply of food aid to be properly integrated into our agricultural policy. We must make it our job to produce an amount of food which we can distribute in the form of food aid to the developing countries over and above what we need to feed our own population and for export.

This is something quite different from distributing milk powder at a given moment, when there is a surplus, because storage then costs a lot of money. A few months ago, my colleague, Lord Bruce of Donington, asked the Commission for figures relating to food storage costs, especially those for dairy products. There has been no answer to this question so far, and this may be a good opportunity for the Commissioner to answer my colleague's question.

The Commission has always declared its support for programming within the agricultural policy, but as far as I am aware, no action has been taken on this matter. We still seem to be quite happy to rely on surpluses — butter mountains and milk powder mountains. But that could soon change, and then our food aid programme would again decline. That is why I hope the Commission will draw up specific measures to take care of this matter.

I think that I have explained sufficiently the motion for a resolution on the Commission's communication on food aid programmes, and I may therefore recommend that Parliament should accept the motion for a resolution contained in the Broeks report.

President. — I call Lord Bruce to present the opinion of the Committee on Budgets.

Lord Bruce of Donington, draftsman of an opinion. — Mr President, the proposals of the Commission with regard to the aid programme have been reviewed by the Committee on Budgets, and you will see that the opinion of the Committee on Budgets is reproduced on pages 16 to 23 of Document 191/77, which is the report drawn up on behalf of the Committee on Development and Cooperation.

Mr President, it has now been revealed that we are supplying skimmed-milk powder and other aid to only a limited extent of the requirements of the countries concerned. I have set this out on pages 22 and 23 of the document to which I am referring. Regrettably enough, in the past this question of food aid has become a political shuttlecock, and aid during the last year was in fact artificially curtailed on the basis of statements by the Commission that we could not send any more than we had planned to do because there was no requirement for the extra amounts which Parliament was requesting. We now find from the Commission that in many cases they are supplying only 10 % or 20 % or 5 % of the requirements. This is an extraordinary situation, because it so happens that the more food aid is given from these particular stocks the greater the saving on the Community budget. It is in fact true that, quite apart from the cost of storing skimmed-milk powder, the extra costs which are now admitted by the Commission in their letter of amendment—the amount of deterioration which has to be allowed for, the reduction in price that is ultimately obtained—amount on present stocks to some 500 million u.a. per annum. It is therefore clear, as I have stated on a previous occasion when Commissioner Lardinois was here, that it would be far cheaper to give skimmed-milk powder away than it is to retain these vast surpluses in stock. I therefore have to dissent from my colleague, Mr Laban, about the limitation in regard to funds. It is literally true that the more we give away the more money we in fact save. Therefore, Mr President, whilst supporting the Commission's programme as being a drop in the ocean if one looks at the figures of the real requirements, I must once again draw Parliament's attention to the scandalous waste of the existing skimmed-milk mountain going far beyond any normal buffer-stock requirement of the Community, where production is taking place day by day, year by year, not for consumption but for intervention. This becomes a public scandal. Therefore, although one does support the Commission's proposal, meagre though it is, it is in the interests of the Community's own good name and of its finances and of the costs that it bears that the aid should be dispensed far more generously than is set out in this programme.

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

Mr Dewulf. — (NL) Mr President, on behalf of my group I should like to express my appreciation of the work done by Mr Broeks and Mr Laban, the rapporteurs on this not unimportant matter. Since we can all support the resolution, I can restrict myself on this last evening before the summer recess to a few political questions which I should like to put to the Commission. My questions refer firstly to the Community's actions and secondly to the Community's attitude to food aid and agricultural development in the developing countries.

My first point concerns Community involvement. The third session of the World Food Council was recently held in Manila. I should like to ask whether any new factors emerged at this session as regards food aid. I seem to remember that the Community and the Member States were to give priority to projects to combat hunger and malnutrition.

Moreover, what arrangements did the Community make to speak with a single voice in Manila? Firstly, how did the Commission arrange to speak on matters falling within its terms of reference, and, secondly, what arrangements were made to speak with one voice on other matters which do not fall directly within the Community's terms of reference under the Council Decision of 8 November 1976 on harmonization?

My second direct political question concerns food aid and agricultural development. We keep saying on all sides that this is a high-priority matter, and we Christian-Democrats are delighted with the motion for a resolution, especially paragraphs 7 and 15. But too little emphasis is laid on the fact that the largest and virtually insuperable problem in helping the developing countries to develop their agriculture is the fact that many, if not most, developing countries have no agricultural development policy. Many of their decisions work contrary to development and can often make matters worse by aiming at developing the towns and encouraging people to move away from the countryside. We should seriously consider how we can best act here very carefully of course since we cannot interfere in the internal affairs of the developing countries. I should like to point out to Mr Laban that this is not a question of money. I maintain that money is available for agricultural and rural projects but there are no projects or too few projects for agricultural development. And above all, there is no overall agricultural policy in the developing countries. I shall not go into further detail now, but I would ask the Commission, in particular Mr Cheysson and all those who have devoted themselves with so much ingenuity and energy to this question within the framework of the ACP agreements to find ways of discussing in detail agricultural policy and rural development in these countries.

We Christian-Democrats would like to mention two more details as regards distribution. How far can we

involve the usual non-governmental organizations in distribution of this food aid, even in small amounts to the poorest sections of the population? A second comment: we can endorse the three criteria proposed by the Commission for the distribution of aid, but we claim that there is a fourth criterion which has not been mentioned, and that is the health of the people who are to make use of this aid.

President. — I call Mr Brunner.

Mr Brunner, Member of the Commission. — (D) The debate itself has provided the arguments to confound the critics. It is simply not true that the result of stepping up the supply of skimmed-milk as food aid would be to save storage costs and remove the whole cost burden from the Community budget. That is not true. It costs the Community 930 u.a. to supply a tonne of skimmed-milk as food aid. The Community saves storage costs of 120 u.a. per year and per tonne. The 810 u.a. difference has to be met. It has to be paid for out of the Community budget. Consequently there are two limits to food aid: firstly, the extent to which the budget can tolerate the necessary increase and, secondly, as has already been pointed out in this debate, the limit implicit in the agricultural structure of the beneficiary countries themselves. We do not want to destroy structures with this aid; we want this to be real aid. We do not want to use this aid to promote our own exports; what we are concerned to do is to provide genuine aid. This is the framework in which this aid should be granted.

The Community, the Commission, has been constantly making efforts to increase food aid. We have repeatedly urged that the 14 million u.a., the second instalment, should at long last be released by the Council. We shall maintain our pressure in this respect. But it is not true to say that we can solve our storage problem by an unlimited increase in food aid. I know that nobody is actually saying that, but I am deliberately quoting an extreme case in order to make it clear that this is not possible. We believe that 150 000 tonnes of skimmed-milk are sufficient aid for 1977. We would also point out that a larger amount will be granted in 1978, chiefly because India's needs will be greater.

In these matters we have been attempting to establish a Community position. You know that this has not always been possible. We succeeded in Manila, but only partially, to achieve common positions on this issue.

Furthermore, we want the beneficiary countries to realize that we are granting genuine aid. We therefore clearly state our view that there is no need to step up the supply of butteroil. On the other hand, the supply of skimmed-milk powder and cereals should be stepped up. Finally, we would repeat what we stressed

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earlier and what has been stated during the debate, i.e. we want to help the poorest countries and in particular the poorest sections of the population of the poorest countries. Only if we do that will our food aid be worthy of the name.

President. — I call Lord Bruce.

Lord Bruce of Donington, draftsman of an opinion. — Mr President, I wish to give the House formal notice that I intend to raise again the whole question of costs which has been raised by Mr Brunner this morning, and concerning which, so far, my committee have not been accurately informed. I give him notice that I challenge the figures that he has given for costs this morning, and the timing and their incidence. The matter will be raised at a more convenient time.

President. — I call Mr Laban.

Mr Laban. — (NL) Mr President, I too am very dubious about the figures we have been given; I believe that in 1976 Mr Lardinois gave us much higher figures. I am therefore very curious about the further action and the more detailed data which Lord Bruce of Donington hopes to show us.

However, I should like to refer to one more point: in my speech on behalf of the Committee on Development and Cooperation, I asked whether the Commission, in order to make the skimmed-milk powder food aid programme really effective, was prepared to make available the necessary funds for simple technical equipment with which the milk powder could be converted into liquid, and which was also highly mobile and easily transportable to the remotest areas of the poorest countries. To my regret I have as yet received no answer on this important item, which would make distribution much more efficient than it is at present, and I would ask the Commissioner to answer me now.

President. — I call Mr Brunner.

Mr Brunner, Member of the Commission. — (D) As far as the figures are concerned, I can only quote to you the figures I am given, and we can then discuss

them in committee. In reply to Mr Laban's question, I can say that we are indeed trying to introduce such technical aid. We are attempting to achieve this within the framework of financial cooperation with the Lomé countries. We are attempting to bring it about within the framework of the technical aid which we grant over and above the Lomé cooperation arrangements. For this, however, we need a Council decision and we have not had one yet. That is the situation.

President. — Does anyone else wish to speak?

I put the motion for a resolution to the vote.

The resolution is adopted.¹

14. Dates for the next part-session

President. — There are no other items on the agenda. I thank the representatives of both Council and Commission for their contributions to our debates.

The enlarged Bureau proposes that our next sittings be held at Luxembourg during the week from 12 to 16 September 1977.

Are there any objections?

That is agreed.

15. Approval of the minutes

President. — Rule 17 (2) of the Rules of Procedure requires me to lay before Parliament, for its approval, the minutes of proceedings of this sitting, which were written during the debates.

Are there any comments?

The minutes of proceedings are approved.

16. Adjournment of the session

President. — I declare the session of the European Parliament adjourned.

The sitting is closed.

(The sitting was closed at 11.05 a.m.)

¹ OJ C 183 of 1. 8. 1977.

ANNEX

Questions to the Commission which could not be answered during Question Time, with written answers

Question by Mr Liogier

Subject: European policy on viticulture

In order to consolidate the European policy on viticulture by improving quality, does the Commission intend to propose a ban on the blending of wines produced in different regions?

Answer

The blending of wines is an extremely important aspect of the wine-growing economy. It is usually carried out to improve the taste, and frequently the alcoholic strength, of wine for everyday consumption.

As regards the designation of wines, blending — the mixing of wines from different geographical areas, different types of vine and different years — involves forfeiting the right to include on the label details likely to raise the market value of the product.

The opposite approach is therefore adopted for quality wines produced in specific regions (registered designation of origin, etc.) in order to raise the value of the most 'superior' products originating from as limited an area as possible.

Ordinary table wines for everyday consumption in fact account for the majority of Community production — 100m hl out of 145m hl. It is true that efforts are being made to individualize some of these wines, primarily in the form of table wines with a geographical description such as the 'vins de pays' in France, but as yet only a few million hectolitres are involved.

The Community regulated the blending of table wines in Article 26 of the basic regulation on wine No 816/70. The most important point is the prohibition on the blending of wines imported from third countries with Community wines.¹ This provision therefore prohibited the blending of Algerian and French wines, a practice which had been carried out hitherto. Once free movement was established within the Community, it enabled Italian wines of similarly high alcoholic strength to be used instead of Algerian wines to improve certain French wines.

Community wines may therefore be blended subject to the restrictions laid down in Article 26 of the above regulation, that is, a prohibition on the blending of red and white wines and the obligation to carry out blending involving a wine suitable for yielding a table wine in the zone where it is produced in order to avoid frauds.

¹ Except for a very limited derogation granted for certain German red wines until 1979.

Question by Mr Bangemann

Subject: Harmonization in the field of banking legislation

When does the Commission propose to draw up suitable proposals to remedy the slow progress being made towards the harmonization of banking legislation, particularly in the fields of company law, tax law, the law on bank supervision and the law on property?

Answer

The Commission has already made a number of proposals designed to contribute to the integration of banking markets by coordinating underlying legislation or regulatory practice. The principal proposal is a draft directive intended to set a framework of guidelines for the whole future programme of December 1974, despite the Commission's request that it be adopted quickly and the Parliament's helpfully rapid consideration of it. Once it is adopted, the machinery it will create for collaboration

between the Commission and the banking control authorities should contribute to speeding up the process of coordination.

Question by Mr Hamilton

Subject: Japanese systematic infiltration of European electronic component markets

Is the Commission aware that Japan is using dubious trading practices in order to capture the entire world market in consumer electronics; that this has resulted in a massive Japanese incursion into West European Markets in the last few years; and what proposals do the Commission intend to initiate to eliminate this threat to European industry and employment?

Answer

The Japanese electronic components industry controls a share of the world market which varies according to the product but is considerable amounting to as much as 29 % for colour television tubes. Penetration of Community markets by Japanese products, though less extensive overall than that by United States products, is nevertheless significant: for colour television tubes, for example, the Japanese share of the European market in 1976 was 17 % — a 36 % increase on the situation in 1974.

Fully aware of the position and of the concern felt in the industry at its likely development, the Commission has kept in touch with the industry with a view to examining whether countermeasures should be introduced within the framework of Community policies: more particularly it is proposed to examine whether practices contrary to GATT regulations have been occurring.

In addition, the Commission is drawing up plans to promote the competitiveness of European goods in the sector of large integrated circuits, which is of vital importance for the future progress of Europe's industry.

Question by Mr Corrie

Subject: Oil Exploration

What steps is the Commission proposing to further the exploration for oil; possibly on the model of the Community's uranium prospecting programme; in those Member States which are thought to possess potentially promising on-shore and off-shore geological formations, alternatively, what proposals is the Commission considering to further encourage Member States to licence exploration companies to search for new deposits of oil, in conformity with the Community's Energy objectives for 1985?

Answer

1. In the context of the implementation of a Community energy supply policy, the Commission transmitted to the Council on 29 November 1974 (OJ C 18 of 25 January 1975) a proposal for a regulation concerning support to common projects for hydrocarbon exploration.

The Commission's proposal aims to encourage hydrocarbon exploration within the Community by granting financial support for exploratory drilling offshore and at great depths on land.

At the Council sitting of 26 June 1975, most delegations were in favour of initially supporting a limited research programme in well-defined fields.

The Commission therefore instructed an expert group of geologists to carry out preliminary studies with a view to submitting to the Council practical projects to be implemented with financial aid from the Community. This group will complete its task in July 1977, which should allow the Council to reach a decision before the end of the year.

2. As regards the granting of licences for exploration and for the exploitation of deposits within the Community, the Commission considers that no specific measures are required at present.

Question by Mrs Walz

Subject : Fixing of savings on consumption during oil boycotts and periods of crisis.

Has the reservation expressed by the United Kingdom at the Council meeting of 14 June 1977 meanwhile been withdrawn ?

Answer

At its meeting of 14 June the Council established a common position on the fixing of a Community objective for a reduction in energy consumption in the event of difficulties in oil supplies.

This position takes particular account of the need to launch a Community action, if appropriate, and to take into consideration the different percentage of the Member States' energy consumption accounted for by oil.

The United Kingdom delegation expressed reservations in particular about the Council's decision-making procedure for possible proposals from the Commission ; it prefers unanimity by a qualified majority but agreed to reconsider the matter and will make its views known shortly. We have not yet received the reaction of the United Kingdom.

Question by Mr Dalyell

Subject : Legal problems concerning membership of the European Community

What study is being made of the legal position, in relation to the Community, of part of an existing Member State which, albeit by democratic means, hives off from the existing Member State ?

Answer

No special study is being undertaken by the Commission on the problem raised by the Honourable Member.

Question by Mr Kaspereit

Subject : Non-compliance with the principle of exemption from VAT on exports

What steps does the Commission of the European Communities plan to take following the decision by the United States Customs Court in the Zenith Radio Corporation case, which calls into question the principle of exemption from VAT on exports ?

Answer

The implications of the US Customs Court decision in the Zenith case (12 April 1977) have been considered by representatives of the world trading community, in the GATT framework. The GATT Council (on 16 June), in a conclusion fully supported by the Community, has expressed its grave concern at the serious implications of the US court decision, and its consequences for world trade, the multilateral trade negotiations, and the GATT system itself. This view of the matter is shared by the US Administration, which has already appealed to a higher court for reversal of the decision.

The principle of remission of VAT is the subject of a separate action, not yet decided by the New York Customs Court. The Commission continues to give its help and advice to the Administration, who are the defendants in the case. The Commission has, naturally, considered contingency plans for the situation where US judicial and political procedures may have failed to produce a satisfactory outcome. The provisions of GATT include suitable responses to such a situation ; but it would clearly be inappropriate for me to discuss such contingency plans now.

Question by Mr Vandewiele

Subject : Levying of countervailing duties by the USA

What is the Commission's view of the decision by American courts that the reimbursement of value-added tax by third countries is an unlawful export subsidy, and what steps does it propose to take if countervailing duties are levied on EEC exports, particularly on special steels ?

Answer

The Commission considers this decision to be incompatible with the GATT (Article VI (4) and Note to Article XVI), which expressly permits the reimbursement of indirect taxes on exported articles. The American Administration shares this view and has accordingly appealed against the judgment in the Zenith case.

The action brought by US Steel against the remission of value-added tax on steel exports concerned rolled steel and not high-grade steel. It is to be expected, however, that other Community exports to the United States will also sooner or later be affected if the judiciary there creates a precedent to the advantage of American protectionist interests.

The Commission has endorsed the conclusions of the GATT Council (16 June 1977) that the judgment of the US Customs Court, if it is upheld, will have serious consequences for world trade, the multilateral trade negotiations and the GATT system itself.

Question by Mr Price

Subject: Greater self-sufficiency in British agriculture

To ask the Commission on what grounds Mr Finn Gundelach criticized the recent statement by Mr Silkin about the need for greater self-sufficiency in British agriculture, and under what article he considers such a policy illegal.

Answer

The Commission does not wish to discourage expansion or improvement of agriculture in the United Kingdom, on the contrary. But national agricultural policy objectives should be compatible with those of the CAP. Greater self-sufficiency should not be developed by means which are not in accordance with the concepts of free movement of goods and equal conditions of competition. Self-sufficiency should not in a Community be an end in itself, but it is fully acceptable that British agriculture endeavours to obtain increased market shares.

Question by Mr Pintat

Subject: Threat to the French brewing industry

In view of the fact that French brewers are faced with a consolidation of the disparities between the various regulations and the discrepancy between open markets, like their own national market, and closed markets, does the Commission not think that vertical harmonization at Community level for individual products is a vital necessity and the only way in which free movement can be effectively ensured?

Answer

The Commission has always recognized the need for the approximation of the laws of the Member States concerning foodstuffs if these products are effectively to be in free circulation in the Community.

The history of the Communities' efforts to approximate the laws of Member States in this area demonstrates that progress is both difficult and slow.

In 1970, the Commission submitted to the Council a proposal for a directive concerning beer. The Commission was led to withdraw this proposal in 1976, and for the time being does not consider it appropriate to make another proposal directly concerning beer.

Having regard to its resources in money, manpower, and time available for meetings, the Commission therefore intends to give priority to its horizontal proposals and their vertical application to individual products, though it will continue to work with vertical proposals concerning some less complex foodstuffs.

This progressive approach will lead to an increase in the body of legislation that has been approximated and should in time facilitate the adoption of vertical directives concerning the composition of more complex foodstuffs.

Question by Mr Meintz

Subject : Record of achievement of the European Community

Does the Commission consider that Mr Jacques Ferry, Vice-President of the French Employers' Federation (Conseil National du Patronat Français) is justified in the view expressed by him in a report to the Economic and Social Council in France that the EEC institutions have been unable to devise or impose adequate solutions in the face of the economic crisis? Does it intend to comment on this matter?

Answer

The special role played by the Commission in the functioning of the various Community institutions entails real responsibilities for the policies and measures which the Community Member States have adopted to deal with the economic crisis of the 1970s.

It should first be pointed out that this crisis has hit all the industrialized countries and the non-oil-producing developing countries.

The solution to these problems therefore lies in cooperation at world level. The Community could not have solved them on its own, although it is true that better solutions could have been found if it had taken more united action.

The severity of the inflationary trend, the extent of the external deficit and the number of unemployed naturally vary from one country to another in relation to the degree of dependence for energy, economic and social structures, the effectiveness of the economic policy and, finally, the degree of social consensus within each country.

In many ways the Community (and certain Member States in particular) was at a disadvantage from the outset and therefore felt the effects of the crisis which broke in 1973.

The characteristics of this crisis (its severity, its generalization throughout the world, its deep social roots, its implications for the sharing of wealth and power in the world) explain why the Community and its Member States are encountering serious difficulties in dealing with it.

At the beginning of 1974 the Commission presented its own analysis of the crisis and the basic conditions which would have to be met to overcome it. These ideas were developed further during the preparation of the fourth programme. They were first substantially supported by the Economic Policy Committee and then accepted by the Council in the fourth medium-term economic policy programme in March this year.

The Community was therefore able to define solutions to the crisis. Moreover, the Commission has just explained once again — in its communication to the Tripartite Conference of 27 June 1977 — the policies and measures it considers necessary.

There are many different procedures for coordination and consultation between the Member States for the purpose of implementing the proposed policies at Community level. However, the possibilities offered by these procedures and means of coordination are very quickly exhausted when the differences in circumstances and objectives are too great. A stronger political will would have been required to overcome these differences.

In this connection the Commission regrets that insufficient use was made of the procedures for consultation on and coordination of economic policies. It has expressed this regret on several occasions.

The Community cannot be seriously reproached for failing to 'devise adequate solutions in the face of the economic crisis' but there was clearly a discrepancy between the seriousness of the problems and the powers it had at its disposal. However, it should be remembered that despite the temptation to introduce protectionism in particular, the Community has succeeded in safeguarding the substance of its achievements.

Question by Mr Scott-Hopkins

Subject : mca's on processed products

Further to the answer given by the Commission to Oral Question H-137/77 on monetary compensatory amounts applicable to processed products, can the Commission please state how delaying the application of mca's to these products for nine months will help those manufacturers or traders who

have purchase or sale contracts which are not renegotiable and which can be in existence for nine months or more ?

Answer

The Commission is of the opinion that a delay of almost three months between the time when the measures were made known and their application, which was in fact longer than any time-lapse which had previously been applied to cases of this type, represented the most equitable solution possible, even though it did not cover all cases and in particular that referred to by the Honourable Member. There is no guarantee that there will never be changes in the implementation of the monetary compensatory amount (mca) system. Sound commercial practice should indicate that this obvious fact should be taken into account.

Question by Mr Howell

Subject : Green currency system

By what date does the Commission hope to eliminate the green currency system, or does it now believe that the green currencies must be accepted as a permanent feature of the European Economic Community ?

Answer

The Commission cannot accept the existence of monetary compensatory amounts as a permanent feature of the Common Agricultural Policy. To that end a proposal has been made to the Council providing for an out-phasing of monetary compensatory amounts. The Commission has undertaken to revise its proposal in the light of the Council's discussion and is not in a position to indicate the date when the Council will adopt the proposal.