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1979-1980 Session

Report of Proceedings

from 23 to 27 April 1979

Europe House, Strasbourg

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NOTE TO READER

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

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

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IN THE CHAIR : MR COLOMBO

President

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

President. — The sitting is open.

1. *Resumption of the session*

President. — I declare resumed the session of the European Parliament adjourned on 16 March 1979.

2. *Tribute to Jean Monnet*

President. — On 16 March 1979 one of the spiritual fathers of Europe, Jean Monnet, passed away. In this House, honourable colleagues, ladies and gentlemen, let us give our heart-felt tribute to the memory of one of the most illustrious Europeans whose character and whose work so profoundly marked the birth and development of the European Community.

A valiant defender of the principles of freedom and democracy, he put himself at the service of his country and its allies during the first and second world wars in the fight against dictatorship. After the second world war he dedicated all his energies to the unification of Europe, conscious of the need to remove all the old differences, particularly between France and Germany, to build a Community based on the common inheritance of all its peoples: the freedom and democracy of our continent.

Together with the other founding fathers he was a tireless inspiration for the creation of the first European Community, the Iron and Steel Community. Having served as the first president of the High Authority of the Iron and Steel Community, Jean Monnet untiringly laid the foundations which led to the signing of the Treaties of Rome. Creator of the Committee for the United States of Europe on to which he brought important personalities from politics and the trade unions, he never ceased to strive for the triumph of a united Europe. A constant champion of the view that the construction of Europe would have to be based on a strong popular assembly, Jean Monnet saw in the direct election of the European Parliament one of the indispensable goals for relaunching of Europe. 'We are not forming an alliance of States, we are uniting peoples' was what this man of calm, staunch and determined faith who was rightly awarded the title of the first citizen of Europe used to say. He has left us before seeing this grand design of the direct election by universal suffrage of our Parliament put into effect, in whose destiny for the future of Europe he believed.

All those gathered here today, whose task it is to labour for the ideals which were his own, have this message from Jean Monnet: 'I have never doubted the road which has to be chosen, but the length of the

journey is uncertain. The building of Europe, like all peaceful revolutions, takes time.'

I invite you to observe a moment's silence.

(The House, standing, observed one minute's silence.)

3. *Tribute*

President. — On 18 April Mr Brosnan, a member of the European Parliament since 1977, passed away.

Mr Brosnan had been a member of the Irish Parliament since 1969 and belonged to the Fianna Fail party.

A member of the Group of European Progressive Democrats, Mr Brosnan participated actively in the work of the Legal Affairs Committee, the Committee on Regional Policy and the Consultative Assembly of the ACP-EEC Convention.

I invite you to observe a few moments' silence in memory of our late colleague.

(The House, standing, observed one minute's silence.)

4. *Membership of committees*

President. — I have received from the Christian-Democratic Group (EPP) a request for the appointment of Mr André Fosset to the Political Affairs Committee and the Committee on Regional Policy, Regional Planning and Transport.

I have also received a request from the European Conservative Group for the appointment of Lord Bethell to the Political Affairs Committee to replace Lord Reay.

As there are no objections, the appointment is ratified.

5. *Petitions*

President. — I have received from Miss Eva Hascek a petition on non-uniform interpretation by the Member States of EEC Regulation 1408/71.

This petition has been entered under No 1/79 in the register provided for in Rule 48 (2) of the Rules of Procedure and, pursuant to paragraph 3 of that same rule, referred to the Committee on the Rules of Procedure and Petitions.

At its meeting of 1 March 1979, the Committee on the Rules of Procedure and Petitions considered petitions Nos. 15/77, 20/77, 21/77, 1/78, 10/78, 16/78, 21/78, 23/78, 24/78, 25/78, 26/78, 27/78, 28/78 and 29/78.

Petition No 15/77 has, further to the opinion of the Committee on the Environment, Public Health and Consumer Protection, been forwarded to the Commission.

Petition No 20/77 has been filed without further action.

President

Further to the opinion of the Legal Affairs Committee, Petition No 21/77 has been filed without further action.

Petition No 1/78 has been forwarded to the Commission.

Petition No. 10/78 has been filed without further action.

Further to the opinion of the Committee on the Environment, Public Health and Consumer Protection, Petition No 16/78 has been forwarded to the Commission.

Petition No. 21/78 has been referred to the Political Affairs Committee and to the Committee on Regional Policy, Regional Planning and Transport for their opinions.

Petition No 23/78 has been referred to the Political Affairs Committee as the committee responsible.

Petition No 24/78 has been referred to the Committee on the Environment, Public Health and Consumer Protection for its opinion.

Petition No 25/78 has been referred to the Legal Affairs Committee for its opinion.

Petition No 26/78 has been referred to the Political Affairs Committee as the committee responsible.

Petition No 27/78 has been referred to the Political Affairs Committee as the committee responsible.

Petition No 28/78 has been filed without further action.

Petition No 29/78 has been referred to the Committee on Regional Policy, Regional Planning and Transport for its opinion.

At its meeting of 20-21 March 1979, the Committee on the Rules of Procedure and Petitions examined petitions Nos 16/77, 17/77, 18/77, 12/78, 13/78, 14/78, 15/78 and 22/78.

Petition No 16/77 has been forwarded to the Commission together with the opinion of the Committee on the Environment, Public Health and Consumer Protection.

Petition No 17/77 has been forwarded to the Commission.

Petition No 18/77 has been forwarded to the Commission.

Petition No 12/78 has been filed without further action.

Petition No 13/78 has been forwarded to the Commission as requested by the Committee on Social Affairs, Employment and Education.

Petition No 14/78 has been forwarded to the Commission.

Petition No 15/78 has been filed without further action.

Petition No 22/78, which has been declared inadmissible, has been filed without further action.

6. Documents received

President. — Since the adjournment of the session, I have received :

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

- the proposal from the Commission of the European Communities to the Council for a directive relating to the approximation of the laws, regulations and administrative provisions of the Member States concerning consumer credit (Doc. 10/79)

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

- the proposal from the Commission of the European Communities to the Council for a second five-year programme (1980-1984) on radioactive waste management and storage (Doc. 11/79)

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

- the proposal from the Commission of the European Communities to the Council for a decision adopting a research and development programme for the European Atomic Energy Community on the plutonium cycle and its safety (1980-1984) — (Doc. 12/79)

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

- the proposal from the Commission of the European Communities to the Council for a directive on the protection of workers from harmful exposure to chemical, physical and biological agents at work (Doc. 13/79)

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

- the proposal from the Commission of the European Communities to the Council for a regulation opening, allocating and providing for the administration of a Community tariff quota for fresh table grapes falling within subheading ex 08.04 A I (a) and (b) of the Common Customs Tariff, originating in Cyprus (Doc. 14/79)

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

- the proposal from the Commission of the European Communities to the Council for a new directive on the approximation of the laws of the Member States relating to units of measurement and repealing Directive 71/354/EEC (Doc. 15/79)

President

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

- the proposal from the Commission of the European Communities to the Council for a directive supplementing the Annex to Directive 76/769/EEC on the approximation of the laws, regulations and administrative provisions of the Member States relating to restrictions on the marketing and use of certain dangerous substances and preparations (Doc. 16/79)

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

- the proposal from the Commission of the European Communities to the Council for a regulation amending Regulation (EEC) No 1111/77 laying down common provisions for isoglucose (Doc. 17/79)

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

- the proposal from the Commission of the European Communities to the Council for a decision applying Decision 78/870/EEC of 16 October 1978 empowering the Commission to contract loans for the purpose of promoting investment within the Community (Doc. 20/79)

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

- the proposal from the Commission of the European Communities to the Council for a decision on setting up a second joint programme of exchanges of young workers within the Community (Doc. 21/79)

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 proposal from the Commission of the European Communities to the Council for a regulation laying down special measures in the raw tobacco sector in respect of the Perustitza and Erzegovina varieties (Doc. 22/78)

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

- the proposal from the Commission of the European Communities to the Council for :

I a regulation allocating catch quotas between Member States for vessels fishing in Faroese waters

II a regulation allocating certain quotas between Member States for vessels fishing in the exclusive economic zone of Norway

III a regulation allocating catch quotas between Member States for vessels fishing in Swedish waters

IV a regulation laying down certain measures for the conservation and management of fishery resources applicable to vessels registered in the Faroe Islands for the period 1 January to 31 December 1979

V a regulation laying down certain measures for the conservation and management of fishery resources applicable to vessels flying the flag of Spain for the period 1 January to 31 December 1979

(Doc. 26/79)

which has been referred to the Committee on Agriculture :

- the proposal from the Commission of the European Communities to the Council concerning a new multi-annual programme of the Joint Research Centre 1980/1983 (Doc. 27/79)

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

- the proposals from the Commission of the European Communities to the Council concerning food aid regulations for 1979 (Doc. 28/79)

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

- the proposal from the Commission of the European Communities to the Council for a regulation on the measures to be taken in the event of irregularities affecting the own resources referred to in the decision of 21 April 1970 and the organization of an information system for the Commission in this field (Doc. 38/79)

which has been referred to the Committee on Budgets ;

- the proposal from the Commission of the European Communities to the Council for a regulation setting up a Community system of reliefs from customs duty (Doc. 39/79)

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

- the proposal from the Commission of the European Communities to the Council for a regulation opening, allocating and providing for the administration of Community tariff quotas for certain wines having a registered designation of origin, falling within subheading ex 22.05 C of the Common Customs Tariff, originating in Algeria (1979/80) — (Doc. 41/79)

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

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— the proposal from the Commission of the European Communities to the Council for a regulation on investment aid at the marketing and processing stage of milk products (Doc. 46/79)

which had been referred to the Committee on Agriculture

— the proposal from the Commission of the European Communities to the Council on policy with regard to agricultural structures (Doc. 47/79)

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

— the proposal from the Commission of the European Communities to the Council for

I a regulation amending Regulation (EEC) No 1418/76 on the common organization of the market in rice

II a regulation amending Regulation (EEC) No 2727/75 on the common organization of the market in cereals

(Doc. 48/79)

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

— the proposal from the Commission of the European Communities to the Council for a directive amending for the second time the Annex to Directive 76/769/EEC on the approximation of the laws, regulations and administrative provisions of the Member States relating to restrictions on the marketing and use of certain dangerous substances and preparations (Doc. 49/79)

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

— the proposal from the Commission of the European Communities to the Council for a directive establishing safety measures against the conjectural risks associated with recombinant DNA work (Doc. 55/79)

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

— the proposal from the Commission of the European Communities to the Council for a directive prolonging, in respect of brucellosis, tuberculosis and swine fever, certain derogations granted to Denmark, Ireland and the United Kingdom (Doc. 68/79)

which has been referred to the Committee on Agriculture ;

— the proposal from the Commission of the the European Communities to the Council for a decision adopting a five-year research and training

programme (1980-1984) of the European Atomic Energy Community in the field of biology — Health Protection (Radiation Protection Programme) — (Doc. 88/79)

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

— the proposal from the Commission of the European Communities to the Council for a regulation amending Regulation (EEC) No 2511/69 laying down special measures for improving the production and marketing of Community citrus fruit (Doc. 93/79)

which has been referred to the Committee on Budgets for its opinion ;

— the proposal from the Commission of the European Communities to the Council for a regulation amending Regulation (EEC) No 471/76 as regards the period of suspension of the application of the condition on prices governing the importation into the Community of fresh lemons originating in certain Mediterranean countries (Doc. 94/79)

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 ;

— the proposal from the Commission of the European Communities to the Council for a decision adopting a second multiannual research and development programme for the European Community in the field of textile and clothing (indirect action) (Doc. 110/79)

which has been referred to the Committee on Energy and Research as the committee responsible and to the Committee on Economic and Monetary Affairs and the Committee on Budgets for their opinions ;

(b) from the Parliamentary Committees, the following reports :

— report by Mr Brown, on behalf of the Committee on Energy and Research, on the need for Community action to promote the exploitation of wind, wave and tidal energy for electricity production (Doc. 19/79) ;

— report by Mr Brown, on behalf of the Committee on the Environment, Public Health and Consumer Protection, on the proposal from the Commission of the European Communities to the Council (Doc. 173/78) for a specific directive on the overall migration limit for the constituents of plastic and articles intended to come into contact with foodstuffs (Doc. 23/79) ;

— report by Mrs Krouwel-Vlam, on behalf of the Committee on the Environment, Public Health and Consumer Protection, on organ banks (Doc. 24/79) ;

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- report by Mr Wawrzik, on behalf of the Committee on Social Affairs, Employment and Education on the Second European Budget (1976/1980) (Doc. 25/79);
- report by Sir Derek Walker-Smith, on behalf of the Legal Affairs Committee, on the appointment of a Community Ombudsman by the European Parliament (Doc. 29/79);
- report by Mr Nyborg, on behalf of the Committee on Economic and Monetary Affairs, on the proposal from the Commission of the European Communities to the Council (Doc. 520/78) for a directive on the approximation of the laws, regulations and administrative provisions of the Member States relating to construction products (Doc. 30/79);
- report by Mr Albers, on behalf of the Committee on Social Affairs, Employment and Education, on the conclusions to be drawn from the Tripartite Conference of 9 November 1978 (Doc. 31/79);
- report without debate by Mr Ney, on behalf of the Committee on Agriculture, on the proposal from the Commission of the European Communities to the Council (Doc. 632/78) for a decision on financial contribution to the campaign against foot-and-mouth disease in South-East Europe (Doc. 32/79);
- report by Mr Ney, on behalf of the Committee on Agriculture, on the proposal from the Commission of the European Communities to the Council (Doc. 577/78) for a regulation introducing Community measures for the prevention of classical swine fever (Doc. 33/79);
- report without debate by Mr Ney, on behalf of the Committee on Agriculture, on the proposal from the Commission of the European Communities to the Council (Doc. 623/78) for a decision on a financial contribution from the Community to Spain for the eradication of African swine fever in Spain (Doc. 34/79);
- report by Mr Lemp, on behalf of the Committee on Agriculture, on the proposal from the Commission of the European Communities to the Council (Doc. 680/78) for a regulation on the conclusion of an agreement on fisheries between the Government of Canada and the European Economic Community (Doc. 35/79);
- report by Lord Kennet, on behalf of the Committee on the Environment, Public Health and Consumer Protection, on the proposal from the Commission of the European Communities to the Council (Doc. 8/78) for a Directive relating to the approximation of the laws, regulations and administrative provisions of the Member States concerning misleading and unfair advertising (Doc. 36/79);
- report by Mr Cointat, on behalf of the Committee on Budgets, on the proposal from the Commission of the European Communities to the Council (Doc. 276/78) for a regulation amending the Staff Regulations of Officials and Conditions of Employment of Other Servants of the European Communities and establishing an Administrative Tribunal of the European Communities (Doc. 37/79);
- report by Mrs Cassanmagnago Cerretti, on behalf of the Committee on the Environment, Public Health and Consumer Protection, on the proposal from the Commission of the European Communities to the Council (Doc. 391/78) for a decision introducing a Community system of information on accidents in which products are involved, outside the spheres of occupational activities and road traffic (Doc. 40/79);
- report by Mr Pintat, on behalf of the Political Affairs Committee, on the prospects of enlargement of the Community
Part two — Sectoral aspects
(Doc. 42/79);
- report by Mr Sandri, on behalf of the Committee on Development and Cooperation, on the proposal from the Commission of the European Communities to the Council (Doc. 43/78) for a regulation relating to the creation of a European Agency for Cooperation (EAC) (Doc. 44/79);
- report by Mr Spinelli, on behalf of the Committee on Budgets, on the proposal from the Commission of the European Communities to the Council (Doc. 20/79) for a decision applying Decision 78/870/EEC of 16 October 1978 empowering the Commission to contract loans for the purpose of promoting investment within the Community (Doc. 45/79);
- report by Mr Jung, on behalf of the Committee on Regional Policy, Regional Planning and Transport, on the proposal from the Commission of the European Communities to the Council (Doc. 628/78) for a directive on own-account carriage of goods by road between Member States (Doc. 50/79);
- report by Mr Jung, on behalf of the Committee on Regional Policy, Regional Planning and Transport, on the EEC's relations with the Comecon countries in the field of maritime shipping (Doc. 51/79);
- report by Mr Nyborg, on behalf of the Committee on Economic and Monetary Affairs on the proposals from the Commission of the European Communities to the Council for
 - I — a directive on the approximation of the laws of the Member States relating to safety requirements for tower cranes for building work (Doc. 548/78)
 - II — a directive on the approximation of the laws of the Member States relating to the operating space, access to the driving position (entry and exit facilities), and to the doors and windows of wheeled agricultural or forestry tractors (Doc. 549/78)
 - III — a directive amending Directive 74/510/EEC on the approximation of the laws of the Member States relating to the type-approval of wheeled agricultural or forestry tractors (Doc. 550/78)
 - IV — a directive on the approximation of the laws of the Member States relating to noise emitted by lawn mowers (Doc. 562/78)
 - V — a directive on the approximation of the laws of the Member States relating to certain types of simple pressure vessels (Doc. 563/78)
- report by Mr Sandri, on behalf of the Committee on External Economic Relations on the renewal of the trade agreement with Uruguay (Doc. 75/79);
- report by Mr Baas, on behalf of the Committee on External Economic Relations, on trade and economic

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- relations between the EEC and ASEAN (Doc. 77/79);
- report by Lord Bethell, on behalf of the Committee on Environment, Public Health and Consumer Protection, on the proposal from the Commission of the European Communities to the Council (Doc. 619/78) for a directive amending the directives laying down the revised basic safety standards for the health protection of the general public and workers against the dangers of ionizing radiation (Doc. 78/79);
 - report by Mr Hansen, on behalf of the Committee on Agriculture, on the proposal from the Commission of the European Communities to the Council (Doc. 639/78, for a regulation amending Regulation (EEC) No 974/71 with regard to the calculation of monetary compensatory amounts in the wine sector (Doc. 79/79);
 - report by Mr Scelba, on behalf of the Political Affairs Committee, on the accession of the European Community to the European Convention on human rights (Doc. 80/79);
 - report by Mr Blumenfeld, on behalf of the Political Affairs Committee, on the signing of the peace treaty between Egypt and Israel and Community contribution to a general peace settlement (Doc. 82/79);
 - report by Mr Lamberts, on behalf of the Committee on Environment, Public Health and Consumer Protection, on the proposal from the Commission of the European Communities to the Council (Doc. 624/78) for a directive on the approximation of the laws of the Member States relating to edible caseins and caseinates (Doc. 83/79);
 - report by Mr Notenboom, on behalf of the Committee on Budgets, on the proposal from the Commission of the European Communities to the Council (Doc. 633/78) for a regulation on interest rebates for certain loans with a structural objective (Doc. 84/79);
 - report by Mr Bregegère, on behalf of the Committee on Agriculture, on the proposal from the Commission of the European Communities to the Council (Doc. 22/79) for a regulation laying down special measures in the raw tobacco sector in respect of the Perustitza and Erzegovina varieties (Doc. 85/79);
 - report by Mr Lamberts, on behalf of the Committee on the Environment, Public Health and Consumer Protection, on the proposal from the Commission of the European Communities to the Council (Doc. 638/78) for a Directive amending, in respect of chilling, Directive 71/118/EEC on health problems affecting trade in fesh poultrymeat (Doc. 86/79);
 - report by Mr Pisoni, on behalf of the Committee on Agriculture, on a proposal from the Commission of the European Communities to the Council (Doc. 646/78) for a regulation amending Regulation (EEC) 816/70 laying down additional provisions for the common organization of the market in wine and Regulation (EEC) No 817/70 laying down special provisions relating to quality wines produced in specified regions (Doc. 87/79);
 - report by Mr Noè, on behalf of the Committee on Environment, Public Health and Consumer Protection, on a proposal from the Commission of the European Communities to the Council (Doc. 681/78) for a decision adopting a concerted action project of the European Economic Community on the effect of thermal processing and distribution on the quality and nutritive value of Food (Doc. 89/79);
 - report by Mr Bertrand, on behalf of the Social Affairs, Employment and Education Committee, on the results obtained to date by, and the future work of, the European Centre for the development of vocational training in Berlin (Doc. 90/79);
 - report by Mrs Cassanmagnago Cerretti, on behalf of the Committee on Social Affairs, Employment and Education, on the proposal from the Commission of the European Communities to the Council (Doc. 21/79) for a Decision on setting up a second joint programme of exchanges of young workers within the Community (Doc. 91/79);
 - report by Mr Albertini, on behalf of the Committee on Agriculture, on the communication from the Commission of the European Communities to the Council concerning forestry policy in the European Community (Doc. 92/79);
 - report by Mr Flämig, on behalf of the Committee on Energy and Research, on the energy situation in the Community (Doc. 96/79);
 - report by Mrs Dunwoody, on behalf of the Committee on Social Affairs, Employment and Education, on equal pay for men and women in the Member States of the Community (Doc. 98/79);
 - By Mr Bayerl, on behalf of the Legal Affairs Committee, on the protection of the rights of the individual in the face of technical developments in data processing (Doc. 100/79);
 - report by Mr Kavanagh, on behalf of the Social Affairs, Employment and Education Committee, on the coordination of the activities of fisheries auxiliary vessels at Community level (Doc. 101/79);
 - Interim report by Mr Cointat, on behalf of the Committee on Budgets, on the administrative expenditure of the European Parliament during the period of 1 January to 31 December 1978 (1978 financial Year) (Doc. 102/79);
 - report by Mr Nyborg, on behalf of the Committee on Economic and Monetary Affairs, on the proposals from the Commission of the European Communities to the Council for:
 - I a regulation amending Regulation (EEC) No 222/77 on Community transit (Doc. 551/78)
 - II a regulation defining the conditions under which a person may be permitted to make a customs declaration (Doc. 103/79)
 - report by Mr Hughes, on behalf of the Committee on Agriculture, on the proposal from the Commission to the Council (Doc. 510/78) for a directive amending Directive 64/432/EEC in respect of enzootic leucosis among cattle (Doc. 105/79);

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- report by Mr Nyborg, on behalf of the Committee on Development and Cooperation, on the proposals from the Commission of the European Communities to the Council on development cooperation and the observance of certain international standards governing working conditions (Doc. 111/79);
- (c) the following oral questions with debate :
- by Mr Zagari, Mr Power, Mr Jahn, Mr Brown, Mr Baas, Mr Scott-Hopkins, Mr Leonardi, Mr Haase, Mrs Walz and Mr Ripamonti, to the Commission, on the state of relations between the Community and the United States of America (Doc. 56/79);
 - by Mr Zagari, Mr Power, Mr Jahn, Mr Brown, Mr Baas, Mr Scott-Hopkins, Mr Leonardi, Mr Haase, Mrs Walz and Mr Ripamonti, to the Council, on the state of relations between the Community and the United States of America (Doc. 57/79);
 - by Mr Zagari, Mr Power, Mr Jahn, Mr Brown, Mr Baas, Mr Scott-Hopkins, Mr Leonardi, Mr Haase, Mrs Walz and Mr Ripamonti, to the Foreign Ministers meeting in political cooperation, on the state of relations between the Community and the United States of America (Doc. 58/79);
 - by Mr Bangemann, Mr Cifarelli, Mr Damseaux, Mr Johnston and Mr Jung, to the Commission, on the reserve for the non-quota section of the Regional Fund (Doc. 59/79);
 - by Mr Schreiber, Mr Kavanagh, Mr Albers, Mr Hoffmann, Mr Holst and Mr Seefeld, to the Commission, on youth policy in the Community (Doc. 60/79);
 - by Mrs Krouwel-Vlam, Mr W. Müller, Mr Ajello, Mr Bregegère, Mr Didier and Mr Brown, to the Council, on Community action in favour of consumers (Doc. 61/79);
 - by Mr Klepsch, on behalf of the Christian-Democratic Group, (EPP) to the Commission, on restructuring in industry (Doc. 62/79);
 - by Mr Klepsch, on behalf of the Christian-Democratic Group (EPP), to the Council, on restructuring in industry (Doc. 63/79);
 - by Mr Pintat, on behalf of the Liberal and Democratic Group, to the Commission, on actions undertaken by the Commission in the iron and steel sector in the last two years and future prospects (Doc. 64/79);
 - by the Committee on Economic and Monetary Affairs, to the Commission, on Community supplies of raw materials (Doc. 112/79);
- (d) the following oral question without debate :
- by the Committee on Development and Cooperation, to the Commission, on the Fifth United Nations Conference on Trade and Development (UNCTAD) Manila — May 1979 (Doc. 65/79);
- (e) for Question Time on 25 and 26 April 1979, pursuant to Rule 47A of the Rules of Procedure (Doc. 52/79)
- oral questions by Sir Geoffrey de Freitas, Mr Stetter, Mr Ellis, Mr Seefeld, Mr Dewulf, Mr Inchauspe, Mr Bordu, Mr L'Estrange, Mr Dondelinger, Mr Kavanagh, Mr Ryan, Sir Derek Walker-Smith, Sir Geoffrey de Freitas, Mr Spicer, Mr Power, Mr Fitch, Mr Seefeld, Mr Fellermaier, Mr W. Müller, Mrs Krouwel-Vlam, Mr Radoux, Mr De Clercq, Mr Dewulf, Mr Nolan, Mr Power, Lord Bethell, Mr Brown, Mr Pisoni, Mr Noè, Mr Dalyell, Sir Geoffrey de Freitas, Mr Yeats, Mr van Aerssen, Lord St. Oswald, Mr Lagorce, Mr Dondelinger, Mr McDonald, Mr Bettiza, Mr Osborn, Mr Kavanagh, Mr Nyborg, Mr Christensen, Mr Ryan and Mrs Dunwoody;
- (f) from the Commission :
- 22 March 1979
 - a request for an opinion on the proposal for a transfer of appropriations between chapters within Section III — Commission — of the general budget of the European Communities for the financial year 1979 (Doc. 18/79)
 which had been referred to the Committee on budgets.
 - Since the proposed transfer concerned expenditure not necessarily resulting from the Treaties, I have consulted the Council on behalf of Parliament in accordance with the provisions of the Financial Regulation ;
 - 10 April 1979
 - a request for an opinion on the proposal for a transfer of appropriations between chapters within Section III — Commission — of the general budget of the European Communities for the financial year 1979 (Doc. 66/79)
 which has been referred to the Committee on Budgets.
- (g) from the Council :
- draft amending and supplementary budget No 1 of the European Communities for the financial year 1979 (Doc. 67/79)
- which has been referred to the Committee on Budgets ;
- (h) the following motions for resolutions :
- by Mr Hamilton, pursuant to Rule 25 of the Rules of Procedure, on a single seat for the executive and parliamentary institutions of the Community (Doc. 4/79)
- which has been referred to the Political Affairs Committee ;
- by Mrs Walz and Mr Flämig, on behalf of the Committee on Energy and Research, on the accident at the Three Mile Island nuclear power station (Doc. 51/79);
- (i) from the EEC-Turkey Joint Parliamentary Committee a recommendation adopted in Ankara on 10 April 1979 (Doc. 97/79).
7. *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 relating to Article 9 of Protocol No 1 to the agreement between the European Economic Community and the State of Israel and concerning the importation into the Community of preserved fruit salads originating in Israel (1979);

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- memorandum of understanding for the implementation of a European research project on Benthic coastal ecology (Cost Project 47);
- act of notification of the approval by the Community of the Financial Protocol between the European Economic Community and Turkey;

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

8. Referral to committee

President. — At my request and pursuant to Rule 38 (3) of the Rules of Procedure the Committee on Economic and Monetary Affairs has been authorized to draw up an opinion on the medium and long-term implications of the regional policy of the European Monetary System and progress towards Economic and Monetary Union, on which the Committee on Regional Policy, Regional Planning and Transport has been authorized to draw up a report.

Moreover, pursuant to Rule 38 (3) of the Rules of Procedure the Committee on Social Affairs, Employment and Education has been authorized to draw up an opinion on the question of development cooperation and compliance with certain international standards on working conditions, on which the Committee on Development and Cooperation has been authorized to draw up a report.

9. Statement by the President concerning motion for a resolution Doc. 626/78

President. — The chairman of the Committee on External Economic Relations has given notice that his committee considered that it was no longer under any obligation to draw up a report on the motion for a resolution on relations between the People's Republic of China and the European Community (Doc. 626/78) which had been referred to it during the sitting of 16 February 1979, since a practically identical resolution has been adopted during the sitting of 15 March 1979 (Doc. 6/79).

However, pursuant to paragraph 9 of that resolution, the Committee on External Economic Relations is still requested to draw up an annual report on this subject.

10. Urgent procedure

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

- motion for a resolution tabled by Mr Fellermaier and Mr Pisani, on behalf of the Socialist Group, on the review of the common agricultural policy (Doc. 43/79)

- motion for a resolution tabled by Mr Hughes, on behalf of the Committee on Agriculture, on the urgent need for eradication measures to control nervous diseases in pigs (Doc. 76/79)
- motion for a resolution tabled by Mr Fellermaier on behalf of the Socialist Group on strengthening parliamentary democracy at European Community level (Doc. 95/79)
- motion for a resolution tabled by Mr Klepsch, Mr Bersani, Mr Deschamps and Mr Vergeer on behalf of the Christian-Democratic Group (EPP Group) on the need to provide humanitarian aid for the people of Uganda (Doc. 108/79)
- motion for a resolution tabled by Mr Ansquer on behalf of the Group of European Progressive Democrats on Community supplies of raw materials (Doc. 109/78)
- motion for a resolution tabled by Mr Pintat on behalf of the Liberal and Democratic Group on the conclusion of the Geneva negotiations on the Tokyo Round (Doc. 114/79)
- oral question with debate, tabled by the Committee on Economic and Monetary Affairs, to the Commission, on Community supplies of raw materials (Doc. 112/79).

The reasons supporting these requests for urgent debate are contained in the documents in question.

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

The oral question by the Committee on Economic and Monetary Affairs and the motion for a resolution by the Group of European Progressive Democrats are concerned with the same topic.

11. Welcome

President. — I have great pleasure in greeting a delegation from the Australian Parliament, led by Dr Edwards, who have taken their seats in the official gallery.

We welcome this visit and hope that the contacts established during this part-session will help to promote closer cooperation between our respective parliaments in the future.

(Applause)

12. Provisional preliminary draft estimates of Parliament

President. — At its meeting of 5 April 1979 the Bureau established, on the basis of a report drawn up by the Secretary-General, the provisional preliminary draft estimates of Parliament for the 1980 financial year which, pursuant to Rule 50 (1) of the Rules of Procedure, has been referred to the Committee on Budgets as the committee responsible.

13. *Order of business*

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

At its meeting of 4 April 1979 the enlarged Bureau adopted the draft agenda, which has been distributed.

I call Lord Bruce on a point of order.

Lord Bruce of Donington. — Mr President, I rise to ask your ruling on a question of parliamentary privilege, and I do this before you proceed to discuss the implications of Rule 28, where, as you will observe, the Bureau has made a certain time allocation for the discussion of reports. Mr President, on referring to the agenda for Tuesday morning you will find that a report by Mr Bangemann on behalf of the Committee on Budgets on the draft amending and supplementary budget No 1 of the European Communities for the 1979 financial year established by the Council is due for discussion under Item 39. Mr President, the ruling I have to ask of you — and it is a very serious matter indeed — is whether Parliament has before it, or ever had before it since the Council meeting to 22 March a draft amending and supplementary budget, because if Parliament has not received through the usual channels an official draft amending and supplementary budget No 1 for 1979 there is clearly no point in having the item on the agenda at all. I would draw your attention to the fact that the usual way established over the past twenty years for the Council to acquaint Parliament with a draft supplementary budget is to forward it to the President, as indeed it did on the 10 February 1978 when it addressed a letter to you, saying: 'Sir, under separate cover and in the six languages I am sending you the draft amending budget No 1 of the European Communities for the financial year 1978 which the Council laid down on the 10 February 1978. The letter was, of course, signed on behalf of the Secretary-General and forwarded to Parliament in the normal way and Parliament dealt with it in the normal way.

Now, on examining Document No 67/79 which is described on the cover as a draft amending and supplementary budget No 1, we find that it is nothing of the kind. It has been transmitted to Parliament, not through the usual offices of the Secretary-General but under the hand of the President-in-Office and comprises not a draft amending and supplementary budget for 1979, but what is described by the President-in-Office as a document which refers to another document. Nowhere in the documents addressed to Parliament is it described as a draft amending and supplementary budget for 1979.

Mr President, in the event of your deciding that it is in order for Parliament to discuss a non-existent draft amending and supplementary budget, I shall reserve my position so that in the debate that takes place on this fictitious document I shall expose the squalid

manoeuvre that lies behind it. But I would ask you to Rule that at present Parliament does not have before it an official draft amending and supplementary budget, officially transmitted to it as such by the Council and therefore cannot discuss it.

Mr President, I hope that as the custodian of Parliament's rights — and these are very important and will become more important as the years pass — you will so rule, because sometimes a compromise manoeuvre by the Council to save face is answered on Parliament's part by a manoeuvre to save Parliament's face. I hope in this case this will not apply, and that you will rule that Parliament does not have before it a draft amending and supplementary budget for 1979. I am confirmed in my views by observing that the Council has made a practice of introducing its own draft supplementary and amending budget when it is present in the House on Wednesdays. I observe that the debate is scheduled for Tuesday, and if, despite what I have said, it is ruled that this debate can take place I devoutly hope that the President-in-Office will be here so that this squalid manoeuvre can be exposed in his presence.

President. — On examining these documents the Committee on Budgets requested clarification. I forwarded this request to the Council and received the following telegram from the Council Secretary-General:

In reply to your letter of 4 April 1979 I have the honour of confirming the statements and proposals made by the President of the Council to the European Parliament's delegations at the meeting of 6 March 1979. With a view to complying strictly with the provisions of the Treaty and the Financial Regulation the Council considers that the budgetary documents covered by the Council decision of 22 March 1979 on the basis of the document presented by the Commission to the budgetary authority on 21 February 1979 and forwarded to Parliament on 29 March should be dealt with according to the budgetary procedure rules set out in these texts.

I would add that, as Lord Bruce pointed out in his speech, the agenda for the sitting of Tuesday, 24 April 1979 provides for a debate on draft supplementary and amending budget No 1 of the European Community for 1979, established by the Council.

Our position on these documents is quite precise and perfectly clear, and I feel that the Council also shares our views. In any event, if the Council wishes to make any comment, it will have the opportunity of so doing during the debate on the draft supplementary and amending budget.

Lord Bruce. — Mr President, I am very grateful for your ruling that the document before us which the President-in-Office has studiously refrained from describing as a supplementary and amending budget, is in fact a draft supplementary and amending budget.

Lord Bruce of Donington

I accept your ruling, Mr President, and in those circumstances I give notice that I shall, if the debate takes place, expose this squalid manoeuvre for what it is.

President. — Lord Bruce, I believe that, as he is a man of culture and learning in addition to being a politician, the President-in-Office of the Council prefers descriptions to legal definitions. It is for us, as legislators, to provide the definitions and, in the last analysis, it is our definitions that count.

(Laughter)

I call Lord Reay.

Lord Reay. — Mr President, I wish to raise a matter regarding an item on the agenda. In the absence of the chairman of the Committee on Development and Cooperation, I have been asked on behalf of the committee to raise a matter concerning Item No 59 on the agenda, which is due to be taken on Thursday morning.

You were sent a letter by Miss Flesch, the chairman of the Committee on Development and Cooperation, requesting that the question concerned, relating to UNCTAD, should be taken as an oral question with debate during this part-session, whereas it is down as an oral question without debate. I wonder why it was decided that no debate should be allowed on this matter, since this certainly was not the wish of the committee as a whole. I would ask you to reconsider this decision so that, if possible, those members of the Committee on Development and Cooperation who wish to take part in a debate on this matter are given an opportunity to do so. I therefore request that this be taken as an oral question with debate rather than a question without debate.

President. — Lord Reay, this point was considered at the meeting of the enlarged Bureau held in Rome on 4 April, where it was decided that every effort should be made to consider as many questions as possible during this sitting — which is the second-last before direct elections — and a request was made to reduce the length of the debates and, in particular, to take questions without debate. On the request of authoritative members of the Bureau we decided that this question could be taken without debate.

If you wish to submit your motion to the House, I shall put it to a vote after calling on one Member to speak in favour and one against.

Lord Reay. — Mr President, I think it would be the view of the Committee on Development and Cooperation that an opportunity should be given for a debate to take place on this matter and I must therefore ask you to put the matter to the House.

President. — I call Mr Spénale.

Mr Spénale. — *(F)* Mr President, I was at the Bureau meeting when the suggestion was made to take this as an oral question without debate — it is, after all, always up to the committee to request a debate if it wants it.

I would appeal to Lord Reay to show a measure of understanding. In fact, this was not the only question for which a debate was requested that the Bureau decided to enter on the agenda as an oral question without debate. If for every question down on the agenda without debate everyone was to demand that a debate should be allowed then, clearly, a quarter of the items on the agenda could not be considered in the time allowed to us. I therefore appeal to all concerned for a spirit of cooperation.

I do not dispute that the subject is an important one, but then so are all the matters discussed in this House, whether it is energy, unemployment, the steel industry, the Third World, the environment, or what have you.

So, what criterion are we to apply? In my opinion, Lord Reay, it is the following: If you believe there are substantial differences of opinion within the Committee on Development and Cooperation as regards either the question itself or what a single spokesman might say, then these differences must be aired. But if, on the other hand, the committee is unanimous on the phrasing of the question and on how the nominated speaker should make his submission, then I feel that all the verbal fencing is largely futile, except to those who like to read it in the Report of Proceedings. The work of the House would be made that much easier if it were allowed to get on with its business without everyone having the right to indulge in repetitive arguments, particularly at a time like this.

President. — Mr Spénale I take it that you are against the motion.

Mr Spénale. — *(F)* If Lord Reay agrees with what I have said there is no further need for a vote. If he does not agree with me, then we shall have to put this proposal to the vote.

President. — Lord Reay, I would ask you to consider Mr Spénale's request.

Lord Reay. — Well, Mr President, in view of the fact that Mr Spénale addressed some questions to me, perhaps you would allow me to say something in reply. Mr Spénale is a man of great prestige and experience, not only in this Parliament but also in the whole field of development and of the relations between this Parliament and the various ACP countries, and what he said was very reasonable and obviously carries a great deal of weight. He suggested that the criterion should be that this topic would be taken with debate if there were substantial differences of

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opinion within the committee. I think that that criterion would probably not be met in this case. I do not think there are any great differences of opinion within the committee. But he also said that this decision to reduce an oral question with debate to an oral question without debate had been applied to several other matters by the Bureau. Now I am not sure that this is true; it seems to have been done in the case of various questions to do with African swine fever, but these on the whole are rather technical matters of the kind that normally are taken without debate by this Parliament. I don't think the decision to take this question as a question without debate has been applied to other matters of such general import as this UNCTAD question. The question of the UNCTAD meeting does raise very general questions; it is a very suitable topic for debate, irrespective of how contentious it might be. I don't see any other questions on the order paper — although perhaps Mr Spénale can correct me, — where the same sort of restriction has been imposed by the Bureau to the same sort of question. Mr President, what I suggest is that you invite some one else in the House to speak in favour of my proposal and against what Mr Spénale has said, and in the absence of anyone else being willing to do so, I shall withdraw my request.

President. — I call Mr Klepsch.

Mr Klepsch. — (*D*) Mr President, I must say to Lord Reay that when this agenda was drawn up we had to reduce a great many oral questions with debate to oral questions without debate and in a whole series of instances we had to refer questions to Question Time. The reason for this is, quite simply, that the Bureau was in the difficult position of having to find enough space on the agenda for the many items that we wanted to include, particularly as we are just coming up to the end of a legislative period. Mr President, I wish to make the following suggestion, with which I hope Lord Reay will agree: When the Bureau meets on Wednesday morning it should see how much business remains to be got through and perhaps time can be made. However, I see no chance of making any changes in the agenda as it stands at the moment.

Lord Reay. — I agree.

President. — I note that the motion has been withdrawn. The matter will, however, be considered at the next meeting of the Bureau.

The European Conservative Group has asked that the Calewaert report on liability for defective products (Doc. 71/79), entered on the agenda for the sitting of Thursday, 26 April be held over to the May part-session, because the rapporteur has become a member of the Belgian Government and is unable to attend the April part-session. Moreover, Sir Derek Walker-Smith, chairman of the Legal Affairs Committee, is prevented

from deputizing for him because of the British electoral campaign.

This constitutes a request to amend the agenda. Pursuant to Rule 12 of the Rules of Procedure. I shall call one speaker in favour and one against the motion before consulting Parliament.

Lord Bessborough. — Mr President, I have been asked by my leader, Mr Rippon, to support this request concerning the report on defective products, not only for the reason you have given, namely that the rapporteur Mr Calewaert has joined his government — on which, as you say, we must warmly congratulate him — but also because the chairman of the committee, Sir Derek Walker-Smith, who is also a member of our group, cannot be here because of the national elections which are imminent in my country. I have therefore been asked to support the proposal that this item on the agenda should be withdrawn. Perhaps this might even help my noble friend Lord Reay with regard to the UNCTAD question, since they happen to be adjacent items on Thursday's agenda.

I would also like to say, particularly to my friend and colleague, Mr Klepsch, that although I appreciated his suggestion to me that if there was no amendment then perhaps we could nonetheless go ahead with the Calewaert report, I am afraid I have received a message to the effect that my own group will indeed have an amendment and therefore I would hope that this debate might be postponed until the May part-session.

President. — I call Lord Ardwick.

Lord Ardwick. — Mr President, I merely want a very firm assurance that if this report is postponed until the May part-session it will certainly be on the agenda then. It is an important matter to which the committees have given a great deal of thought.

President. — I call Mr Klepsch.

Mr Klepsch. — (*D*) Mr President, I wanted to say that, since amendments are to be tabled, we favour postponement of Mr Calewaert's report to the May part-session rather than referral back, to committee, which should set Lord Ardwick's mind at rest. Provided that we merely postpone it, the report is automatically put on the agenda for May. However, speaking for my group I can say that if no amendments are tabled we are prepared to give the report our support.

President. — I call Mr Bangemann.

Mr Bangemann. — (*D*) Mr President, I really do not think we should postpone this important matter, particularly in view of the immense amount of hard work that the Legal Affairs Committee has put into it. Since the substance of the report is pretty middle-of-the-

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road, I feel that all the groups should find it acceptable — at any rate my group would find it so. It is just possible that the Conservative Group may not be able to accept it and so I repeat what Mr Klepsch has just said: Provided that no further amendments to the text produced by the Legal Affairs Committee are tabled, I am in favour of leaving the item on the agenda and adopting Mr Calewaert's report. In other words, I am suggesting that the agenda be allowed to stand as originally drawn up. But then all groups would have to exercise restraint and not table any further amendments. We could then agree to set the deadline for tabling amendments for tomorrow evening. If amendments are tabled by then the report will be postponed to the May part-session. That would give us a clear-cut arrangement and then everyone can think about whether or not he wants to table an amendment and so risk the report being deferred until May. I ask you to proceed as I have suggested.

President. — I call Mr Klepsch.

Mr Klepsch. — (*D*) Mr President, I should be very glad if you could put Mr Bangemann's compromise solution to the vote. My group would support what Mr Bangemann has suggested, namely, that we set the deadline for tabling amendments at 6 p.m. tomorrow evening. If there are no amendments tabled by that time my group would then be in favour of keeping to the agenda. It would get us out of an awkward spot if you were to put it to the vote. I believe that the whole House could agree to this arrangement.

President. — Lord Bessborough, do you accept this procedure?

Lord Bessborough. — Yes, certainly, Mr President, and I feel our group may not be the only group which has amendments.

President. — I note that there is general agreement that the item should remain on the agenda and that the deadline for tabling amendments should be fixed at 8 p.m. tomorrow.

I call Mr Bangemann.

Mr Bangemann. — (*D*) Mr President, my suggestion was, firstly, to leave the matter on the agenda, secondly, to set a deadline for tabling amendments — which would be 8 p.m. tomorrow, as you have just proposed — and, thirdly, to agree now to defer the matter to the May part-session if any amendments are tabled by tomorrow's deadline. So, if no amendments are tabled by 8 p.m. tomorrow, we can deal with the matter on Thursday. If there are amendments, we postpone it until May. That is my proposal.

President. — I call Mr Broeks.

Mr Broeks. — (*NL*) Mr President, I should not like a decision to be taken until we have actually seen the

amendments. They may well be so minor that we will decide that we can take the report on Thursday after all. I think it would be unfortunate if a report were to be held over simply because someone wished to table an amendment to it. That would be quite wrong, and would create an unpleasant situation in this Parliament. I would therefore suggest that we wait until we have seen what amendments are tabled before we decide whether the report should be held over or not. That seems to me to be the obvious thing to do. It may well be that when the amendments are tabled, Members will know exactly what the position of their political group is and will have no difficulty in accepting or rejecting them.

President. — I propose that the report should remain on the agenda — on the understanding that the deadline for tabling amendments is 8 p.m. tomorrow — pending the Bureau meeting on Wednesday morning which will consider the question and make a proposal to Parliament.

As there are no objections, that is agreed.

The Committee on the Environment, Public Health and Consumer Protection has asked that Mr Brown's report on plastic materials and articles intended to come into contact with foodstuffs (Doc. 23/79), which was included on the agenda for the sitting of Thursday, 26 April, be held over to the May part-session, since the rapporteur cannot be present. The committee also proposes that Lord Kennet's report on misleading advertising (Doc. 36/79) be taken in its place. As this is a motion to amend the agenda I shall ask for one speaker in favour and one speaker against the motion before putting it to the vote.

I note that no one wishes to speak in favour of the motion.

Does anyone wish to speak against it?

I call Mr Baas.

Mr Baas. — (*NL*) Mr President, I think that is a rather strange proposal. We are not familiar with Lord Kennet's report. I can accept that Mr Brown's report should be held over until the May part-session, but I cannot see why Lord Kennet's report should now be slipped in. It seems to me an unacceptable procedure for a committee to be allowed to determine whether an item is placed on the agenda. I urge Parliament to reject this proposal.

President. — I consult Parliament on two motions: the first concerns the postponement of the Brown report, the second, the inclusion on the agenda of the Kennet report.

I call Lord Kennet.

Lord Kennet. — Mr President, I would like to speak in favour of the motion since there has been a speaker against. I did not originally apply to speak in favour, since I hoped no voices would be raised against this proposal.

Very briefly, I think this is a perfectly normal suggestion presented for the sake of convenience by the committee in the absence of one rapporteur, namely to slot in another report from the same committee. As to the availability of the report on misleading and unfair advertising which Mr Baas has referred to, I have to admit that I do not know whether it has been circulated, because I am so familiar with it, but it did go through the committee some seven weeks ago and we refrained from asking for it to be put on the agenda of the March part-session, because that might not have given Members of the House time to study it in advance. We did request that it should go on the agenda for this part-session and were somewhat surprised to find that it had not been put down. I would urge the House, if it comes to a vote, to accept this proposal as a simple matter of convenience.

President. — I put to the vote the proposal to postpone Mr Brown's report.

The proposal is adopted.

I put to the vote the proposal to enter Lord Kennet's report on the agenda in place of Mr Brown's report.

The proposal is rejected.

The Political Affairs Committee requests that the report by Mr Scelba on accession by the Community to the European Convention on Human Rights (Doc. 80/79) should be included in the agenda for the April part-session. This is also a motion to amend the draft agenda.

Does anyone wish to speak in favour of the motion?

I call Mr Klepsch.

Mr Klepsch. — (D) Mr President, we agree. This was the unanimous recommendation of the Political Affairs Committee, endorsed by all the political groups.

President. — As no one wishes to speak against it, I put to the vote the motion to include the Scelba report on the agenda for this part-session.

The motion is adopted.

I propose that the report be entered on Thursday's agenda, after Mr de Keersmaecker's report.

As there are no objections, that is agreed.

The Committee on Development and Cooperation has asked that the report by Mr Broeks, which it will adopt at tomorrow's meeting, should be included in the agenda for the April part-session. As this is also a motion to amend the draft agenda I shall call on one speaker in favour and one against the motion.

I call Mr Klepsch.

Mr Klepsch. — (D) Mr President, all the political groups agreed that this report should be placed on the agenda. I believe the House is unanimous on this.

President. — As no one wishes to speak against the motion, I put it to the vote.

The motion is adopted.

I propose that the report be entered on Thursday's agenda after Mrs Krouwel-Vlam's report.

With regard to the debate on the budget, the Group of European Progressive Democrats has asked that Mr Cointat's reports (Doc. 37/79 and 102/79), included on the agenda for the sitting of Tuesday, 24 April should be taken the same day, after Mr Spinelli's report. As this request only concerns the order in which the items are to be taken and as there are no objections, that is agreed.

The order of business will therefore be as follows:

Monday, 23 April 1979, until 8 p.m.

- Procedure without report
- Statement by the Commission on action taken on the opinions and proposals of Parliament
- Joint debate on the Cassanmagnago Cerretti report and an oral question to the Commission on youth policy in the Community
- Wawrzik report on the Second European Social Budget (1976-1980)

Tuesday, 24 April 1979

10.00 a.m. and 3.00 p.m. until 8.00 p.m.:

- Decision on urgency of various motions for resolution and an oral question
- Possibly, continuation of Monday's agenda
- Bangemann report on draft amending and supplementary budget No 1 for 1979
- Notenboom report on interest rebates for loans with a structural objective
- Spinelli report on loan for promoting investment
- Cointat report on the staff regulations of officials of the Communities
- Interim Cointat report on the administrative expenditure of Parliament in 1978
- Oral question with debate to the Commission on the Regional Fund
- Ibrugger report on coal and coke for the iron and steel industry
- Ripamonti report on space research
- Mitchell report on the Euratom inspectorate
- Motion for a resolution by Mrs Walz on the Harrisburg accident

3.00 p.m.:

- Voting time

Wednesday 25 April 1979

10.00 a.m. and 3.00 p.m. until 8.00 p.m. (possibly, 9.00 p.m.)

President

- Oral questions with debate to the Commission, Council and Foreign Ministers on relations between the Community and the USA
- Oral question with debate to the Council on Community action in favour of consumers
- Joint debate on Spinelli report, two oral questions, one to the Commission and the other to the Council and one oral question to the Commission on actions in the iron and steel sector and other industries
- Joint debate on Lagorce report and an oral question to the Foreign Ministers on the code of conduct for Community companies with subsidiaries in South Africa
- Blumenfeld report on the peace treaty between Egypt and Israel

3.00 p.m.:

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

4.30 p.m.:

- Vote on draft amending and supplementary budget No 1 and the motion for a resolution contained in the Bangemann report
- Voting time

Thursday 26 April 1979

10.00 a.m., 3.00 p.m. to 8.00 p.m. and from 9.00 p.m.:

- Possibly, continuation of Tuesday's agenda
- Oral question without debate to the Commission on the 5th UNCTAD
- Calewaert report on liability for defective products
- De Keersmaecker report on pharmaceutical preparations
- Scelba report on the European Convention on human rights
- Johnston report on the expulsion from Malta of Mr von Hassel
- Cassanmagnago Cerretti report on a Community system of information on accidents
- Krouwel-Vlam report on organ banks
- Broeksz report on food aid

3.00 p.m.:

- Question Time (by way of exception, 1½ hours for questions to the Commission)

4.30 p.m.:

- Voting time

Friday 27 April 1979

9.00 a.m.:

- Procedure without report
- Voting time
- Possibly, continuation of Thursday's agenda
- Baas report on the visit by a European Parliament delegation to Japan in 1978
- Nyborg report on equipment and measurements
- Jung report on carriage of goods
- Luster report on exchange losses
- Luster report on simpler Community regulations
- Lemp report on fishing agreement between Canada and the EEC

- Albertini report on forestry policy in the Community
- Liogier report on fruit and vegetables
- Albertini report on swine fever in Malta (without debate)
- Ney report on swine fever in Spain (without debate)
- Ney report on foot-and-mouth disease in South-East Europe (without debate)
- Ney report on the prevention of classical swine fever (without debate)

End of sitting:

- Voting time

As there are no objections, the order of business is adopted;

14. Limitation of speaking time

President. — Pursuant to Rule 28 of the Rules of Procedure I propose to allocate speaking time as follows for certain groups of reports on Tuesday's agenda:

- Ibrügger, Ripamonti and Mitchell reports and Walz motion for a resolution.

Rapporteurs :	40 minutes (4 × 10)
Commission :	20 minutes
Members :	180 minutes
	broken down as follows :
Socialist Group :	55 minutes
Christian Democratic Group (EPP) :	45 minutes
Liberal and Democratic Group :	22 minutes
European Conservative Group :	18 minutes
Communist and Allies Group :	18 minutes
Group of European Progressive Democrats :	18 minutes
Non-attached Members :	5 minutes

Reports by the Committee on Budgets :

Rapporteurs : 60 minutes broken down as follows :

Mr Bangemann :	15 minutes
Mr Notenboom :	10 minutes
Mr Spinelli :	10 minutes
Mr Cointat :	10 minutes
Mr Cointat :	10 minutes
Mr Bangemann (Oral question) :	5 minutes
Commission :	50 minutes
Council :	10 minutes
Members :	120 minutes
	broken down as follows :
Socialist Group :	30 minutes
Christian Democratic Group (EPP Group) :	23 minutes
Liberal and Democratic Group :	17 minutes
European Conservative Group :	15 minutes
Communist and Allies Group :	15 minutes
Group of European Progressive Democrats :	15 minutes
Non-attached members :	5 minutes

Following our normal practice I propose that Parliament limit speaking time for all reports and motions for resolutions on the agenda as follows :

President

— 15 minutes for the rapporteur and the spokesman for each group

— 10 minutes for all other speakers.

As there are no objections, that is agreed.

15. Deadline for tabling amendments

President. — I remind the House that the deadline for tabling draft amendments, proposed modifications and proposals for outright rejection of draft supplementary and amending budget No 1 of the European Communities for the 1979 financial year, drawn up by the Council has been fixed for 6 p.m. on Tuesday, 24 April 1979.

16. Procedure without report

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

- proposal from the Commission of the European Communities to the Council for a directive supplementing the Annex to Directive 76/769/EEC on the approximation of the laws, regulations and administrative provisions of the Member States relating to restrictions on the marketing and use of certain dangerous substances and preparations (Doc. 16/79)

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

- proposal from the Commission of the European Communities to the Council for a regulation opening, allocating and providing for the administration of Community tariff quotas for certain wines having a registered designation of origin, falling within subheading ex 22.05 C of the Common Customs Tariff, originating in Algeria (1979-80) — (Doc. 41/79)

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

- proposal from the Commission of the European Communities to the Council for a directive amending for the second time the annex to Directive 76/769/EEC on the approximation of the laws, regulations and administrative provisions of the Member States relating to restrictions on the marketing and use of certain dangerous substances and preparations (Doc. 49/79)

which has been referred to the Committee on the Environment, Public Health and Consumer Protection as the committee responsible and to the Committee on Economic and Monetary Affairs for its opinion :

I remind Parliament that unless any Member asks leave to speak on this proposal or amendments are tabled to it before the opening of the sitting on Friday, 27 April 1979, I shall, at that sitting, declare this proposal to be approved.

17. Action taken by the Commission on the opinions and proposals of Parliament

President. — The next item is the communication from the Commission on action taken on opinions and proposals of Parliament¹.

As there are no requests to speak, this item closed.

18. Youth policy in the Community

President. — The next item is the joint debate on the report by Mrs Cassanmagnago Cerretti, on behalf of the Committee on Social Affairs, Employment and Education, on the proposal from the Commission of the European Communities to the Council (Doc. 21/79) for a decision setting up a second joint programme of exchanges of young workers within the Community (Doc. 91/79) and on the oral question with debate by Mr Schreiber, Mr Kavanagh, Mr Albers, Mr Hoffmann, Mr Holst and Mr Seefeld, to the Commission of the European Communities (Doc. 60/79) :

Subject. Youth policy in the Community

1. What progress has been made in the development of youth policy at Community level in the ten years since the Hague Summit in 1969, the Communiqué of which sought a closer association of young people in the evolution of the Community ?
2. In relation to the Youth Forum, will the Commission state what its present situation is, — its working structures and methods, its relationship with the Commission, and how will the Commission ensure that it is fully consulted upon and involved in, the evolution of policies of interest to young people ?
3. What is the present situation of the Second Programme for the exchange of young workers, and how does the Commission see this evolving in the future ; does it envisage including the applicant countries within it ?
4. What proposals has the Commission for developing policies relating to 'out-of-school' educational activities which could help the youth organizations to provide more effectively for the needs of young people, particularly the unemployed and less-privileged ?

I call Mrs Cassanmagnago Cerretti.

Mrs Cassanmagnago Cerretti, rapporteur. — (I) At the instigation of Vice-President Vredeling, the Commission has put forward a proposal to the Council for the setting up of a second and extended programme of exchanges of young workers. The new programme

¹ See Annex

Cassanmagnago Cerretti

will provide for Community aid for long-term exchanges of from four to eight months, as well as for short-term exchanges ranging from three weeks to three months. Specifically, the Commission undertakes in the first instance to meet 75 % of the travel expenses for every person involved. In the case of long-term exchanges there will be a further fixed contribution of 150 units of account per person for each month of the exchange, corresponding to about 20 % of all other expenses. If necessary, the Commission itself will also contribute to the cost of preparatory language courses to the amount of 125 units of account per person per week. In the case of short-term exchanges there will be a fixed contribution of 85 units of account per person per week, corresponding roughly to 40 % of all expenses. These figures will be regularly reviewed.

The 1979 Community budget authorized appropriations of 650 000 units of account to cover the cost of the new programme from July 1979. In 1980 these appropriations will rise to 1.5 million units of account and to 2 millions in 1981.

The Commission anticipates that in the second half of 1979 there will take place 270 short-term and 200 long-term exchanges. In 1980 these are likely to rise to 765 and 400, respectively, and in 1981 to 1 000 and 500, respectively.

The programme of exchanges of young workers within the Community has been in existence since 1964. Since that time only 1 500 young people have in fact benefited from it. The proposed second programme differs from the first in that it will encourage short-term exchanges. Although it is true to say that the exchanges under the programme that is now coming to an end were a qualitative success, the number of participants was rather small. The reason for this is to be found in the reluctance among young people in the present difficult economic situation to risk leaving their jobs in order to take part in an exchange. This does not apply to the same extent to short-term exchanges, since participants in these have no need to leave their jobs. Moreover, it seems that many employers are more inclined to go along with the short-term, rather than the long-term exchanges. In setting up the second programme of exchanges for young workers the Commission will be entering into special cooperative agreements with the European institutions responsible for organizing exchanges.

I think I should tell you that the report that I have presented was unanimously adopted by the Committee on Social Affairs, Employment and Education. Our committee has sought to underline the importance of reasserting the human aspects of the Community and we maintain that the preparation and introduction of young people to the exchange programme will eventually help to bring home the European ideal. We should perhaps also recall that the

European Parliament has on many occasions found fault with the content of these programmes, which were provided for in the Treaties, criticizing them in the budget debates for their inadequate funding. However, there is every hope that the structural deficiencies of the first programme in 1964 — small numbers and inadequate preparation of participants — will be remedied. We should also make the point that the reduction in the appropriations from 1 million to 650 000 units of account calls into question the feasibility of achieving the more extensive objective of the programme.

The Committee on Social Affairs, Employment and Education is concerned that the economic and employment situation, which may well be a source of worry to young people interested in this programme, could lead them to fear that participation in exchanges might jeopardize their future-projects. We would also welcome the extension of the programme to allow young workers from the associated and ACP States to participate. This is a crucial point inasmuch as we believe that true European integration can only come about to the extent that those about to assume positions of responsibility in developing countries are given the opportunity of participating in such schemes.

In the light of what I have just said I believe that we should adopt the resolution and call on the Commission to set up a second programme to follow on from the first, in the hope that it will eventually be backed by more generous funds.

IN THE CHAIR : MR MEINTZ

Vice-President

President. — I call Mr Schreiber.

Mr Schreiber. — (*D*) Mr President, although I shall try to be brief, that is not to say that we treat this matter lightly. On the contrary, we regard it as a matter of the highest importance, all the more so as we are only a few weeks away from the first direct elections to the European Parliament. It is time, therefore, that we came to grips with the problem once again.

Mr President, we firmly believe in the need for European integration and development and we also believe that this can only be achieved with the help of our young people. Without them we cannot hope to succeed in shaping a new Europe, and so we have to put our minds to resolving the problems of our young people. We need our young people. But we must recognize that many of them feel that we have let them down. Unemployment among young people is still extremely high and many of them have still not found an apprenticeship.

Schreiber

Over the last ten years, since the 1969 Summit at The Hague, we have talked a great deal about the youth question and about young people in general. We should not be far wrong if we felt that we had not gone much beyond words and that the words had not been matched by actions. In 1968 we saw a change in attitude among the younger generation beginning with the students in that year. The general impression was that young people wanted a greater say in matters that concerned them. Today, it seems, young people have become more apathetic, more apolitical even, a fact that has found expression in the growth of new sects and religions among them.

And so, Mr President, we must help our young people, we must help them quickly and effectively. Point 1 of our question deals broadly with this problem, and we should be interested to hear to what extent the Community has been able to follow through with the proposals contained in the 1969 Hague Communiqué and in the statements made at the last two European Councils.

A further point that interests us is the position of the European Youth Forum. After a prolonged and difficult starting-up period in 1973/74, the Youth Forum was finally established in 1978 and now it is doing important work within the European Community.

However, we think, or at least we have the impression — we could be wrong — that the Youth Forum is still not making a sufficient contribution in shaping and implementing policy. We were dissatisfied with the answer given by President Jenkins some time ago and with Mr Cheysson's answer to an oral question by Mr Albers on 15 September of last year. We must say that we would very much like to see better, more consistent and more coherent use made of the opportunities that the Young Forum offers to us, namely, the opportunities for initiative, for consultation and for coordination — as indeed, was the original intention.

With reference to point 3 of our question, Mr President, may I say right away that the question was formulated back in February and tabled, to the best of my recollection, at the beginning of March. Mrs Cassanmagnago's report came in the meantime. I should like to comment on that in a moment. Coming on to point 4, may I refer you back to my opening remarks. It is not our only concern that young people should be able to find a job or that they should be able to find access to an apprenticeship. There are other areas of equal importance in which young people must be considered, and we attach very special importance to the further education offered to school-leavers.

It is essential that we strengthen the organizations responsible for this area.

A great many young people are coming together and forming associations, even at European level. However, we must not think only of such young people — young professional Europeans, as they are sometimes maliciously referred to — when drawing up Community policies. There is a mass of young people that demand our special attention. These are the unemployed, the disadvantaged — those that do not readily join associations and do not readily join in their activities. We must work harder to help such young people, we must find a way of helping them too. We hope that the Commission can give us a satisfactory reply on this question.

President, if I may, I should like to say a few words on behalf of the Socialist Group about what Mrs Cassanmagnago Cerretti had to say.

The Socialist Group welcomes the proposal put forward by the Commission. Our members on the Committee on Social Affairs, Employment and Education supported the report presented by Mrs Cassanmagnago Cerretti and in their name I would like to thank her most warmly for it. I believe that it represents an important step forward in our endeavours. The Socialist Group intends to give the report its support by voting in favour. We share Mrs Cassanmagnago's disappointment over the reduction in the appropriations for this second joint programme. A lot more could have been achieved. However, we hope that this is just a beginning and that perhaps we shall be able to do more in the course of the budgetary procedure for next year.

We particularly welcome the proposed extension of the programme, as mentioned in paragraphs 7 and 8 of the motion for a resolution. Everyone of us who has discussed it with people in the European Community will know that there is not a universal understanding of the Community's activities in the ACP countries. This must be changed and these activities must be broadened. I believe that it would be extremely helpful to the development of relations between the European Community and the ACP countries if we were able to bring together their young people and ours, particularly in the area of work.

We think that the institution that we have already, the European Youth Forum, can make a very useful contribution to this task. We hope that the European Youth Forum can be made to play an appropriate role in this area.

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

Mr Caro. — (*F*) Mr President, as you can well understand, the Christian-Democratic Group, for whom I speak, wholeheartedly endorses everything our colleague, Mrs Cassanmagnago, Cerretti has said. In

Caro

response to the question put by Mr Schreiber I should like, for the benefit of the House, to shed some light on why it is that this House has not yet been able to define its position on the European Communities' Youth Forum. Mr Schreiber did in fact mention that there was some delay before we were able to reach conclusions on the matter.

In my view it would be unfair to cast doubts on either Parliament's intentions or the Commission's action — however, I will let the Commission speak for itself. What we are witnessing is the birth and development of an entirely original scheme that will depend for its success essentially on the initiative of young people and thus embody the common aspirations of the nine Member States. This has meant that Parliament has had to exercise a degree of patience and at the same time involve itself in the indispensable discussions in a spirit of cooperation, so as to arrive at a structure that is acceptable both to them and to us.

Perhaps I should add that it is only very recently — with the establishment of a new structure — that we have been given an opportunity to examine and evaluate the actual documents relating not just to the structures but also to the work programme. The Youth Forum arose out of the declaration by the Heads of State meeting in The Hague in 1969. Point 16 of that declaration laid particular stress on the need for greater participation by young people in European integration. It was this that led to the setting up of a youth forum and we have gradually advanced to the present situation in which we have duly installed and recognized representatives sitting on the Executive Committee.

The body derives its authority from a sovereign General Assembly working in close collaboration and on an equal footing with the national committees and non-governmental organizations concerned with young people. The reason why this House was not able to debate this matter sooner — and I believe, Mr President, that we shall have that opportunity during the May session — is that we have been asking for information on the work programme of this Youth Forum. We needed to know more than just the fact that there is a committee with a chairman, secretaries and a structure such as we might expect to find in any other association. What we were really concerned to know was: What are the objectives of the Youth Forum?

You will have an opportunity to discover these for yourselves from a document that will be made available to you after it has been considered by the Committee on Social Affairs, Employment and Education. In view of Mr Schreiber's question, I feel justified in giving you a general outline of these fundamental objectives which Parliament will no doubt be asked to endorse. The programme can be divided into three main headings: 1) participation of young people in the political development of the European Communi-

ties, 2) social conditions of young workers and 3) involvement of young people in the educational and cultural situation within the European Economic Community. With regard to political development, three priorities have been laid down: the rights of young people and the democratization of institutions, economic policy in Europe and new forms of growth and, finally, the establishment of a new international economic order and the renegotiation of the Lomé Convention.

The part of the programme concerned with social conditions, likewise, can be divided into three main headings: the right to work and the fight against unemployment, access to jobs, the rights of young people in the undertaking, working conditions, remuneration, training and participation; the improvement in the accommodation; conditions of young workers and the problems of accommodation; and participation in social and cultural activities. I should also add that the organizers and those responsible for the Youth Forum attach special importance to the problem of young migrant workers, which they would consider as part of the overall picture. And, finally, we come to the educational and cultural situation and the main point here is the problem of the transition from the school environment to the working environment and also the problems associated with school and out-of-school education.

In conclusion, may I say that we of course know that there is within the Council of Europe a youth organization comprising the European Youth Foundation and the European Youth Centre, but we should not like these two institutions to indulge in any form of rivalry — quite the contrary, they would seem to complement each other very well and we believe that relations between them should be guided by a spirit of close cooperation and effective coordination. Speaking on behalf of my group, Mr President, I think it is absolutely essential that we should not only pardon the perhaps slightly hesitant and circumspect way in which those presently responsible for the Youth Forum are shaping their organization, but also pay homage to all those who have been involved in the development of this original system. And on the eve of direct elections to our European Parliament I would prefer, rather than to seek to find out who is responsible for this delay, that we should accept that if we adults have failed to bring about a common European policy as speedily as we might have wished, then we scarcely have the right to criticize young people who have tried to set up an institution which, as I see it, will help considerably to further our cause.

President. — I regret that, being in the chair, I am unable to speak on this topic which is one that concerns me very deeply.

I call Mrs Squarcialupi to speak on behalf of the Communist and Allies Group.

Mrs Squarcialupi. — (I) Mr President, Mr Commissioner, I would like to add the voice of the Communist and Allies Group in support of the report on the programme of exchanges of young workers and also the question on Community youth policy. Such a programme is without doubt a most effective way of consolidating — in some cases even of creating — a civil, social and cultural bond between young people — and not necessarily just young people. The ideal of European integration would remain a hopeless dream without these links, which should serve to unite the youth of Europe and, through them, also the rest of the populations. However — and it grieves me to have to say this — these exchanges of young workers must not be exchanges between young unemployed. The figures of unemployed young people are in fact quite shocking.

The report on exchanges of young workers speaks of the 'human aspects' of the Community. In other words, therefore, man is at the centre of all our Community policies — not man as an abstract being, but man with all his needs, of which the foremost is his need to work. This concept should be the cornerstone of a youth policy under which — as Mr Caro has already said — the schools would play their part in preparing young people for the world of work. We must find a way of easing the difficult transition that young people experience as they leave school and go out into the world. But a youth policy based simply on education and vocational training is not enough. What is needed is an overall employment strategy. The welfare policy and the labour policy should be reshaped into a constructive policy that would be adopted by all the Member States of the Community and by the Community itself. From this we should develop an economic policy which would initiate reforms in certain sectors and inject government and Community aid as a first step in turning the tide of unemployment among young people and among young girls in particular.

Mr Schreiber said that we should put new meaning into the lives of our young people, help them to do something positive with their lives, to find a meaningful existence through work. But the work they do must itself be such as to help them preserve their human dignity. And here I think the Dublin Foundation for the Improvement of Living and Working Conditions can make a significant contribution. The organization of work, which at the moment is regarded as an instrument, a means of obtaining the maximum profit, must be completely overhauled. It is for good reason that in most cases it is the young who shun manual or heavy work or the most degrading jobs which have to be done by someone. But there will always be somebody poorer — such as immigrants from Third World countries — who is prepared to do these jobs that our young people avoid precisely because of a wrong approach to work.

Our policy towards the young must on the whole stimulate a more profound look at all our policies and an examination of the problem of work in a wider context rather than seeing it simply in terms of transferring resources and financing the underdeveloped countries. And here I welcome the reference made by Mrs Cassanmagnago in her report to the possibility of exchanges with young workers in the ACP countries, although this in itself is not enough to establish a new world order.

At the same time, I am convinced of the need to listen more closely to what young people have to say through their organization, that is the Youth Forum, since we ourselves have given them this means of contact with the European Parliament and with the Community institutions. The Youth Forum should become a true channel of communication for the young people of Europe, in just the same way as the trade union should be a regular and increasingly important partner in dialogues with Parliament and the Commission.

President. — I call Mr Vredeling.

Mr Vredeling, Vice-President of the Commission. — (NL) Mr President, I should like to begin by thanking Mrs Cassanmagnago for her and her committee's efforts to produce this report in so short a time. I am happy to say that the terms of the report are very similar to those of the proposal we have submitted to Parliament. I hope, Mr President, that the Council of Ministers will be able to take a decision on our proposal at its meeting of 15 May.

In the first joint programme on exchanges of young workers, the Member States were instructed to support and implement the programme themselves, and the Commission's role was confined to that of providing information. The decision whether to provide financial support for the exchange programme was, in principle, left to the Member States themselves. I must say that, as it turned out, the first programme did not meet our expectations on exchanges of young people across Community frontiers. The area of implementation of the first programme was also very limited, both as regards the number of participants and the number of sectors that benefited from it. On the basis of that distinctly limited experience, and of certain experiments and a number of suggestions that were put to us and which we have incorporated in the new programme, we drew up a second programme which is now before the House and has been received favourably by those who spoke this afternoon.

Mr President, I think the best way for me to continue is to combine the rest of what I have to say about Mrs Cassanmagnago's report with my reply to the questions by Mr Schreiber and others on youth policy in

Vredeling

the Community. Mr Schreiber rightly pointed out that this stems from the mandate handed down at the Hague Summit in 1969. This is not, and never has been, a simple matter, because young people are not a homogeneous group.

It is difficult to make clear distinctions, but national and European youth organizations do represent some but not all the interests of young people. Other organizations — and here I am thinking in particular of the trade unions — also represent young people's interests. And Parliament is aware that in recent years — and this was noted this afternoon — a lot of thought has been given to the idea of creating a structure within which young people can be more closely involved in the development of the Community through their organizations. This led to the establishment of the European Community Youth Forum already referred to.

Secondly, the Commission has provided more guidance to young people in the Community, predominantly as part of information policy, especially through the so-called Kreyssig Fund. I hope that the Youth Forum will also play a major complementary role. Thirdly, it should be noted that in recent years the Community has become increasingly involved in the problems of young people in the employment field. I would recall what Mrs Squarzialupi said about social affairs in general and education in particular. I shall confine my remarks to recalling the attention that has been paid to action programmes to combat poverty. There we have been paying particular attention to the difficulties associated with the transition from school to working life.

We have also been able to give concrete assistance in the form of a considerable number of new social fund payments, both for vocational training and for direct employment creation; these are the so-called new forms of aid to which the Council agreed at the end of last year.

It is not generally known — and I should like to make this perfectly clear now — that no less than 40% of Social Fund commitment appropriations, an amount approaching 1 000 million EUA, is earmarked for various activities in the field of vocational training and the new arrangements for assistance with direct employment creation. In other words 40% of the total will benefit young people under 25. We have also looked at the problem of mobility within the Community as part of a training programme for young people aimed at stimulating mutual understanding across frontiers. It is in that light, Mr President, that our second programme should be seen.

The European Community Youth Forum to which I just referred was established in June 1978. It is intended to serve as a political platform for youth organizations which are, as it were, our counterparts as

regards the special interests of young people. The word 'counterparts' is perhaps not quite right. The purpose of the Youth Forum is rather to make it possible for the Commission and the Community as a whole to keep themselves regularly informed of young people's interests as represented in their organizations. Mr Caro has already gone into this in detail. I shall not repeat what he said.

I can simply confirm that the three standing committees which it was decided to set up will in fact be concerned with the matters which Mr Caro raised. I would also recall that Mr Jenkins last year gave his approval by letter to the establishment of the Youth Forum, stressing that this was a very important step towards involving young people more closely in the further development of the European Community. The Commission, Mr President, — and I should like to make this quite clear for Mr Schreiber's benefit, since he had some rather critical things to say about this — fully intends to consult the Forum on all problems affecting young people and their organizations. In doing so it will take care to ensure that the relevant services of the Commission will establish closer contacts with the Forum so as to keep it fully informed as to Community activities and so that we ourselves remain fully informed as to young people's problems. And to facilitate these contacts, the Commission has instructed the Bureau of the Social Partners of the Commission's Secretariat General to look after contacts with the Forum.

In other words, the Bureau will be responsible for relations with the Youth Forum. The Commission therefore looks forward to seeing what initiatives will emerge from the Youth Forum and from the committees it has set up.

I turn now to Mr Schreiber's third question, where he asks for information about the second programme for exchanges of young workers. I cannot do better than to refer him to the report by Mrs Cassanmagnago-Cerretti which approves our proposal.

In reply to the question about young workers from Greece, Spain and Portugal, I must point out, Mr President, that the exchanges are based on Article 50 of the Treaty establishing the European Communities, and that the programme we have drafted is directed exclusively at nationals of the existing Member States as citizens of the European Economic Community.

But, Mr President, I agree that it would be appropriate to bring it to the attention of the applicant countries from the beginning that we do have this programme — and I am thinking in particular of Greece, which will accede to the Community in the foreseeable future — so that they can make arrangements to participate in the programme immediately as soon as their accession is an accomplished fact.

Vredeling

I turn now to the fourth and last question. Here I am unable unfortunately to give quite as precise an answer, because we are asked to draw up new proposals. I must tell the House that we have no plans to do so. I do not want to encourage any illusions. We do not, at this stage, immediately following the programme we have now submitted, intend to draw up any new proposals for what might be called extramural activities. On the other hand I would point out that this does not mean that nothing else will be done at all, because there are ways of organizing other activities without specific proposals. The Social Fund, for example, can consider applications for support from individuals or from non-profit-making organizations such as youth organizations, provided there is joint financial participation by the governments of the Member States concerned. Applications have been received from, for example, hostels for young workers in France and Italy, for support with vocational training programmes for unemployed young people. A major British project known as Community Industry has been taken over by the national authorities and is now being financed jointly with the Social Fund. This programme was initiated by the Union of Youth Clubs in the United Kingdom. I would also mention an initiative taken in my own country, the Netherlands, known as NVV Youth Contacts, which has made a number of very valuable suggestions for the implementation of the new forms of aid that have been introduced to combat youth unemployment. Here we have an instance of very close cooperation and an opportunity to see our proposals in action. Moreover, many youth organizations have received financial support from us through the Kreyszig Fund for the financing of international meetings on such matters as youth unemployment or migrant workers.

I hope that the Youth Forum will continue to play an important role by creating further opportunities to implement the action which we undertake in this field and to come up with new initiatives when asked to do so by us.

President. — I note that there are no further requests to speak. The motion for a resolution, as it stands, will be put to the vote tomorrow during voting time.

The debate is closed.

19. Urgent procedure

President. — I have received from Mrs Squarcialupi, Mr Granelli, Mr Zagari, Mrs Cassanmagnago Cerretti, Mr Lezzi, Mr Ligios, Mr Pisoni, Mr Pistillo, Mr Vernaschi and Mr Vitale a motion for a resolution with request for urgent debate pursuant to Rule 14 of the Rules of Procedure, on accidents at work (Doc. 117/79).

The reasons supporting this request are set out in the document.

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

20. Second European Social Budget (1976 — 1980)

President. — The next item is the report (Doc. 25/79) drawn up on behalf of the Committee on Social Affairs, Employment and Education, by Mr Wawrzik, on the Second European Social Budget (1976 — 1980).

I call Mr Wawrzik.

Mr Wawrzik, rapporteur. — (D) Mr, President, before I say anything else I should like to take the opportunity I have in presenting the report to express my thanks and appreciation to the members of the Commission. As I have said in the motion for a resolution, the Second European Social Budget not only takes into account the changes called for by the committee in the report on the First Social Budget, but also contains projections of the future development of social expenditure in the Community.

On behalf of our committee I would also like to use this opportunity to put forward a few further ideas and changes for the Third Social Budget. But before I do so let me make an important point. Looking at the Social Budget and at the statistics one might come to the conclusion that the social situation is best in countries in which the level of social security expenditure is very high. This is a fallacy. High expenditure can certainly be an indicator of a well-balanced social situation. On the other hand, it could indicate the very opposite. High social expenditure could be necessitated, for example, by the consequences of an imbalance in the economy. I just wanted to say this to prevent a wrong interpretation being put on the figures.

Our committee would like the Third European Social Budget to cover all social benefits throughout the Community. I have listed some of the benefits we had in mind in paragraph 6. We also feel that the report would benefit from greater clarity by the inclusion of graphs, diagrams and so on. We all know how precious time is to us and how essential it is that such an important and information-packed report as this should be made as readily intelligible as possible. We have, in addition, expressed our desire to see the report include a concise summary of its contents. This report, which is excellent as a source of information and as an aid to political decision-making, should be made available in a more condensed form for preliminary discussion by Parliament. This would have the advantage of being easier to assimilate and still being adequate for the purposes of preliminary discussions; the full report — that is, the complete Budget — can always be referred to when specific data are required.

Wawrzik

So far as the Budget period is concerned, we favour a three-year period with an annual updating of forecasts in the interim. The Commission's report has been split into two sections. The committee had expressed the hope that the purely technical section, besides including a purely technical assessment of its contents, would also present political recommendations. Whilst the technical section has been approved unanimously, the decisions on the political conclusions have been taken by a majority vote. In the committee's report we have drawn attention to certain areas of Community policy — in our view hitherto neglected — on which it will be necessary to concentrate more in the future. All of us here know, and none of us are too happy about it, that social policy is the Cinderella of Community policies. It is therefore with some pleasure that we take this opportunity to study the Second Social Budget and refer to certain points that we consider important. To my mind one of the most important is the creation of opportunities for asset formation for workers, including participation in production capital.

The Commission's action programme outlines ideas with a view to setting up models for asset-sharing in the Community. However, we should also like to see the development of a policy along these lines. We take the view that measures designed to facilitate home-ownership are a particularly important feature of asset formation. We realize that home-ownership is to some extent an obstacle to mobility and for this reason we have urged the shaping of a policy which would guarantee the free movement and mobility of workers by reducing or removing administrative obstacles to the sale of residential property within the Community countries. And here we have in mind not just the easing of purely administrative measures and of the difficulties associated with the sale of property, the cumbersome procedures, but also the possibility of tax concessions that would simplify house transfer and improve the mobility of workers.

We also want to see the introduction of a family policy that above all looks after the needs of large families, guaranteeing that the children will receive a proper education according to their ability and facilitating their participation in the cultural life of the Community. It is true to say, generally speaking, that it is the large families that suffer the most deprivation on this connection. On the basis of the information contained in the report, we feel that we must continue to gather information on the extent of the problem of unequal treatment of men and women. Urgent steps must be taken to eliminate discrimination.

We also need to work towards harmonizing existing laws protecting the interests of war victims and war widows. In this context we also must bear in mind the physically and mentally handicapped, particularly children, who are so often regarded and treated by employers as a tiresome imposition, even though they have a legal right to a job.

We also consider it essential that the policies pursued under the Regional and Social Funds should be directed in a way that would help tackle the unemployment problem and, through the achievement of full employment, ensure an old-age pension sufficient for the individual to maintain his accustomed standard of living. We have also taken up another point on which it was difficult to come to an agreement owing to the fact that some countries accord a different legal status in circumstances that are identical. My original intention was to state here that society's obligation was to integrate physically or mentally handicapped and help them to look after themselves, rather than merely paying them social assistance. I believe that it is our overriding duty, wherever possible, to provide jobs for handicapped people so as to give them a purpose in life and to integrate them in society, and not to relieve our consciences by offering them social benefits in one form or another. We have arrived at an acceptable wording on this question of jobs, which at least gives an indication of the problems in this area.

The Committee on Social Affairs, Employment and Education has adopted this report and I ask Parliament to endorse our decision. I would add that the Christian-Democratic Group supports this report and the policy recommendations contained in it and joins me in expressing appreciation of the Commission's work.

President. — I call Mr Vredeling.

Mr Vredeling, Vice-President of the Commission. — (NL) Mr President, I should like to begin with a word of thanks to the rapporteur, Mr Wawrzik, who has, in my humble opinion dealt with an unusually interesting and important document from the Commission in a report for which I have great admiration, since among other things it contains a number of recommendations and suggestions which we will certainly take into consideration. However, I have to sound a rather less enthusiastic note in connection with our other objectives.

We consider the Social Budget, as it is generally called — and I shall have something to say about that name shortly — as extremely important. Through it, both the Commission and the governments of the Member States are non being confronted much more than in the past with the need to take certain decisions in the social field and to consider the effects of certain policy decisions in other fields on social expenditure.

I should like to refer in particular to the highly topical question of early retirement. This is becoming an increasingly important consideration in the field of job distribution. It is now being discussed by employers and employees, and certain specific deci-

Vredeling

sions have already been taken. I can well imagine a study being made of early retirement as part of the so-called Social Budget, with special reference to the financial consequences of different policy alternatives. This would be a matter of great importance to the large numbers of people affected, as well as the organizations concerned. A study of this kind would also have an operational significance, something we always try to achieve. The Commission has now submitted what it considers to be an important document on the growth of social expenditure in the Member States, but, as Mr Wawrzik has said, the great difficulty is in determining how it is to be made operational. The Commission's own terms of reference in the social field are strictly limited, even though progress is being made in the development of relevant Community policy.

If we look at the Social Budget in this way, then we should also publish specific studies more often. The frequency of publication would of course depend on the scope of the relevant activities. It should be clear that if we went ahead with an *ad hoc* study of the cost of early retirement, for instance, it could well be that the demands made on the time of officials in my department would seriously interfere with the progress of studies on the growth of unemployment benefits or the cost of health care, which we are also working on. These are all inter-related subjects, but we cannot possibly do everything at once. We must be able to organize our work flexibly, so that we can concentrate on the foreseeable items that will be referred to us by the competent bodies. There I of course include the European Parliament. And in our own activities, we should concentrate on specific studies that do have an operational significance.

Now when I look at the motion for a resolution contained in Mr Wawrzik's report I must — as I have already said — make the point that to cover all the areas it refers to would be an impossible task for the Commission's services. That is unfortunately the case. We simply do not have enough staff. If you were to realize how small a staff we have to cope with this work, compared with the numbers available in even a small country like the Netherlands to produce forecasts and coordinate operations with the Central Planning Bureau, you would understand that we simply cannot do everything at once. As I said, we have to be selective, and we prefer to concentrate on topical matters that have an operational significance. On the other hand, it is also true that a number of the studies called for in Mr Wawrzik's report are already being carried out in some other connection. There is, for example, the green book on wealth creation. That particular study — which is already available to the Commission and which I hope will shortly enable it to take some positive decisions — contains a comparative outline of the situation in the Member States. That is the technical part. But it also contains an intro-

ductory part with a political slant — at least, it will do so if the Commission follows my recommendation. At all events, I proposed that the political impact of wealth creation should be looked into. That will provide us with guidelines for developing a policy to be applied both in the Member States and, we would hope also, at Community level. But this really falls outside the scope of the Social Budget, and the same applies to a large number of other items in Mr Wawrzik's motion for a resolution.

The fact that we do not cover these in the Social Budget does not mean that we do not cover them at all. In fact a good number of the items in Mr Wawrzik's motion would, I would suggest, be better dealt with when we come to consider the Annual Report on the Social Situation in the Community. These matters are handled in much more detail there and more intensive consideration can be given to the policy implications of the different items than it is possible under — I will not say a purely scientific study, because it is not quite that either — but what is only a set of forecasts of future developments in the social field which we present in the Social Budget.

I agree wholeheartedly that the data included in the Social Budget should, as far as possible, be given separately for men and women, in view of the great importance of equal treatment of men and women, as Mr Wawrzik rightly stressed.

This should also be reflected as far as possible in the handling and collecting of the statistics and in making estimates of future developments so that progress towards the equal treatment of men and women can be made as measurable as possible.

Finally, I should like to comment on the use of the term 'Social Budget'. When I was a Member of this Parliament — and I remember the first use of the term 'Social Budget' — I always felt that it was a rather confusing term. I know that the expression is probably less confusing in German, where it originated but in other languages, including Dutch, and I think also English, the term 'Social Budget' does not really give a fair explanation of the content of the document itself. I think a better term would be 'financial multiannual estimates of social expenditure'. I think that would give a clearer indication of what the document actually contains: these are multiannual estimates. We are now looking at the situation in the period 1980 to 1985 — and next time we hope to be able to look as far ahead as 1990. In other words, we are dealing with multiannual estimates over a considerable period of time and not merely with the budget for the current year. I think the term I have suggested would be a better description of the document, and might also help to eliminate some misunderstanding about its contents and their significance.

Vredeling

Finally, we can agree with Mr Wawrzik that we should pay more attention to the way the document is broken down and to the list of contents, so that it can be more easily used as a reference work. Mr President, I believe that I may say finally that the multiannual estimates, as we should try to call them, — financial multiannual estimates on social expenditure, with an explanatory memorandum that can naturally have a strong policy element — are becoming increasingly important. Following the recent decision of the Council of Ministers on monetary cooperation in Europe in the direction of an economic and monetary union, the document we are considering here, which contains an inventory and estimates of the growth of social expenditure and its financing, acquires an extra importance. I hope that Parliament will continue to give its attention to this important document in that light and in terms of integration and convergence of economic policy.

President. — I call Mr Vandewiele.

Mr Vandewiele. — *(NL)* Mr President, I shall not make another speech, but I should like to convey my thanks to Mr Vredeling for his friendly reaction to our report. Mr Vredeling in fact never fails to show just how the dialogue with this Parliament should be conducted, and for that I am always grateful to him.

Mr Vredeling referred to a number of points, and I wish to comment on just a few of them. We shall soon be getting a new Parliament, and as you can see from the number of benches that have been installed, there will be some 400 directly elected Members. I would ask Mr Vredeling to ensure that the Commission will help Parliament to play an effective role whenever the Commission is unable to consider certain matters owing to lack of staff. We must campaign for fuller staffing in a number of departments where this is necessary to conduct enquiries and consider proposals in more detail. To state that you are unable to do what is taken for granted in the Member States because you are short of staff is, in my view, the wrong argument. I would support you here by arguing that you should go ahead with your activities and get Parliament to support you when you ask for more staff. There is a lot to be done in the social sector, and we will support you fully in that.

Secondly, you referred to the Annual Report on the Social Situation in the Community. Personally, I support you fully, but you and your collaborators can help us with some of the points in our colleague's report by saying: 'Look, this will be considered in the debate on the Annual Report, I want you to come back to this, because then I will be able to go into it in detail as the Member of the Commission'. We shall be able to consider a number of matters in greater depth if you ask for certain things to be prepared for the Annual Report.

Thirdly, equal treatment of men and women. At present, I don't think we have got much further than the sloganizing stage. The fact is — and you know this better than anyone — that we still have a long way to go in many sectors before we will have anything like real equality of treatment. I would simply ask the Commission to help us over the next few months to face things as they really are. A great deal remains to be done in a number of countries. It will be years before we can really talk about equal treatment, but we should like you to know that we support your efforts.

I was rather astonished that a Vice-President of the Commission failed to comment on a number of suggestions on family policy and demographic policy. Perhaps he is keeping that for another occasion, but I feel strongly that the very difficult position in which social security systems have been placed as a result of certain demographic developments in most Member States makes it essential for the Commission to take new initiatives on demographic problems and family policy. I am firmly convinced that we are going to be faced with very serious problems in these sectors in coming years. I need only mention that certain serious problems have arisen in the social security system, for example.

Mr President. — I call Mr Vredeling.

Mr Vredeling, Vice-President of the Commission. — *(NL)* I wish just to make a few points Mr President. I should like to thank Mr Vandewiele for his encouraging statement. I was particularly impressed by his comments on our staffing problems. Of course that should never be used as an excuse, either by me or by the Commission as a whole, for doing nothing. I simply hope that it is a two-way street, as they say in English, and that we both know how to come and go. The fact of the matter is that the staffing proposals from the Committee on Social Affairs are not the last word. Parliament also has a Committee on Budgets, if you see what I mean. I hope that between us, we will be able to get some results in the near future, since we are each working towards the same objectives.

What you said about the Annual Report is correct. This report — and I can confirm this — is at the printers at this moment and is about to be published. More attention has been paid to the introduction than in the past, and an effort has been made to give it a stronger policy orientation. I am not sure if we have been entirely successful. We were tremendously short of time, because the printer's requirements had to be met as well. We did make an effort to give a stronger political character to the introductory section. The debate on many of the items contained in Mr Wawrzik's motion for a resolution is therefore better left until we are ready to discuss the Annual Report.

Vredeling

As regards the family policy to which Mr Vandewiele referred, we have of course devoted a chapter to family income supplements. The whole problem of demographic developments does of course influence the cost of social security. One need only think of the growing problem being caused by the fact that the average age of the population is rising. This is happening in all the Member States to a greater or lesser extent, and it will be a major problem by 1990 and thereafter. It is certain that by then a much lower proportion of the population will be engaged in productive activity, and there will be many more retired people. This problem, Mr President, certainly should be given a place in this study and we shall certainly bear that in mind.

President. — I should also like to add my thanks. I note that there are no further requests to speak. The motion for a resolution, as it stands, will be put to the vote tomorrow during voting time.

21. *Agenda for next sitting*

President. — The next sitting will take place tomorrow, Tuesday, 24 April 1979, at 10 a.m. and 3.00 p.m. with the following agenda :

- Decision on urgency of seven motions for resolutions and an oral question
- Bangemann report on draft amending and supplementary budget No 1
- Notenboom report on interest rebates for loans with a structural objective
- Spinelli report on loans to promote investment
- Cointat report on the staff regulations of officials of the Communities
- Interim Cointat Report on the administrative expenditure of Parliament during 1978
- Oral question with debate to the Commission on the Regional Fund
- Ibrugger report on coal and coke for the iron and steel industry
- Ripamonti report on space research
- Mitchell report on the Euratom inspectorate
- Walz motion for a resolution on the Harrisburg accident

3.00 p.m.

- Voting time

The sitting is closed.

(The sitting was closed at 7.20 p.m.)

ANNEX

Action by Commission on European Parliament opinions at March part-Session

1. The European Parliament at its part-Session in March 1979 in response to requests by the Council for consultation adopted 11 opinions on Commission proposals to the Council.
2. In the following six cases its opinion was in favour :
 - report by Mr Corrie on proposals for fishery conservation measures (Doc. 7/79);*
 - report by Mr Corrie on action for restructuring the inshore fisheries sector (Doc. 8/79);*
 - report by Mr Alberts on recommendation concerning ratification of international convention on container safety (Doc. 640/78);*
 - proposal for treating certain disaster-stricken localities in Italy in the same way as mountain areas (Doc. 610/78);*
 - proposal for tariff quota in respect of wines originating in Morocco (Doc. 614/78);*
 - proposal setting up common organization of market in fats (Doc. 631/78).*
3. In five cases it proposed amendments, which in two cases the Commission accepted :
 - (a) *report by Mr Notenboom on Seventh VAT Directive applying to works of art (Doc. 647/78)*
 The Commission's departments have prepared an amended proposal on the basis of Article 149/2, which the Commission will be adopting in the course of the week and forwarding to the Parliament and Council forthwith;
 - (b) *report by Mr Noè on controlled thermonuclear fusion research programme (Doc. 581/78)*
 A proposal altered in line with the Parliament's amendments has been adopted and forwarded to the Council and Parliament.
4. In the following three cases :
 - report by Mr Liogier on proposals for fixing agricultural prices for farm year 1979/80 (Doc. 675/78);*
 - report by Mr Lamberts on two Directives concerning energy consumption of household appliances : labelling (Doc. 671/78);*
 - report by Mr Lezzi on two proposals concerning management of food aid (Doc. 669/78),*
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IN THE CHAIR : MR COLOMBO

(The sitting was opened at 10.15 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 report drawn up by Mr Bangemann on behalf of the Committee on

Budgets on draft amending and supplementary budget No 1 of the European Communities for the 1979 financial year, established by the Council (Doc. 119/79).

3. *Decision on urgent procedure*

President. — The next item is the decision on a number of requests for urgent debate pursuant to Rule 14 of the Rules of Procedure.

I shall first consult Parliament on the adoption of urgent procedure for the motion for a resolution tabled by Mr Fellermaier and Mr Pisani, on behalf of the Socialist Group, on *the review of the common agricultural policy*. (Doc. 43/79)

The reasons supporting the request for urgent procedure are contained in the document itself.

President

I call Mr Hoffmann.

Mr Hoffmann. — (D) On behalf of the Socialist Group I wish to ask for this motion for a resolution not to be dealt with by urgent procedure since we have heard that Mr Caillavet will be submitting a report on the reform of the common agricultural policy in May.

We therefore feel it would be better not to deal with this now.

President. — The request for urgent procedure is withdrawn.

I now consult Parliament on the adoption of urgent procedure for the motion for a resolution tabled by Mr Hughes, on behalf of the Committee on Agriculture, on the *urgent need for eradication measures to control nervous diseases in pigs* (Doc. 76/79).

The reasons supporting the request for urgent procedure are contained in the document itself.

I call Mr Hoffmann.

Mr Hoffmann. — (D) On behalf of the Committee on Agriculture I would also ask this motion not to be taken under urgent procedure because it can be dealt with better next month in conjunction with a report by Mr Hughes on animal leucosis.

President. — Are there any objections?

That is agreed.

I now consult Parliament on the adoption of urgent procedure for the motion for a resolution tabled by Mr Fellermaier, on behalf of the Socialist Group, on *strengthening parliamentary democracy at European Community level* (Doc. 95/79).

The reasons supporting the request for urgent procedure are contained in the document itself.

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

Mr Bayerl. — (D) Mr President, ladies and gentlemen, the Socialist Group has tabled this motion. We see it as a step towards the strengthening of parliamentary democracy in the Community. The matter is urgent, because we consider that this Parliament must respect the undertakings which it has itself given over the years and because the present Parliament whose members have a dual mandate is better placed to exert influence on the national parliaments than the directly elected Parliament will be. We believe that our aims should be attained on four or five points. Allow me to comment briefly on this ...

President. — Mr Bayerl, you may only say whether you are maintaining or withdrawing the request.

Mr Bayerl. — We are maintaining it.

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

Mr Klepsch. — (D) Mr President, my group is of the opinion that this matter is not urgent enough to warrant a debate this week but that it should first be considered by the Political Affairs Committee. We also believe that the whole subject has always received very close attention from the Political Affairs Committee and from the House. I do not wish to say anything against the text as such but merely fail to see the need for an urgent debate this week. That would create the impression that the House has left this matter in abeyance up to now. If we want to leave something like a political testament to our successors we can do so at the next part-session.

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

Pursuant to Rule 25 of the Rules of Procedure, the motion for a resolution is referred to the appropriate committee.

I now consult Parliament on the adoption of urgent procedure for the motion for a resolution tabled by Mr Klepsch, Mr Bersani, Mr Deschamps and Mr Vergeer, on behalf of the Christian-Democratic Group (EPP), on *the need to provide urgent humanitarian aid for the people of Uganda* (Doc. 108/79).

The reasons supporting the request for urgent debate are contained in the document itself.

The adoption of urgent procedure is agreed.

I propose that the motion for a resolution be placed on the agenda for Friday, 27 April, after the Liogier report on fruit and vegetables.

Are there any objections?

That is agreed.

I consult Parliament on the adoption of urgent procedure for the oral question, with debate, by the Committee on Economic and Monetary Affairs to the Commission on *Community supplies of raw materials* (Doc. 112/79).

The reasons supporting the request for urgent procedure are contained in the document itself.

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

Mr Klepsch. — (D) Mr President, my group feels that this topic has been debated often enough by the House and that there is no need for urgent consideration at this part-session.

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

Mr Hoffmann. — (D) The Socialist Group considers that urgent procedure should be adopted. This topic is closely linked with the next request and I therefore suggest that the motion for a resolution by Mr Ansquer should not be taken under urgent procedure

Hoffmann

since it can most logically be dealt with in connection with the first question. Mr Ansquer's motion on ore deposits, in particular in the Lorraine, can best be made the subject of a report, and indeed, work on a report has already begun and it will no doubt be given detailed consideration in the course of the year. I am sure that this approach will do much more to serve the interests of the people of Lorraine.

President. — I call Mr Klepsch.

Mr Klepsch. — (*D*) Mr President, since we are now discussing the next item, may I say that my group again feels that urgent procedure is not called for; we shall have an opportunity to discuss the matter under our normal agenda and the group concerned — I should like Mr Ansquer to note this point — can then submit its motion for a resolution. We already have an oral question with debate on the structural problems of the Community's industrial policy on our agenda. I fail to see why we should now have a further debate on Friday. I therefore cannot support the idea of an urgent debate on the two texts, the one we are now discussing and the next motion; I would urge the authors to make their observations and put forward their demands in the course of the debate which is already scheduled.

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

I now consult Parliament on the adoption of urgent procedure for the motion for a resolution tabled by Mr Ansquer, on behalf of the Group of European Progressive Democrats, on *Community supplies of raw materials* (Doc. 109/79).

The reasons supporting the request for urgent debate are contained in the document itself.

The request is rejected.

Pursuant to Rule 25 of the Rules of Procedure the motion for a resolution is referred to the appropriate committee.

I now consult Parliament on the adoption of urgent procedure for the motion for a resolution tabled by Mr Pintat, on behalf of the Liberal and Democratic Group, on *the conclusion of the Geneva negotiations on the Tokyo Round* (Doc. 114/79).

The reasons supporting the request for urgent debate are contained in the document itself.

The request is rejected.

Pursuant to Rule 25 of the Rules of Procedure, the motion for a resolution is referred to the appropriate committee.

I consult Parliament on the adoption of urgent procedure for the motion for a resolution, tabled by Mrs Squarcialupi, Mr Granelli, Mr Zagari, Mrs Cassanmagnago-Cerretti, Mr Lezzi, Mr Ligios, Mr Pisoni, Mr Pistillo, Mr Vernaschi and Mr Vitale on *accidents at work* (Doc. 117/79).

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

Mr Klepsch. — (*D*) Mr President, my group feels that this motion, too, could be dealt with in May and not during this part-session.

President. — I call Mrs Squarcialupi.

Mrs Squarcialupi. — (*I*) Mr President, this motion for a resolution which has been tabled by representatives of several groups, including the Christian-Democratic and Communist Groups, refers specifically to an industrial accident which occurred in Germany and in which eight workers, including seven Italian migrants, lost their lives; our intention is to review the current situation relating to the employment of migrant workers.

President. — I put the request for urgent procedure to the vote. As the result of the show of hands is not clear, a fresh vote will be taken by sitting and standing.

The adoption of urgent procedure is agreed.

I propose that the motion for a resolution be included on the agenda for Friday, 27 April.

Are there any objections?

That is agreed.

4. *Draft amending and supplementary budget No 1 for 1979*

President. — The next item is the report (Doc. 119/79) by Mr Bangemann on behalf of the Committee on Budgets on

draft amending and supplementary budget No. 1 of the European Communities for the 1979 financial year, established by the Council.

I call Mr Bangemann.

Mr Bangemann, rapporteur. — (*D*) Mr President, ladies and gentlemen, I shall present my report in two parts; I shall deal in the first part with the substantive content of this draft amending and supplementary budget and in the second with the general related questions of procedure and budgetary powers. As regards the content, the Council has in essence accepted the Commission's proposal: it has reduced the commitment appropriations entered for the Regional Fund in the Regional Fund chapter of the budget by 150m EUA and reduced the payment appropriations by 54m EUA; at the same time it has created a new chapter 57 to cover measures connected with the European Monetary System: this chapter has been endowed with 200m EUA for interest rate subsidies and 45m EUA for compensatory payments to the United Kingdom.

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Taking the last two amounts together and assuming — as it is probably not altogether wrong to assume — that the 250m EUA added to the budget through this supplementary budget will also have certain regional effects, i.e. will benefit the regions which because of greater structural weakness fall below the Community average in terms of incomes and prosperity, it is apparent that the reductions made to the Regional Fund appropriations in the original budget are more than offset by these 250m EUA.

The Committee on Budgets has therefore approved this proposal which the Commission submitted to the Council as a preliminary draft and which the Council then forwarded to us as a draft, and we call upon the House to adopt this proposal as far as the new appropriations are concerned.

There are a number of related questions of detail which I wish to mention now and which are also referred to in the motion for a resolution, e.g. the question as to whether these new appropriations, the new 250 m EUA, are to constitute compulsory or non-compulsory expenditure. The Commission and Council have so far classified them as compulsory expenditure. To prevent the kind of misconception which has frequently arisen in public opinion, I want to make it quite clear that these appropriations obviously represent a commitment on the part of the Community in that they must be paid out for the specified purposes. If, then, the Committee on Budgets is of the opinion that these appropriations constitute non-compulsory expenditure, it is not seeking to call into question the commitments entered into by the Community but merely adhering to the view it has always maintained that the distinction between compulsory and non-compulsory expenditure is essentially a matter of budgetary powers and does not affect the way in which these commitments are to be honoured. Mr President, you are aware that non-compulsory expenditure falls within the purview of Parliament which is not the case with compulsory expenditure: there the Council, the other branch of the budgetary authority, has the stronger position.

Now it would be possible to discuss the definition of these two types of expenditure at great length. One distinguishing feature to which we have always referred seems particularly relevant to me: to the extent that the rights of third parties are at issue, not the rights of the Member States but the rights of private third parties who are entitled to expect something from the legal acts of the Community, we are clearly dealing with compulsory expenditure. To quote an example, expenditure under the agricultural fund, at least from the Guarantee Section, is compulsory because third parties can lay claim to it under existing Community legislation; other items of expenditure, even if they are not discretionary in each individual case, constitute non-compulsory expenditure because they do not reflect established rights of third parties, i.e. private individuals.

I believe that this distinguishing criterion provides an adequate safeguard for the avoidance of such disputes in future. The interest subsidies without doubt represent commitments on the part of the Community, but they are not commitments which establish a legal position for private third parties and they are therefore items of non-compulsory expenditure.

I should like to mention a second, perhaps rather more technical point, which is also referred to in the motion for a resolution. The Committee on Budgets is of the opinion that even a Council regulation which contains figures cannot prejudice the budgetary decision. Whenever the Council indicates such figures in the exercise of its legislative authority, those figures are purely indicative and must be specified in a budgetary decision. The Council must at long last accept this position otherwise the whole system of budgetary rights would be deprived of all meaning. That point has been clearly made in this motion for a resolution which is concise because it concentrates essentially on these points.

A word now, Mr President, on the basic points of contention. During the consideration of this draft and of the preliminary draft supplementary budget there were a number of points which gave rise to contention with the Council, although always in a very amicable spirit; I should like here to thank the French Presidency specifically for never losing sight of the spirit of reasonable cooperation and maintaining a friendly atmosphere between the two branches of the budgetary authority, even when our positions differed.

But, as regards the adoption and the very existence of the 1979 budget, we must also remember that there is still a difference of interpretation between the Council and Parliament as the two arms of the budgetary authority.

In the course of the conciliation procedure we agreed to adopt the following approach to that difference: the legal question as to whether the 1979 budget was duly adopted cannot be clarified in a dialogue between the Parliament and Council; for that juridical problem to be solved it would have to be referred to the Court of Justice. However, since the juridical aspect is merely one aspect of a more general dispute which is primarily political in nature, neither the Council nor the Parliament considers it desirable to seek a juridical decision which can very rarely indeed settle a political conflict on a reasonable basis.

This does not imply a lack of confidence in the Court of Justice; quite the contrary, we place great faith in the abilities of the Court and naturally also in its political wisdom, but we should like to see this political conflict solved jointly by the political authority, i.e. by the Council and Parliament. Mr President, the solution at which we have arrived allows the two branches of the budgetary authority to stick to their legal positions while still enabling a decision to be reached which was essential to enable the European Monetary

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System to continue to function as smoothly as has been the case in the first few weeks of its existence. The solution consists in an agreement to differ on the juridical issues — in other words neither of us will attack the other's juridical position — while at the same time establishing a supplementary budget which will not jeopardize the existence of the European Monetary System. I must say in all frankness that the Council did for a time jeopardize this agreement. It published a press release 'correcting' an original press statement by indicating that the title of amending supplementary budget could not be applied to the documents forwarded to us. I must state in all frankness and to rule out any misunderstanding that this was not a helpful step. The Council acted in a rather ill-considered manner and we had every reason to draw its attention to the fact we could not accept this manoeuvre. We found a solution, Mr President, by asking you —and you were kind enough to comply — to call upon the Council to clarify this matter. In a second letter the Council stated that the documents which it had forwarded to us had been drawn up on the basis of the Commission's preliminary draft amending and supplementary budget, that they must be dealt with under the budgetary procedure as provided in the Treaty and Financial Regulation and that the Council, like the Parliament, felt itself to be bound strictly by the terms of the Financial Regulation. Following this declaration, the Committee on Budgets sees no further reason to return to this dispute since it is now clear to us that we are dealing with a draft amending and supplementary budget; that is the draft before us today. The document is given that title in the agenda which is in your possession and we shall proceed accordingly during the vote on Wednesday. In other words, Mr President, if this draft meets with the approval of the House, you will be able to declare the amending and supplementary budget adopted. I think that clarifies the problem and we need not return to it.

I would add that we in Parliament view this first conflict with the Council on our budgetary powers in a very serious light, having regard also to the lessons to be drawn from it for the future. The Council must realize that, following the amendment to the budgetary provisions, it is only one branch of the budgetary authority; Parliament constitutes the other branch with rights which are just as great. I should have preferred it if we could have found a common position at this stage on the interpretation of Article 203 which is open to dispute. Time was too short. Allow me simply to repeat a point which I have already made on several occasions: I would advise the Council to arrive at a common interpretation with us. There is no point in the Council alone establishing a procedure which places it in what it considers to be a more secure position. If that procedure does not accord with the provisions of the Treaty and if the rights of Parliament are diminished as a result, the Council's situation will be by no means more secure: on the contrary this will be the source of fresh conflicts

which might compel Parliament to seek juridical clarification of the whole matter. Because I still want to avoid that resort and because I believe that the Council will recognize the risk, I would urge it to pursue energetically the conciliation procedure which we have not yet completed on the interpretation of Article 203 and other aspects of budgetary procedure. I would urge the President-in-Office of the Council who is here with us today to intervene personally to that end.

Mr President, I might add that an important condition for the settlement of this dispute has now been met in that the three Member States which had not so far made their payments on the basis of the budget as adopted for 1979 have now changed their position and have not merely made good the arrears but are now paying on the basis of the budgetary amounts established by us in December 1978. The Commission has informed me that they are even paying rather more than they are required to, but perhaps that is not a point to be criticized. At all events they are now paying on the basis of the normal budgetary figures and that is a sign of goodwill which cannot be underestimated; once again I am grateful to the President-in-Office of the Council for this since I believe we made it abundantly clear in the conciliation procedure that these payments were a *sine qua non* for adoption by Parliament of the supplementary budget.

The final question is this what is to be done with the further draft amendments, i.e. those taken into account by the Commission in its preliminary draft, those tabled by the Committee on Agriculture and the Committee on Social Affairs and such amendments as may still be tabled by colleagues. At its meeting last evening the Committee on Budgets was unable to support any further amendments — it rejected such amendments by a vote of 11 to 1, in other words by a very clear majority. Mr President, we did not do so because we felt the content of these amendments to be unfounded. Not at all. The Commission's amendments in fact correspond to the amendments which we ourselves tabled in December in the course of the budgetary procedure. The amendments tabled by the Committee on Agriculture are certainly also positive in this context. Parliament itself supported the idea of embodying an integrated and coherent policy on the sea in the budget, and the rejection yesterday evening by the Committee on Budgets must not be understood as representing a change of policy. The fact that we do not wish to pursue the amendments relating to measures against unemployment particularly in crisis areas also does not imply a failure on our part to recognize the needs. A few days ago I myself began a three-day fact-finding visit to the North of France as a member of this House which has the task of making preparations for next year's budget. I can assure you that in the course of our visit we made it clear that Parliament is perfectly aware of the need for European action to combat unemployment and that we shall give our support to all the necessary measures.

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However, the fact is that we did not consider this supplementary budget to be the right place for these amendments. Firstly, we need to have a clear idea of the action we wish to be taken — this task will have to be carried out with the Commission in preparing the 1980 budget. In examining the progress of the 1978 budget — or it may have been 1977, he was looking into the budget on which he had been the rapporteur — Lord Bruce found that of the 160 million which we had added at the final stage of the procedure the Commission had spent only five million. Mr President, if the amendments made by Parliament to the budget are not to be a sham and if we want our budgetary decisions to take practical effect, the Commission must implement these decisions and to do so the existing difficulties — even where the Commission is not itself directly responsible for them — must be overcome. I know for example that in the case of the Regional and Social Funds the Commission must get the participation of the governments of the Member States. We observed this fact on our visit to northern France. If the Member States do not contribute in an appropriate manner the Commission must find a different way of spending the money and perhaps its integrated actions may be a first step in the right direction.

In conclusion, I repeat that the rejection of these amendments does not imply a belief on our part that these political requests were unnecessary. Quite the contrary. However, we want there to be no shadow of a doubt about the position which Parliament has now adopted. Mr President, from the start, from consideration of the preliminary draft to the adoption of the final budget in December last year, Parliament has adopted a clear position. We have made it perfectly clear to the Council that the 1979 budget exists. We are now adopting an amending and supplementary budget to that 1979 budget.

To ensure that our position remains perfectly clear, it would be preferable to adopt no additional amendments but to confine ourselves to the adoption of the amending and supplementary budget as it stands. I think that in this way Parliament will have provided initial proof of the powers which are already open to it while at the same time giving the Council a foretaste of what is in store for it if it tries to continue disputes of this kind with the directly elected Parliament. To ensure that an amicable atmosphere is maintained and that proper decisions are taken, I would simply advise the Council to note the fact of this Parliament's existence and that Parliament already has substantial budgetary powers; the newly elected Parliament will take those powers over from us undiminished and I am quite sure that its future Members will safeguard this heritage.

(Applause)

President. — I call Mr Tugendhat.

Mr Tugendhat, member of the Commission. — Mr President, I listened with great interest once again to your rapporteur. I would like to thank him — he was generous in his thanks — for the cooperation we have received during this extremely difficult time in connection with the 1979 budget, the problems of which now at last seem to be coming to an end.

The Commission agrees very much with Parliament and indeed I think with the Council as well that supplementary budgets are there to deal with unforeseen needs; they ought not to be a regular feature of the scene. In point of fact, of course, they have become quite regular, but nonetheless we hold the view which Parliament also holds that they are there to deal with unforeseen and, in some ways, unexpected events. I would go a little further I think and say, not just unforeseen and unexpected, but also rather special events as well. I will explain the difference between those three words later on in my speech.

This particular supplementary budget is, of course, dealing with two problems in particular. First of all it is dealing with the consequences of the decision to set up a European Monetary System and the increase in the aid to the less prosperous regions that flows from that decision. Secondly it was designed to deal with the very unexpected consequences of the disagreements that arose between the two arms of the budgetary authority at the end of last year and which led Parliament, for reasons that we are all familiar with, to drop a number of amendments with which it in fact agreed and the purposes of which it in fact supported. So when we brought forward our supplementary budget we had it in mind partly to deal with the consequences of EMS and partly to deal with the consequences of the dispute that occurred between the two arms of the budgetary authority at the end of last year.

So far as the consequences of EMS are concerned, there is I think a happy state of agreement between the two arms of the budgetary authority and ourselves that we are at last all at one, not just on matters of objective and principle but also on the specific proposal before us. We have always attached the greatest importance to the Regional Fund as such, and in particular we have attached importance to the development of a non-quota section of the Regional Fund. And when I say that, I can draw the House's attention to the plans which were put forward at the beginning of the life of this Commission and the statements that have been made since. We of course, therefore, fully understood the reasons why Parliament wished to increase the Regional Fund to 1 000 million units of account for the quota section and 100 million for the non-quota section.

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We also were sympathetic to the reasoning that lay behind the Council's decision to introduce an interest subsidy scheme for those less prosperous countries which joined the European Monetary System. It seemed to us that though the two schemes, the Regional Fund on the one hand and the interest subsidy scheme on the other, were not identical — although we have made quite clear our particular preference for the device of the Regional Fund — we were moving in the same direction and were designed to overcome the same sort of problems. It was therefore reasonable that both of them should be drawn out of the same pool. We thought it was reasonable that, to some extent, the Regional Fund should be reduced because of the rather unexpected arrival of the interest subsidy scheme. We therefore put forward a proposal for reducing in part Parliament's original suggestion of 1 000 million u. a. for the quota and 100 million u. a. for the non-quota sections in order to take account of the decisions by the Council to introduce the interest subsidy scheme. And I need hardly say that we are extremely pleased and gratified by the order in which these things are actually done. First the Council and then Parliament supported our proposal in that respect. The final result is that the Regional Fund has really been very substantially increased over what would have seemed conceivable 12 months ago when the budgetary procedure began. I think that the increase in the Regional Fund on the one hand and the establishment of the interest subsidy scheme on the other do represent a very considerable strengthening of the Community's policies and of its instruments for dealing with the difficulties of the less prosperous regions.

This brings me to a more technical budgetary point where unfortunately agreement is not quite as widespread as on the first, and I refer here to the budgetary nature of the interest subsidies. I know that Parliament believes very strongly that these should be non-compulsory, and I listened with considerable interest to what the rapporteur said a few moments ago. I have, of course, also had the opportunity of hearing and re-reading the remarks that the parliamentary delegation made at the consultation between the Parliament and the Council some time ago.

The Commission has very carefully considered this question and then reconsidered it in the light of what has been said in the Parliament. And I have to say that I can do no other than confirm the Commission's initial position. We believe that the expenditure on the interest subsidy is compulsory expenditure. It flows clearly from a Council decision and there was a clear commitment over the amount. There is not simply a clear commitment over the scheme, there is a clear commitment over the amount and the circumstances in which the scheme was set up represented in our view a very definite contract between the Member States. This was a point which President Jenkins has made very clearly on a number of occasions. Now, in

those circumstances we believe that there is no doubt at all that this is compulsory expenditure. It gives me no pleasure to say that, because of course the Commission would prefer to see the largest possible proportion of the budget in the non-compulsory section. The reasons are too obvious to need expanding upon. We would certainly much prefer to be able to say that this is non-compulsory expenditure, but I feel that we have no alternative but to reconfirm what we originally said.

I do hope, however, that having done that, we can hope that the present scheme will become more flexible as time goes on. I am encouraged in this respect by the way in which other sections of the budget have evolved in recent years — I'll have more to say about that in a second. We have certainly got an encouraging example in the Regional Fund itself which has become a very much more flexible instrument, an instrument very much more responsive to Parliament's views than was the case a short time ago when my predecessor, George Thompson first launched the scheme with the support of Parliament. So let us hope that, even though the scheme is rather inflexible at the moment, the precedence of the Regional Fund will provide a basis on which we can build in the future.

I should now like to turn to the question of the amendments that Mr Bangemann also dealt with, the additional proposals which we put forward in our supplementary budget — apart from the Regional Fund — what we call the Bangemann amendments.

We introduced these because we believed that the original proposals which we had brought forward were in the best interests of the Community — the proposals which we had made for youth unemployment, for energy, in particular for uranium and for the studies of conservation and improvements in the use of energy. We believed that the scientific and technical proposals in our original budget were also beneficial to the Community. We believed that the non-governmental organizations had a claim on our resources. We believed that the transport infrastructure studies have an important part to play. And then, of course, we also believed, indeed still do believe very strongly, that our own staff needs are a matter of very great urgency. I have spoken to the Parliament a great deal about our staffs needs. I shall not repeat what I have said today, but I know, when I look at the way in which Parliament has increased its own staff, not just in the budget, but also, as it proposes, in the supplementary budget, that Parliament understands very well that if you take on new duties, if you take on new responsibilities, it is necessary to have an expansion of staff. When I see the way in which the Parliament staff has increased and is increasing I feel sure that Parliament will understand why it is I feel that our really very much smaller request is a matter of very considerable urgency.

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Now for all these reasons I must say that I regret the decision not to put forward amendments to the supplementary budget. I understand very well the arguments the rapporteur used. But if I may say so, it will not really do to talk about one's support for the objectives of policy and not to provide the means to fulfil them. I think that the budget of 1979 will go down in the annals of the Community's history as a very important turning point. I will talk more about that in a moment. It is a budget which has shown very clearly where power lies between the relative institutions. It has been the vehicle by which the Parliament has demonstrated very clearly that it has the ability to live up to the powers and the responsibilities which are laid upon it in the Treaty, in our constitution. But I see no reason no reason at all why this constitutional break-through should be accompanied by a disappointing result in the actual budget itself. It seems to me tragic that the successful accomplishment of an increase in the Regional Fund, that the assertion of Parliament's powers, should have to be paid for by not taking action in a variety of areas — energy, youth unemployment, the means by which the Commission can actually undertake, the construction of Europe — that all of us agree are important, where agreement had been reached on the sums of money involved, on the priorities, on the needs and all the rest, and all these things have gone down the plug-hole without anything being saved at all. It seems to me that is a disappointing and unfortunate accompaniment to what is otherwise a very important and very significant event.

That brings me, then, to the event itself, to the circumstances surrounding the passage of the 1979 budget, and some lessons which perhaps we might draw for the future when the new directly-elected Parliament is sitting on these benches around us.

For those of us who have been brought up in a unitary system such as the United Kingdom, such as the French Republic, the idea of creative tension between the different institutions of a State or of a community is not an easy one to accept. It is contrary to the traditions in which countries such as Britain and France, Holland and Denmark and many other countries in the Community — though not, of course, the Federal Republic — have built their own constitutions and developed their own institutions. But I think we have all learnt that in the Community there is a difference, that creative tension between the institutions is a natural and normal circumstance, that each institution — the Council, the Parliament, the Commission — is bound to defend its own rights, is bound to seek to ensure that it is making the maximum use of the rights and powers that have been conferred on it by the Treaty, and that therefore we should not regard it as at all unusual that tensions of this sort exist. Indeed, the fact that tensions exist reflects a healthy vitality on the part of the institutions concerned. If there was not tension, then one would

be led to believe, perhaps, that one institution was rather more vital, rather more dynamic, than the other. If there is dynamism and vitality in all the institutions tensions will certainly result.

But I think — and this is the other lesson we have drawn — that these tensions must be worked out within a proper constitutional framework. I myself have, of course, mentioned many times during the course of the budgetary dispute the belief of the Commission that the dispute itself arose in part because of failures on the part of both arms of the budgetary authority strictly to respect the procedures which have been laid down in the Treaty. I think that if we are to have creative tension, and if creative tension is to be a normal state of affairs, then it is very important indeed that the rules and procedures of the Treaty should be observed and, where they are unclear, that they should be clarified. In that sense one of the lessons which we have learnt from the events of the last few months has been the need to clarify some of the procedures, and a good deal of useful work has, I think, been done to ensure that misunderstandings arising from less-than-strict observance should not occur in the future. It is, I think, absolutely essential, if the directly-elected Parliament and the Council are to succeed together in developing the Community, that both sides should be able to make a full contribution and that both sides should be able to do so in the knowledge that the procedures are being respected equally strictly by each of them, so that each can have confidence in the good faith of the other.

That, Mr President, brings me to the end of what I have to say. This has been a historic budget procedure, this has been a budget procedure which the constitutional historians and the lawyers will be writing about for a long time. I hope that even at this late stage the ordinary people of Europe will have reason to remember it with more happiness than I fear may be the case if the amendments which I believe to be so important are dropped. I do beg of the Parliament to reconsider that possibility, so that the budget can not only be an important constitutional milestone but also make an even more important contribution to the construction of the Community than would otherwise be the case.

(Applause)

IN THE CHAIR : MR BERKHOUWER

Vice-President

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

Mr Dankert. — *(NL)* Mr President, Mr Tugendhat spoke just now of an almost historical budgetary situation. That is reflected in the fact that Parliament is

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now debating amending and supplementary budget No 1 on which the Council will be taking a decision on the basis of a Commission document. It would seem that historic events always take place in relative obscurity.

However, I agree with the Commissioner that if we do now have a historic budgetary situation we must look back to the start of everything, to the decision taken by the President of this Parliament in December 1978 to adopt the 1979 budget. Hardly had that been done than the then President of the Council went on record as saying that Parliament had far exceeded its powers and infringed the Treaty. His successor, the French President-in-Office, always shared the view of his predecessor and even the French President repeatedly involved himself in the debate by strongly rejecting the action taken by Parliament in December.

To my astonishment, despite the violent criticism and the talk of infringement of the Treaty, no complaint was brought before the Court of Justice in the period during which such complaints could have been lodged, in respect of the budgetary procedure; I think it is worthwhile placing that fact on record. We have merely been confronted with three non-payers or, more accurately, three Member States which paid the wrong budgetary amounts and with what I might term an operation to limit the loss of face, something which is surely unworthy of the level of a Council of the European Community (which in reality raised the difficulties in the first place).

For the time being the problem of Article 203 remains unresolved. Commissioner Tugendhat stated again just now that the Council and Parliament must come to an agreement on the interpretation of the procedures. I agree that if the Council has any doubts about the application of the procedures consultations must be held with Parliament with a view to reaching joint agreement. I therefore find it proper that an attempt has been made to avoid a unilateral interpretation by the Council which seemed only too likely at one point, at least in the form of a resolution. Be that as it may, the discussion still lies ahead of us and I think it will be a task for the new Parliament. For my part, I shall be pleased to take part in it again.

I want now to concentrate mainly on the procedure relating to the budget and supplementary budget. The Commission submitted a proposal for a supplementary budget to the Council. The Council forwarded this strange document to us without a title; the reason for this must be sought in its first press release which was subsequently corrected. It is all rather like a political nursery story showing how petty great countries can on occasion become.

Mr President, what is the situation today? The three countries which first refused to pay are now paying. I think that if the legal experts were to look into what they are actually paying they would find that these

three Member States are still not acting in conformity with the Treaty because it would seem that they are paying the amended 1979 budget; the situation is thus not quite as Mr Bangemann has described it, but it is all a matter of limiting the loss of face. The situation is particularly strange when we consider that Parliament is now having to take part in the amendment of the budget — that is what it is doing today. But I do not want to rub salt in the wound and I shall simply repeat that great countries can on occasion become very petty indeed. We have seen long discussions over the exact nature of the document forwarded to Parliament, long discussions in the Committee on Budgets and long discussions with the Council to determine whether the normal budgetary procedures were or were not applicable to the document forwarded to us, and the question as to whether the Treaty and Financial Regulation were or were not being infringed by the procedure that the Council wishes to apply.

All this culminated in a reasonably fruitful discussion with representatives of the Council in Rome. In this respect I agree with Mr Bangemann that the Council has always proved fairly flexible in its consultations, at least more flexible than transpired towards the outside world in its declarations, corrected press releases and so forth. But I note that finally a telex reached us on 19 April in which the Council stated that we must adhere strictly to the provisions of the Treaty and Financial Regulation in dealing with this document and that the rules of budgetary procedure as laid down in the texts must be applied. That being so, I note that we are now dealing with a supplementary budget and perhaps we can then accept the Council's little intrigues which were necessary to save face in certain quarters. But I do feel that we should not indulge in this kind of thing too often.

That is how the matter stands today but I think it is highly desirable to look, as Mr Tugendhat has done, at the historical background to this situation. In December 1977 the European Council — that is how the facts must be interpreted and to my regret the Commission also did so — fixed the amount of the Regional Fund for the following year. That decision was scarcely questioned by Parliament in December 1977. I think that only Mr Spinelli and my political group then questioned the decision and a majority of members of Parliament felt that the European Council had acted within its rights. Further developments showed the far-reaching consequences of calling that decision into question. Despite the fact that the Commission felt it must adhere to the Council's decision and entered the amounts fixed by the Council in the preliminary draft budget, Parliament went on to enter — during the procedure in October to December last year — not 620 million but 1 000 million EUA for the Regional Fund and an amount of 100 million for the non-quota section.

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In taking this action it seemed to me that Parliament had shown the political will to use the Community budget as an instrument for substantial transfers of resources. It is not accidental that the Council should now be discussing the question of the scale of the budget in forthcoming years. Here Parliament has definitely played the role of a precursor and — I think this is important — achieved results.

What has actually happened? There is not just the question of the Regional Fund and the structural improvement of the position of the Regional Fund within the Community budget. There has also been a refusal to treat the European Council as a body which falls outside the normal framework of Community procedures. The European Council cannot take decisions in isolation from the other institutions. The European Council must also respect the Treaty and I feel that this fact has been made abundantly clear in these developments concerning the budget. The European Council has been brought within the terms of reference of the budgetary procedure — and that is as it should be.

Mr President, looking at the balance of all this I see that of the 1000 million for the Regional Fund we have had to give up very little, leaving aside the 100 million in respect of which we had exceeded the percentages laid down in the Financial Regulation; a slight concession is justifiable and I do not now wish to discuss whether we should have 1000 million or 900 million for the Fund. It seems to me that 900 million equally reflects the political will to bring about structural improvements in the transfer of resources just as 1000 million would have done, and if the Council feels that it has saved face by fixing a figure of 900 million, I have no political reason to quarrel with that, especially since — as Mr Bangemann has already pointed out — the structural measures under the EMS meet the same objective of a transfer of resources through interest subsidies. However, I do have some hesitation in equating this with regional policy since we do not have here a typically Community policy and the problem of Parliament's powers remains to be settled: is this expenditure compulsory or non-compulsory? However, the effects of these interest subsidies accord with the objectives of a regional policy even if they are confined to the Member States that have joined the EMS.

In this report, Mr President, I am satisfied; I am not fully satisfied, but one rarely is in politics. I am satisfied that the European Council has been brought, or forced, within the framework of the Treaty procedures and I am satisfied that the powers of the budgetary authority have not been eroded — on the contrary they have been maintained in full. Which goes to show that even this Parliament with its strictly limited powers can sometimes force the French President down from his Olympian heights.

I come now to the actual purpose of this supplementary budget — the 200 million EUA interest subsidies on loans with structural aims. I have already said something about this. I, and my group, do not go as far as some other members who see our limited concessions on the Regional Fund compensated by this expenditure which is a direct result of a decision by the European Council. As I have said the aim is the same, but I have serious doubts about the means. Firstly because the measure is limited to only two Member States while others which have regional problems are not involved. I believe that the question of the compulsory or non-compulsory nature of this expenditure — to which Commissioner Tugendhat referred just now — does play a part in this debate, but I do not wish to go into this in more detail now. I agree fully with the Committee on Budget's view that the expenditure must be non-compulsory and that Parliament must have a say in the way in which it is used; that of course means that we expect the Commission to enter the relevant commitments in the budget each year. But I do not exclude the possibility of doing more in due course than merely entering agreed commitments in the budget.

Finally there is the question of the amendments. Mr Tugendhat expressed his regret that Parliament was not putting amendments forward on this occasion which means that a number of policy areas agreed to by Parliament will not in fact be made operational through amendments. I understand his concern. But I feel that all the circumstances surrounding this specific budget are such that we must avoid finding ourselves in a situation where we lose sight of the essentials; we must see to it that the historic aspect of this entire procedure is respected. I therefore see no need to cloud the result with all kinds of minor amendments. It seems to me that the whole procedure surrounding the Regional Fund must be a lesson to the Council that this Parliament must be taken seriously and that the Commission's proposals must also be taken seriously — that was not the case with the Regional Fund proposals which came from the European Council. I feel that the Council must adopt a rather less miserly approach to Commission proposals in areas which the Council itself has defined as deserving priority. Mr President, if the lesson is learnt from this whole procedure in respect of the Regional Fund. I think that the Council will be able to avoid many difficulties in future. And in that case Parliament will not need to table such amendments.

(Applause)

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

Mr Ripamonti. — *(I)* Mr President, ladies and gentlemen, the Christian-Democratic Group — the Group of the European People's Party — endorses the

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motion for a resolution tabled by Mr Bangemann on behalf of the Committee on Budgets and will vote in favour of draft amending and supplementary budget No 1 of the European Communities for the 1979 financial year as drawn up by the Council. Our group is grateful to the rapporteur for his work in completing the procedures stipulated in the Treaties and in the Financial Regulation.

The President-in-Office of the Council is not with us today and I do not think that the Council is even represented at Secretary-of-State level. But I remember that in his address to the European Parliament on the programme of the French Presidency, the President of the Council said that the verdict on this episode in the life of the Community must be left to history; he felt it essential to put an end to the legal wrangling and see instead to the progress of Community policy.

I was therefore extremely surprised to learn of the correction to the Council's press release issued after the Council of Ministers had approved the supplementary and amending budget on the basis of the Commission's preliminary draft; in that press release the Council brought up once again the problem of budgetary procedure by seeking to treat the document approved by it as a modification to the budget adopted previously — as a corrigendum to the budget published in the Official Journal.

Ladies and gentlemen, there have also been other occurrences on which we feel bound to express a negative political verdict while calling the attention of the custodians of Community law to them.

I must, however, add that at the explicit request of the Parliament's Committee on Budgets the President-in-Office of the Council did in fact recognize that the budget documents which were the subject of the Council's decision of 22 March on the basis of the text submitted by the Commission must be examined and discussed according to the rules of budgetary procedure laid down in the Treaties and in the Financial Regulation.

During the consultations of 6 March, the delegation from the European Parliament made specific reference to the procedures laid down in Article 5 of the Financial Regulation. We are therefore dealing with draft amending and supplementary budget No 1 which, after adoption by Parliament, will be published as such in the Official Journal.

I am in agreement with the content of the document. When the Community budget was being discussed last December we already expressed the view that a supplementary budget would be necessary to embody the decisions taken on the measures accompanying the European Monetary System; I also agree to the solution arrived at which consists in reducing the

commitment and payment appropriations for the Regional Fund and specific Community measures in the non-quota section.

I must stress, however, that in my own personal view the Commission's initiative — subsequently taken up by the Council — to reduce the commitment appropriations for the Regional Fund was not a happy proposal since these commitment appropriations provide the basis for drawing up and implementing programmes in the next three or four years. A cut in the payment appropriations could on the other hand be justified to the extent that the Commission recognizes the impossibility of using those appropriations during the financial year. The Commission which had specifically asked Parliament to take steps to increase the appropriations for the Regional Fund since it recognized the need for more intensive action to reduce regional disparities, has now in fact initiated changes in the budget previously adopted by Parliament. That, ladies and gentlemen, is a development of extreme political gravity. Were it not for the imminence of direct elections I personally should have called the attention of the House — given the gravity of this development — to the desirability of tabling a motion of censure on the Commission.

The Christian-Democratic Group notes that even with the latest modifications the level of the Regional Fund exceeds the limit fixed by the European Council; that limit had stood in contradiction with the solemn declarations made by the European Council of Heads of State or Government on the need to promote a transfer of resources to the less prosperous countries and to reduce the imbalances existing in the Community.

This fact proves that Parliament has played a decisive part in determining the non-compulsory expenditure entered in the budget; it also proves that Parliament is a fully-fledged part of the budgetary authority and that its powers cannot be eroded by anyone to the extent that they are laid down in the Treaties and in secondary legislation.

Since no amendment is being made by Parliament to the Council's draft budget I do not see any need for a separate decision on the rate of increase. The rate of increase in expenditure results from decisions taken by the Council itself since Parliament will not be tabling amendments; I therefore agree with the Committee on Budgets that there is no need for special discussion of the rate. It will of course be necessary to make further changes to the estimates of expenditure for 1979 and I am sure that the new Parliament will take care of that when it finds that the resources made available by the Community to the less prosperous countries are not sufficient to fill the gap existing in the sector of social policy and of the policy for industrial restructuring and reconversion.

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I have one last observation. I understood the Commissioner to say that the reduction in the Regional Fund must be seen in relation to the fact that we now had a new initiative involving appropriations of 1000 million EUA under the heading of loans intended to guarantee the stability of the European Monetary System; he also suggested that the 200 million EUA each year for five years were in a sense a substitute for regional policy action. I must say that on this point I cannot agree with the Commission's interpretation since the measures established by the European Council reflect a transfer of resources to the countries with less prosperous economies in order to guarantee greater convergence of the economic policies of the nine countries to maintain the stability of the EMS.

It is true that a part of these resources will go to areas covered by Regional Fund interventions but this is not a substitute action; it is an additional measure intended to ensure genuine convergence of the economic policies of the Nine. I hope that when we come to consider the 1980 budget the same interpretation will not again be adopted in order to further reduce the Regional Fund on the grounds that it has been replaced by new measures decided by the European Council. The Regional Fund represents a transfer of resources to the less prosperous countries via the Community budget. It is the only new example of a measure intended to enable the countries with less prosperous economies to keep in step with the others and so avoid the development of a two-speed Europe.

Time is short and I shall conclude by stressing that when we vote in favour of amending and supplementary budget No 1 we are at the same time reaffirming the Parliament's budgetary powers and rights.

(Applause)

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

Mr Bangemann. — *(D)* Mr President, I wish to begin by congratulating the rapporteur of the Committee on Budgets on his excellent report. He has worked with great thoroughness and also explained the issues to the House with great clarity and logic. My group has only a few observations to add. My group welcomes the new practical emphasis given to regional policy through this supplementary budget, although — having regard to Mr Tugendhat's words — I must add that the organization of our regional policy has still not been improved. We do have more money but we have not yet developed a new method to enable the new regional policy to be implemented more effectively.

Mr President, my group knows that there remain a number of constitutional problems to be solved in

this area and that these problems are of great importance to the future work of the European Community. I should like to take up again something that Mr Tugendhat said. The idea of a unitary state embodied in the constitutions of several of our Member States seems at first sight to conflict somewhat with direct contact between the Community and the regions. I believe, however, that the contradiction is only apparent because it should be possible to arrange with the national governments for direct contracts between the Community and the regional authorities in a manner which does not conflict with the concept of the unitary state. It must surely be possible to reach an agreement with the national governments which will enable Parliament to seek information for itself.

I want to return for a moment to the journey which I have begun to the area of northern France which is hard-hit by the steel crisis; I shall also be visiting other crisis areas of the Community. I did not have the impression that my work as rapporteur for the European Parliament would in any way conflict with the views of a government which adheres to the concept of a unitary state. We shall have to set about our work sensibly, but our work is certainly necessary, Mr President. One thing is perfectly clear: mutual information is repeatedly shown to be essential if we are to use the possibilities held out to us in the various Community funds.

Perhaps — and this is something that we in Parliament can do — we should also consider whether the concept of a fund is in itself still sufficient to develop effective, cohesive, action in the Community. Mr President, I have the impression that in our future deliberations on the structure of the budget, we should abandon the fund concept and turn our attention to more concrete, selected measures which are not tried to a particular purpose. The Social Fund, Regional Fund and Agricultural Structural Fund already overlap in their objectives, and it is perhaps unnecessary to keep the corresponding appropriations artificially separate, thus creating new artificial distinctions which may for instance lead to organizational difficulties. I mention this because it will play a part in the future budgetary discussions. I would think it preferable to break away from the fund concept and concentrate instead on more concrete, specific and cohesive actions which we can then endow with the necessary appropriations and administer perhaps in a less bureaucratic manner.

My second observation on behalf of the Liberal Group relates to the significant speech by Mr Tugendhat on which I congratulate him; I believe he was quite right to say that tension between institutions is necessary to force progress but that this tension must be played out in a constitutional framework which helps to avoid

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unnecessary friction. There is bound to be similar tension in future between the Council and Parliament as there will be between the Commission and the Council and the Commission and Parliament. But we have learnt from the example of the recent budgetary conflict that the constitutional framework is not clear enough to make such tension fruitful.

I come to my closing remarks: we should not forget — a point that was omitted by the rapporteur of the Committee on Budgets for which I am not criticizing him but I must repeat the point on behalf of the Liberal Group — that the purpose of the supplementary budget is to provide a basis for operation of the European Monetary System. That system is a significant step forwards in the Community. I think that the Council should be congratulated on having taken this bold step in the right direction; we give the Council our support in the hope that the EMS will continue to function as smoothly as it has begun and that this endeavour will ultimately prove to be not only a successful exercise in monetary policy cooperation but also, perhaps, the first step towards a common currency. That is a necessary objective because what we still lack in the Community is not merely a common economic and monetary policy but also and above all a symbol of the Community. A common currency which is accepted throughout the Community would be a symbol of our Community that — as you, Mr President, also know — we find sadly lacking in the current election campaign. Europe has become too much a Europe of the technocrats and experts and too little a Europe of everyday life. We stand in urgent need of that kind of Europe if Parliament is in future to enjoy the support of the Community's citizens.

(Applause)

President. — I call Lord Bessborough to speak on behalf of the European Conservative Group.

Lord Bessborough. — I was going to congratulate Mr Bangemann most warmly on his report but he has done so very ably himself. I congratulate him on his modesty! I nonetheless would like to thank him both for his explanatory statement and also for the resolution. I attended the committee last night and I do certainly, after a good deal of consideration, go along with his arguments as rapporteur, as well as with a great deal that Mr Spénale said, whose great experience in these matters I fully recognized last night, and I am sorry that he is not with us this morning. However, I do feel — and I must say this to Mr Tugendhat, the Commissioner, whom I greatly respect — that it did seem to me that it was no use pressing for these amendments if there was no possibility of their being adopted by a two-thirds majority. I agree that they are all highly commendable, I support them personally and my group would support them, but if

they cannot be adopted it seems to me that we would be somewhat wasting the time of this Parliament if we pressed for them; but I do particularly support the two amendments from the Committee on Social Affairs, Employment and Education on youth unemployment and retraining as also indeed those on energy and science and technology.

I would also like to say this, I did agree to some extent with the remarks of Lord Bruce last night in committee. He expressed himself strongly on this major issue as to whether we had before us a budget or whether it was only a document, and there is no doubt that a good deal of what he said carried weight and, as a very mini-concession, I would have liked to have seen a revision of paragraph 11 of the explanatory statement. As I think I told Mr Bangemann, at least we might insert the word 'partially' into the words 'that this misunderstanding was removed'. This was a very positive statement and I really could not go all the way with that. But I recognize that we cannot at this stage very well alter the explanatory statement and I think that the resolution as it now stands and as it was accepted in committee last night should go through.

I agree very much with what has been said in paragraph I of the motion for a resolution on the lending activities connected with the EMS and of course as it relates to compensation to the United Kingdom. And I also agree with what Mr Bangemann as rapporteur has said on compulsory and non-compulsory expenditure.

I would also like, with Mr Bangemann to congratulate the President-in-Office. We in Parliament have achieved a lot of what we wanted. Indeed, Mr Spénale made this point in committee last night very strongly and he spelt out what we have achieved. I will not go into that now as my time is limited, but there certainly has been some goodwill in the Council, as Mr Bangemann has said, and I therefore advise my group to accept this resolution as adopted last night and as amended by the committee.

As I say, the amendments are highly commendable and I am not opposed to them as such. But I do not see how we can possibly get them through this Parliament at this stage in its life. The Commissioner certainly made a very important statement on the historic aspect of this budget and I am glad that we are at least agreed on this, that supplementary budgets should only be for unforeseen and unexpected events or, as he said, very special events. He dealt with the two main questions, one the EMS and the aid to less prosperous nations and also the separate question of the disagreement between the two arms of the budgetary authority, and I am glad he feels that we are now at one on this last point.

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I understand, as he understood, the need to increase the Regional Fund, but I think I do go along with him perhaps rather than with others in believing that perhaps in the circumstances the Regional Fund could be partially reduced in view of the separate interest subsidies scheme. There has evidently been less agreement on compulsory or non-compulsory expenditure and of course as a member of the Committee on Budgets I feel, like Mr Dankert, that we should support the committee's views even if the Commission has, perhaps reluctantly, accepted that it should be compulsory. I was glad to hear Mr Tugendhat say that he had no pleasure in saying so but that there was no alternative, and I am glad he thought that in the future there might be some flexibility and that indeed the Regional Fund was now more flexible.

I do not think we can debate again the whole question of staff needs, because this has been discussed in detail in committee and I think we just have to leave it at that, but I recognize that no doubt there will have to be staff increases in the future and that, of course, will be a matter for the newly elected Parliament in discussion with the Commission. I am glad there has been this creative tension between the institutions, and I agree entirely that the Rules of Procedure should be observed, or if they are not clear, that they should be clarified, another job which the newly elected Parliament will have in conjunction with the other two institutions.

One final word, perhaps a purely personal word — and here I am not speaking for my group: I go along a good deal of the way with Mr Bangemann in what he said in speaking for the Liberal and Democratic Group about the need for a symbol, a common currency. But I say — and this is one of the last speeches I shall be making in this Parliament — I am expressing here a purely personal view and certainly cannot speak in that respect either for the Conservative Party in Great Britain or perhaps for the European Conservative Group in this Parliament. At any rate I congratulate Mr Bangemann on his two speeches. I think with his usual modesty he can perhaps congratulate himself twice, both ways.

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

Mr Spinelli. — (*I*) Mr President, the submission of this amending and supplementary budget accords with the views and wishes expressed by Parliament when, in voting the budget a few months ago, it made a substantial increase in the Regional Fund. It accords with the previous position because both the vote by Parliament and the present Council proposal take account of the fact that one of the major problems facing a Community that wishes to construct its own economic and monetary union is that of taking, in

parallel with monetary measures, measures to transfer resources to the regions or countries which are experiencing difficulties and are poorer than others. Indeed one of the fundamental aims of our Community enshrined in the Treaty is the harmonious development of the Community as a whole and of all its Member States. For this reason we shall vote in favour of this supplementary budget.

I do not wish, however, to pay too many compliments to the Commission because my assessment of the position adopted by it throughout this procedure differs somewhat from that expressed by Commissioner Tugendhat. The Commission showed a lack of awareness of the imperative need to increase the Regional Fund when it proposed to maintain it at the level of the previous year without taking any account of the fact that the process of setting up the European Monetary System had by then been set in motion. This demonstrates the lack of any strong interest in the Commission in the development of regional policy: it was Parliament which brought the Commission back into line by reminding it of the importance of this commitment; when it presented the initial draft budget the Commission, in order to make life easier for itself, had even felt it possible to reduce certain entries against the Regional Fund.

Had the situation been different today, in other words if Parliament had not found itself obliged to complete the budgetary procedure before the election date, my group would have tabled an amendment restoring the figure proposed previously by Parliament. However, in the present situation we shall not do so because we are aware that, after all, the reduction proposed in the payment appropriations is only of 54 million EUA; allowing for the increase in interest subsidies for the EMS of 200 million EUA — in payment rather than commitment appropriations for the current year — we have in fact a net increase of 146 million EUA. The problem of a more harmonious development policy for the Community will be one of the major themes for the Parliament, Commission and Council in years to come and that problem cannot be resolved by a matter of 50 million EUA more or less; we are therefore willing to close the discussion on this figure and approve the budget as it stands.

I want now to make a few observations on some other points which are more of a procedural nature and relate to the subject of compulsory expenditure. All the speakers in this debate have rightly maintained that the EMS interest rebates must be treated as non-compulsory expenditure; I had hoped, however, that a previous speaker would have drawn attention to the central argument and thus spared me the need to do so. It seems to me that there is one central argument which goes to prove that this expenditure is non-compulsory. It is not within our discretion to decide whether or not expenditure is compulsory: we are

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bound by the sole provision in the Treaty on this matter which stipulates that compulsory expenditure must be derived from the text of the Treaties or of secondary legislation. But the Treaties make no provision for this expenditure; there is no other legal act providing for it, so much so that when the Commission proposed to enter 200 million EUA in the budget as compulsory expenditure, the Council, recognizing that there was no statutory provision for this expenditure, made a token entry and placed the 200 million in reserve under Article 100. Therefore, this expenditure derives neither from a budgetary obligation nor from a regulation. I hope that the Commission will take account of this fact when it comes to present the draft regulation to this expenditure and that, using its right to amend the text until the last minute, it will delete the unfortunate sentence concerning the compulsory nature of this expenditure.

For the rest I think that we can adopt a favourable attitude to this document, especially as the Council declares that the preliminary draft amending and supplementary budget has been considered by it under the procedure laid down for budgets and forwarded to us under the same procedure. The Council itself thus recognizes that the text can only be approved by the budgetary procedure since there is no other Community act governing the consideration of a document of this kind. I wonder whether the Council is not following the example of that mediaeval bishop who being obliged to eat a goose on Friday declared "I baptize you fish" and ate the goose which he called a fish.

In an effort to smooth over the difficulties, Commissioner Tugendhat voiced the thought that these conflicts between Community institutions are characteristic of our Community but that there are some countries, including his own, which are not familiar with such conflicts. Perhaps I misunderstood what he was saying, because the Parliament in which he sat until not so long ago was born out of a conflict, and lives on conflicts with other institutions and with the king: it caused one king to be beheaded and in this century it obliged another king to abdicate and intimated to the House of Lords that it must mend its ways or be abolished. This goes to show that conflict between institutions is a normal feature of evolving bodies and is therefore perfectly normal in the Community. The democratic element in this Community is still too weak, but it has been strengthened by the action taken up to now by this Parliament and will take a great leap forwards with the elections, after which this Assembly will fight to increase its powers in relation to the other institutions. That merely follows the logic of events in every country, including England. In a sense we have borrowed the struggle between institutions from the English.

My last remark concerns the maximum rate. I want to dwell on this problem because it seems to me to be of great importance. The Treaties contain a somewhat absurd provision that the budget may be increased each year by a maximum rate and no more in the case of non-compulsory expenditure. Experience proves this provision to be meaningless because it is quite impossible to provide in a Treaty for the rate at which the expenditure resulting from political necessities must increase. In practice the Commission has always given a ritual definition of the maximum rate which was then completely ignored; at the end of the procedure a different maximum rate was established by a joint decision of the Parliament and Council. We have always maintained that the relevant decisions should be held over until the end of the procedure — until the recent conflicts arose. I think that it is not a negative approach to refer to this problem again now because a lesson can be drawn even from misfortune. I consider that the Council started out on the wrong foot when it said: 'We establish at the outset the amount by which the rate must increase and on that basis we shall continue the procedure; we shall not retract our decision and Parliament will have to accept it.' However, the debate which took place within the Council itself proved that things must be viewed differently and the Council has adopted internal rules of procedure obliging it to arrive, having regard to both revenue and expenditure, at a certain formula which will then be discussed with Parliament if the views of the latter differ from its own.

That is how I think budgets should be drawn up. Up to now in drafting the budget we have given attention solely to expenditure; we have arrived at a total and then said that revenue must be raised accordingly. If we want the budget to be a stronger instrument, we must also take account of the economic situation and of the tax burden borne by our citizens; we must then proceed to make the necessary distributions and adjustments otherwise there is bound to be an increase in the burden of taxation. This approach is essential if we are one day to say: that will broadly be speaking be the amount available for next year and that is how it will be distributed.

If that policy is to be followed, the budget must not be presented merely as a statement of expenditure; it must on the contrary be based on a genuine policy of revenue. The principal responsibility for this rests with the Commission. The two branches of the budgetary authority — the Council and Parliament — must review the Commission's proposals and agree how to deal with them. By allowing the Commission to present its budgets as it has done up to now after which the Council intervenes on its own behalf, we are condoning a distortion of the process of political opinion-forming on the budget. In the absence of an overall view from the outset, each of the nine represen-

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tatives in the Council will inevitably reflect a national viewpoint and the European aspect will be lacking.

In conclusion, I am convinced that this budget can be a turning point in the method of presentation of the budget; I hope that in future the Commission will put forward a draft budget which reflects not only a view of the Community's expenditure policy but also and above all a view of revenue policy expressed in terms of real figures.

This is the only way in which we can discuss the European budget seriously. The conflict of views which we have seen in this chamber will have made a positive contribution.

(Applause)

President. — I call Mr Notenboom.

Mr Notenboom. — *(NL)* Mr President, I refer to the text; I am somewhat reluctant to raise a point concerning the text of the explanatory statement since we are voting on the resolution, but this year's budgetary procedure which will be passed on to the new Parliament and to the Council is so important that I am taking the liberty of drawing the rapporteur's attention to one particular point. I refer to paragraph 10 of the explanatory statement. I realize that the drafting was probably done late at night and that the translations were perhaps also made at night, but I want to make two observations. Paragraph 10 states that the Council has adopted a text relating to the procedure. Mr President, that is not so; the Council wanted to adopt such a text but did not do so. As you know, Mr President, one Member State raised an objection — to my great satisfaction incidentally. No decision was reached and it might give rise to misunderstanding if the text is left as it stands. I have already mentioned this to Mr Bangemann, and I hope that he will be good enough to change the wording, for example by saying that 'the Council wanted to adopt a text.' That would be perfectly accurate. Secondly, Mr President, there is a mistranslation: the Dutch text says 'do not allow the principle of the qualified majority to be called into question, as does the French. But the German text says just the opposite. We would therefore ask the services of the secretariat to bring the French and Dutch texts into line with the German.

President. — I call Mr Bangemann.

Mr Bangemann. — Mr President, the two observations relate solely to Parliament's report. I am perfectly willing to make the changes requested; they do not directly affect the resolution but only the explanatory statement. Nevertheless the point is important enough to be made absolutely clear. Mr Notenboom is perfectly right. We shall therefore amend paragraph 10 accordingly and see to it that the Dutch and French translations are corrected.

President. — I call Mr Christensen.

Mr Christensen. — *(DK)* Mr President, in my view the rate of increase set by the Council for non-compulsory expenditure is binding on Parliament, and independent of any desire on Parliament's part to increase appropriations.

Secondly, budget wrangling as I see it, is an attempt by Parliament to claim the same rights as the Council in budgetary matters and I can find no provision for this in the Treaty. It is quite true, as several speakers, including Mr Spinelli have said, that budget disputes are being used as a means for gaining even greater budgetary powers and even greater political power.

Thirdly, when the Council of Ministers has to decide what is compulsory and what is non-compulsory expenditure, it obviously does so on the basis of the authority it has to determine the rate of increase. In support of this argument I would refer you to the Committee on Budgets' report, in particular paragraph 3 of the resolution, and the amending and supplementary budget as a whole, which I interpret as a sign that the Council of Ministers has yielded to Parliament's desire to obtain powers it ought not to have.

President. — I call Lord Bruce.

Lord Bruce of Donington. — Mr President, we are now in the few weeks leading up to direct elections in Europe. And when these were first mooted a long time ago, one of the preoccupations of all those involved in this aspect of our affairs was the apparent lack of interest amongst the European population in the EEC itself and in the activities of the European Parliament. And indeed, one can hardly wonder at it. If all that the Institutions can do for the people of Europe is to get involved in a series of complicated manoeuvres understood by no-one save themselves, and to pretend thereby that they are helping the Community, one can quite understand why most of the population are bored with the concept of the Institutions, and one understands the paramount necessity of reviving that interest if the Community is going to be a living, dynamic and vibrant Community within the concept of its founders. It was partly with this concept in mind that Parliament itself, towards the middle of last year, decided that some real effort must be made to make the budget of the Communities more relevant to the needs of Europe as a whole. Parliament decided that aside from the common agricultural policy, which is cracking at the seams in any event, some constructive effort had to be made to show the people of Europe that the Communities were capable of taking a Community attitude outside the confines of the common agricultural policy. They know, as indeed has been reported to us many times by the Commission, that notwithstanding all the efforts that the Commission has made, the poorer

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regions of the Community are getting poorer and the rich are getting richer. And make no mistake, the peoples of Europe are not entirely unconscious of this. We have had troubles in Lorraine recently, there have been rumbles elsewhere in Europe, there have been industrial discords and disturbances all over Europe because people begin to become cynical of the whole race of politicians, and begin to take matters into their own hands. And this is wrong.

That was why Parliament decided this year to make a significant increase in the Regional Fund. Did it exceed its powers in putting forward amendments on second reading last year for an increase of the Regional Fund from 620 million units of account to 1 000 million? Was there any excessive use of its powers at that stage? Is Parliament entitled to be criticized for putting down amendments on second reading? Where did it exceed its powers? The answer is, it did not. When Council met to discuss Parliament's amendments it was Council that acted, not Parliament. Parliament did not lobby individual members of Council to pass its amendments. Council was completely free to do exactly as it wished. It did as it wished and by a qualified majority it failed to reject Parliament's amendments. And the Member State that dissented from that, as a Member State, and I am referring to France, thereupon raised the indignant squeal that in putting forward its amendments, Parliament had somehow exceeded its powers. It had done nothing of the kind. Because it found itself in a minority, the Government of France declined to accept the democratic decision of the remainder of the Council and the Council landed in this particular position, because it did not suit France, it did not suit its concept of national sovereignty within the meaning that Monsieur Chirac has thought fit to give to that term. And so France and France alone has involved Council in the difficulty: it had nothing to do with the dispute between Council and Parliament. It is with one Member State and Parliament that the dispute has lain and I would not presume to criticize the Council as a whole for the action it saw fit to take. At any rate, the powers of Parliament were called into question, there was a terrific debate in the press and eventually the Commission, as the Commission normally does in these circumstances, comes to the rescue as the guardian of the Treaties. And it produced what it thought was going to be a successful compromise between Parliament and Council which even the Government of France might feel disposed to agree with — together, by this time, with the Government of the United Kingdom, who had tagged along on the same bandwagon. So the Commission produced a preliminary draft supplementary budget which reduced the formula produced by Council by 100 million on the Regional Fund, put in some extra amount because of the interest rebates under the new European Monetary Scheme and, for good measure, added some of the amendments which Parliament was going to put in the last year's budget but failed to do

so because it preferred to approve the draft budget as sent to it by Council. Well, this preliminary draft budget, which I have here, was put to us and we decided that although it did not quite measure up to exactly what Council itself had decided by a qualified majority last December, nevertheless, for the sake of peace, we would go along with it; and you will recall, Mr President, that the political groups expressed themselves in general agreement. So it was then over to Council.

Now we had every reason to expect that the preliminary draft budget would be considered by Council and that in due course a draft budget would emerge from Council. And so a meeting took place on 22 March and a number of people were present: Mr Eyskens, Mr Ersbøll, Mr Lahnstein, Mr Papon, Mr McSharry, Mr Calamia, Mr Weyland, Mr van der Klaauw, Mr Denzil Davies and Mr Christopher Tugendhat. And they sat down together to consider the preliminary draft budget that had been produced by the Commission. And immediately after they had considered it, a press release was issued which says, very clearly indeed. 'The Council drew up the draft of a first supplementary and amending budget for the financial year 1979'. And it goes on to say, 'Following this decision on the draft supplementary and amending budget, the Council signified its agreement on the decision to do so and so.' Well, all that seems to be perfectly good, and I would like to ask Mr Tugendhat whether that is an accurate version of the events. Was this document considered or not? Or if he prefers the French copy, because the representative of Council will recognize it more easily, was this in fact considered or not? Was it? Well, we do not know whether it was. On the basis of the press release, which seems to me to be quite in order, Parliament had every right to do this, but then something happened. The first thing that happened was that all the Member States' representatives, apart from the President-in-Office, went home thinking that they had approved a draft supplementary budget for presentation to Parliament. Not so, Mr President, not so: because the next day, under the authority of the French President-in-Office a corrigendum was issued. Now, I have always understood 'corrigendum' to indicate that one or two words are slightly adrift, perhaps the wrong nuances of expression had been used, perhaps there was erroneous punctuation which gave a different slant to the matter, that a corrigendum was essentially a tidying up operation. What do we have here? We have a complete excision by the French President-in-Office of any mention of the Council having approved a draft supplementary budget. And indeed when we met in the Committee on Budgets I challenged the Council representative to say whether this alleged corrigendum had been issued with the full knowledge and consent of the remainder of the Council. To this the Council representative did not reply. What the Council representative said was in fact that the President-in-Office had the right to issue a corrigendum on his own authority.

Lord Bruce of Donington

Well, I put it to him again. This is the document in French ; was it in fact considered or not ? It either was or it was not. And if this was not the document which was considered, what was the document ? I have got the one in French here. Why then should it be described as a document as distinct from the draft supplementary budget which was ultimately going to be produced from it ? The answer is that the President-in-Office still could not accept democratically the decisions originally arrived at by the remainder of his colleagues in the Council.

Mr President, according to the report of the rapporteur, the misunderstanding has been removed by the letter sent by the Council to Parliament. Not so, not so at all ! The French representative still maintains the position of her own Government in this matter. She knows perfectly well that when a draft supplementary budget is introduced to this House, it is the custom for Council to speak to its own draft supplementary budget, as indeed happened last year, as you will see if you refer to the Official Journal, when draft amending budget No 1 for 1978 was introduced. Deputizing for the rapporteur, Mr Lange, chairman of the Committee on Budgets, introduced the report drawn up by Mr Shaw, and then Mr Dalsager President-in-Office of the Council, spoke. Indeed this was anticipated in our own agenda which was presented to us yesterday. Space and time, Mr President, have been allowed for the Council to speak to its own draft budget, but of course the Council representative still refuses to acknowledge that what Parliament is doing today is to pass a draft supplementary and amending budget, and she knows that if she got on her feet to take part in this debate, which is on the agenda as a debate on the draft supplementary and amending budget and which has been given time, she would be giving legal sanction to it, and so she has declined to speak.

Now, Mr President, I want to say in conclusion that this manoeuvre does the Communities no good at all. It is a silly, petty, childish manoeuvre that reflects no very great credit on a very great country, France. It reflects no credit at all. It just shows a civil service legalistic mentality of little men peeping in and out under the corners. It doesn't show any of the bold élan which the people of Europe are looking for from the Community as a whole. I regret very much that Parliament has seen fit to save faces in this case, because in doing so it probably has not after all saved its own. It ought to have taken the view and stood on its rights for the benefit of the directly elected Parliament, and so far as the Council is concerned, there is no point in adopting a face-saving attitude towards it because there is no longer any face to save !

(Applause)

President. — I call Mr Lange.

Mr Lange, Chairman of the Committee on Budgets
— (D) Mr President, ladies and gentlemen, it is a

great pity that the Council is not represented at the highest official level as it should be today. The chairman of the Council's Budget Committee is not the most senior representative. To that extent I can only agree with Lord Bruce. However, with the passage of time there have been a number of developments which to enable the Parliament's Committee on Budgets and at its recommendation, I hope, the Parliament as a whole to adopt certain positions and take certain decisions.

I want, however, to make one point at the outset : I hope, for all our sakes, that the Council and the Governments of the Member States will familiarize themselves rather more fully with the provisions of the Treaty and with all the supplements to it and the agreements reached between the institutions. If they had done so earlier we should not have had the quibbling we have been witnessing in the Community since 22 December last. In addition the Heads of Government — including the President of one particular State — must understand that the European Council cannot escape from the provisions of the Treaty and does not constitute a superior budgetary authority. In other words the European Council is no more than an ordinary Council within the meaning of the Treaties and must respect all the provisions of those Treaties and all the agreements reached between the institutions. There is no need for us in Parliament to take special action now : the Council of Ministers has taken the necessary action, in this instance the Council of Budget Ministers, by in effect overruling something that one participant in the meeting of the European Council on 4 and 5 December last said. We took our decision last year and stand by it without amendment. Amendments were made in the normal course of the parliamentary procedure. As far as Parliament is concerned, the budget was adopted on 14 December on the basis of the Council decisions of 20 November 1978. That is strictly in accordance with the provisions of Article 203 of the Treaty and adoption by Parliament concluded the procedure in respect of the 1979 budget.

That procedure cannot now be continued. The Treaties provide for no third reading. There may be certain consultations but that is another matter.

Those consultations have nothing to do with the official readings provided for in the Treaty. It follows that if for any reason additions are to be made to the officially established budget, this can only be done through a supplementary budget and in case of doubt through an amending and supplementary budget. The term amending budget has become necessary primarily because certain changes have been made on the revenue side in respect of the proceeds of value added tax ; to that extent a correction was necessary. Moreover the Council and Parliament clearly recog-

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nized that the proposed interest subsidies which could not be entered in the ordinary budgetary procedure by the time of adoption on 14 December must be dealt with in a supplementary budget. There was no other need for a supplementary budget. There can be no provision for additional staff for the Commission in the supplementary budget since its tasks have not been extended. Its situation is not comparable with that of Parliament whose membership will be increasing from 198 to 410; in other words this supplementary budget must be confined to the interest subsidies that had already been agreed and to the necessary compensatory benefit for the country which is as yet not officially participating in the European Monetary System.

As a corollary to this, Parliament cannot take up again at this stage the draft amendments which it had proposed to deal with at the second reading following the Council's decisions of 20 November 1979 but which it then withdrew because of the result of the vote on the first amendments; these amendments do not have the features necessary for their inclusion in the supplementary budget. They do not reflect an unforeseen development and the only solution — as the rapporteur has clearly pointed out — will be to pursue them further in connection with the 1980 budgetary procedure.

We in Parliament cannot take up again now the amendments which we withdrew on 14 December 1978 and so act as though we were still at the stage of the second reading or as though there was provision for a third. We should then be perpetuating the same error which the Council made right up to April. I should therefore be grateful if the Council would arrive at a better interpretation of the Treaty provisions. I can well imagine that certain members of the Council may have signed Treaties without a full realization of their implications and that they are then rather surprised at the consequences of the Treaty of 22 July 1975 for Parliament on the one hand and for the Council on the other as two arms of the same budgetary authority.

I can also understand that they may then try, because of internal political difficulties, to adopt a hard line in the Council and then later on grant once again to the directly elected Parliament powers which it in fact already has. But to pretend then that they are being generous and attributing further powers to the directly elected Parliament is surely not the right way of going about things. If they want to escape from internal political difficulties they must think up something better than outright infringements of the Treaties. I am very sorry to have to make these observations again in this particular context. Since we in Parliament have always recognized that a supplementary budget — as laid down in the Financial Regulation — should always be reserved for unforeseen and unavoidable contingencies, we cannot now — however much the Commission would like to do so and however

gladly we ourselves would do so as far as the actual facts of the matter are concerned — restore the draft amendments which Parliament withdrew on 14 December 1978.

In other words I agree with the point made by our colleague, Mr Bangemann, in his capacity as rapporteur: the Committee on Budgets does not oppose these amendments on account of their substance, but purely for reasons relating to the relationship possibilities between the Council and Parliament as the two branches of the budgetary authority in interpreting and applying the provisions of the Treaties. That is the real issue and we shall have to consider how to proceed in the course of 1979 and what measures are necessary. We agree with Mr Tugendhat that there are still many possibilities for transferring appropriations from one chapter to another within this budget and that certain activities can be put in hand which were no longer feasible after the withdrawal of the amendments on 14 December and would also not be made possible by entering the same draft amendments in this supplementary budget. To that extent it is up to the Commission to determine which activities it can develop by effecting transfers of appropriations. And if Parliament recognizes a political need for such transfers, the Commission can be assured of Parliament's support.

I wanted to make this clear in order to limit as far as possible the regret or disappointment expressed here on behalf of the Commission by Commissioner Tugendhat who is responsible for the budget. There are certain possibilities and the extent to which they are taken up through transfers of appropriations will depend on action by the Commission itself.

Turning now to our own internal procedure, no more amendments will be accepted tomorrow — we have after all already taken the decisive decision. This evening we shall ascertain whether any further amendments have been tabled because the Committee on Budgets will be meeting once again. Tomorrow we shall decide on the Committee's resolution; the President will then be called upon to declare this amending and supplementary budget No 1 for 1979 adopted in accordance with the procedure laid down in Article 203. Here too as was the case on 14 December with regard to the Council's decisions of 20 November, we shall be making no changes to the Council's decisions and the matter is then closed as far as the Council is concerned. Tomorrow, then, the President will quite simply declare the budget adopted. However, we in the Council and Parliament should draw certain conclusions from our experience of recent weeks and months. We should decide whether the completely impracticable provisions of Article 203 concerning the maximum rate and the application of the maximum rate are to be maintained or whether they should be superseded by a further amendment to the Treaty. In previous years it had seemed to us that there would be no difficulty provided a flexible approach were adopted; but in the

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case of the 1979 budget, the Council, or certain Member States, have made a great issue of this against all our previous agreements and understandings. We should therefore see to it that unrealistic Treaty provisions are removed from the Treaty or else reach a genuine understanding not to adhere to such provisions, resuming formal compliance with the Treaty provisions only at the end of the budgetary procedure as we have done in the past. This means that where decisions are taken beforehand on revenue and expenditure — in this particular context Article 203 is concerned with expenditure only — a tacit understanding will also be reached on the change in the maximum rate; as in the past there will then be no separate decision on the maximum rate of the kind which the Council has tried to take this year.

If we could discuss this matter and perhaps come to an agreement, we should be taking a major step forward and misunderstandings could be avoided in future — although let me make it quite clear that the misunderstandings were in reality deliberate infringements of the Treaty made with a view to restricting the powers of one branch of the budgetary authority: the European Parliament. If that is one of the lessons drawn from our experience between December and today, we shall have made very real progress and shall in future be able to discharge more smoothly the responsibilities which fall to the two arms of the budgetary authority within the meaning of the Treaties and for the good of the Community as a whole.

(Applause)

President. — The vote on draft amending and supplementary budget No 1 for 1979 and the motion for a resolution contained in Mr Bangemann's report will be taken on Wednesday, 25 April.

The debate is closed.

5. Regulation on interest rebates for loans with a structural objective

President. — The next item is the report (Doc. 84/79) drawn up by Mr Notenboom on behalf of the Committee on Budgets on

the proposal from the Commission to the Council for a regulation concerning interest rebates for certain loans with a structural objective.

I call Mr Notenboom.

Mr Notenboom, rapporteur — (NL) Mr President, the regulation on interest subsidies which we are now debating is of great importance because it is one of the accompanying measures for the European Monetary System and the success of the EMS is vital to the future of Europe. Together with accession of new countries and direct elections, the EMS is a focus of attention in the Community today. The Committee on Budgets for which I am speaking therefore did not wish to deal with this document after only brief

consideration at the March part-session but preferred to give it all the detailed attention which it warrants. The purpose of these interest subsidies is to help to reduce the disparities in prosperity between the Member States. If the EMS is to be a success, a great many more accompanying measures will be needed. Action to bring about a better coordination of economic and financial policies is still more important. I would stress this need to the Commission, although I know it is already aware of it. This proposal is just one of the accompanying measures and its budgetary consequences were discussed earlier in this sitting.

The underlying intention is to enable the Member States to finance their necessary economic development rather more easily. Better provision is to be made for financing certain loans: European Investment Bank loans and loans from the Ortolli facilities. If, for example, the market interest rate is 11 %, these loans can be granted at 8 %. That is the intention. The matter is therefore urgent and has found a place in the supplementary budget, or, more accurately, the supplementary budget has been drawn up for this very purpose.

Mr President, the countries involved at present are Ireland and Italy. The 200 million EUA in interest subsidies are to be shared between those countries. Although there has been no official indication to this effect, everyone knows that the distribution ratio will be 2/3 for Italy and 1/3 for Ireland. In formal terms, the Council must determine by a qualified majority which countries are to benefit, in other words the Council wishes to reserve the right to determine which of the countries participating in the European Monetary System are less prosperous and therefore entitled to these subsidies.

I am still explaining the proposal and have not yet come to my own comments. The United Kingdom is a special case: it is not officially recognized as a less prosperous country, but it is also not participating in the EMS and is therefore outside the province of the new mechanism for the time being. It does, however, contribute to the general Community budget and these amounts have been entered in the general budget, as the Committee on Budgets has incidentally always wanted. This has created a problem of compensation. The proposal for a regulation accordingly provides for compensation for one Member State, a less-prosperous Member State, which is not participating in the mechanism. If the United Kingdom does not participate in the EMS mechanism in 1979 it will accordingly receive compensation of 45m EUA under the supplementary budget which we debated just now.

Before turning to my comments and introducing our proposed amendments, I would like to say that our Committee on Budgets and the Committee on Economic and Monetary Affairs, on whose behalf

Notenboom

Lord Ardwick the draftsman of the opinion, is unable to speak for lack of time, view the proposal in principle in a very favourable light to the extent that it can contribute to the success of the EMS. However certain points in the proposal are causing us concern and do not appear justifiable; that is why we have a number of critical remarks to make.

The system has not only been accepted in principle by the European Council but also worked out down to the smallest detail. The normal decision-making process laid down in the Treaty has thus been bypassed, affecting both the way in which regulations are drawn up and the budgetary procedure. We find that approach misguided and to the extent that we have the power to do so — although our power in this area is strictly limited — we shall not permit it. As was the case with the financial corrective mechanism on which I also had the honour to be the rapporteur, we shall put our opposition on record. The institutional balance has been broken: the Commission is no longer free and as it were no longer responsible to Parliament. The intention of the Treaty, however, is that in our relationship with the Commission the latter should be responsible to Parliament and in an extreme case Parliament can even go so far as to dismiss the Commission. There is no question of that today, but this relationship is an essential feature of the European institutional setup which is disturbed if the European Council proceeds as it has on this occasion, thus disturbing the established procedures. We want therefore to formally place on record, as I have done in the report, our reservations in respect of this procedure on the part of the European Council which has made action by the Community institutions and in particular the Parliament superfluous on this occasion.

Mr President, sufficient reference has already been made to the nature of this expenditure. My report likewise stresses that we can only consider this expenditure to be non-compulsory. I was sorry to hear Commissioner Tugendhat say that, if the Nine have so agreed, expenditure is compulsory.

That is not the case. The Nine jointly constitute an internal institution, the Council of Ministers. The Council is a Community institution. It is not a body which has external dealings and it is wrong to maintain that if the Nine agree expenditure must be compulsory. The criterion for determining whether expenditure is compulsory or not resides in the nature of the actual expenditure and not in whether the Nine or only eight countries agree. I therefore beg to differ from Commissioner Tugendhat.

Moreover it is impossible to know at this stage whether the amounts will be identical in each budget for five years. That is impossible to know as our experience with the European Regional Fund has shown. In other words the expenditure is non-compulsory.

comprehensive That is why we maintain that the amounts referred to in the regulation are purely indica-

tive and not decisive: the definitive amounts must be determined during the budgetary procedure. We have just considered the procedure for 1979 and the consideration of the 1980 budget will begin later in the spring. We consider regulations of this kind to be indicative in nature; we can agree to an order of magnitude but the definitive amount must be fixed each year during the consideration of the budget by the Council of Finance Ministers and the European Parliament.

I personally have strong reservations about the principle of compensation. We in the Committee on Budgets have reached a compromise. As we saw it, Denmark might for instance ask for something back because it derives no benefit from the wine expenditure and the Netherlands might do so because it is not engaged in uranium prospecting; in that case each country might ask for something back from the overall Community budget. That, of course, is a very real threat to the concept of a fair return and would tend to cause the budget to be broken down into a great many component parts. We understand the position facing us, we do not have supreme authority, but we feel that this matter should be raised each year in the framework of the budgetary procedure. This point is therefore made in the Bangemann report which was drawn up by the Committee on Budgets and has been approved by us: we can accept this approach for 1979 but we consider that the matter must be reviewed again each year and brought within the framework of the budgetary procedure.

Lord Ardwick had wanted to say something about the economic consequences but he has not had time to do so. The Committee on Budgets has taken over the ideas of the Committee on Economic and Monetary Affairs. We have added that we consider the criterion for the granting of interest subsidies, namely the creation of new jobs, to be of central importance in this period of very high unemployment. It might of course be objected that an investment which creates no new jobs can still make a great contribution to the economic strength of a particular country. We realize that but have nevertheless felt it preferable to add this criterion.

We have also taken this opportunity to ask the Commission to put forward a comprehensive proposal. The Commission now has five kinds of loans at its disposal and we have never seen them presented in a cohesive whole. Tomorrow there may be yet another, sixth type of loan. It is not the first time that the Committee on Budgets has asked for this but the committee has instructed me to do so once again. We are asking the Commission to provide us with concrete evidence that its loan policy is a cohesive entity and not just an *ad hoc* policy laid down to meet specific needs in particular circumstances. We make this request in our resolution.

Notenboom

Finally, we feel that the Parliament comes off rather badly in this proposal: we think that Parliament should be involved in the process of consultations leading up to the decision on which countries should participate from these facilities. We see this as a matter of great political importance in which Parliament must be involved. We also consider that Parliament must be informed of the agreements reached or to be reached between the European Investment Bank and the Commission to work out details for the application of the new mechanism. This may often involve important issues. I personally recognize the need for certain matters to remain confidential, but the committee and I finally came round to the view that these agreements should be made public. We are therefore asking for them to be made available to Parliament.

Finally we have tabled a small amendment proposing that the regulation should be reviewed already after one year instead of after two in order to determine whether it still meets the requirements applicable to it.

Mr President, I wanted to end with a summary of my remarks but it is one o'clock and I shall keep to my speaking time. You can make the summary for yourselves by analysing what I have just said. I have briefly outlined the changes that the Committee on Budgets would like to see made but in principle we welcome the fact that the Community has begun to design back-up measures for the EMS which will help to make that scheme a success. A very great deal depends on its success for all of us.

President. — The proceedings will now be suspended.

(The sitting was suspended at 1 p.m. and resumed at 3.10 p.m.)

IN THE CHAIR : MR COLOMBO

President

President. — The sitting is resumed.

6. Urgent procedure

President. — I have received from Mr Adams, on behalf of the Socialist group, a motion for a resolution, with request for urgent debate pursuant to Rule 14 of the Rules of Procedure, on Community aid for the Yugoslav earthquake victims (Doc. 120/79).

The reasons supporting the request for urgent debate are contained in the document itself.

7. Votes

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

I put to the vote the motion for a resolution contained in the *Cassanmagnago Cerretti report (Doc. 91/79): Exchanges of young workers within the Community.*

The resolution is adopted.

I put to the vote the motion for a resolution contained in the *Wawrzik report (Doc. 25/79): Second European Social Budget (1976-1980).*

The resolution is adopted.

8. Regulation on interest rebates for loans with a structural objective (resumption)

President. — The next item is the resumption of the debate on the report by Mr Notenboom (Doc. 84/79).

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

Mr Ripamonti. — (I) Mr President, may I first of all place on record our group's support for the resolution and explanatory statement submitted by the Committee on Budgets and express my thanks to Mr Notenboom for his enthusiastic and intelligent approach to the task. In point of fact, this resolution stems from the proposals originally put forward by my group to promote Economic and Monetary Union. The resolution proposes, through transfer of resources and loans to the less prosperous countries, to facilitate greater convergence of the economic policies of the Member States, to strengthen the stability of the system and to remove the inequalities that continue to persist in very many areas of the Community.

However, what we have is a whole battery of Community financial policy instruments all of which have the same fundamental objectives. In my view these instruments must be integrated into an overall programme and an overall strategy to give coherence to the Community's economic and financial policies. We must also see a rational application of these various instruments, whether involving loans to individual Member States to promote their investment projects or the transfer of resources from the Community budget to help the economies of the less prosperous countries.

The Commission has made attempts to deal with this problem on a number of occasions. I recall that at the very beginning of this Parliament there was even a proposal to set up a task force within the Commission to coordinate the various policies and to bring some coherence to the aid programme. From the amendments suggested by Mr Notenboom with the approval of the Committee on Budgets it is clear that the EMS accompanying measures are aimed at the less prosperous countries including, it seems, Italy and Ireland. We also approve of the idea of compensatory measures for the United Kingdom.

The underlying motive behind some of the rapporteur's proposed amendments to the regulation, notably

Ripamonti

to Article 3, is to encourage gross fixed asset formation and the creation of new jobs by using loans to stimulate a greater level of investment.

In my opinion loans to finance projects and programmes related to infrastructures should be allocated on the basis of the guidelines laid down by the Committee on Economic and Monetary Affairs in which preference would be given to technical, economic and social infrastructures and services necessary for development, and I have tabled an amendment to that effect. I agree that where such investments are financed by Community loans they must be consistent with any regional policy programmes being implemented in those areas. However, I believe we should preserve the distinction between this policy — that is, the accompanying measures — and the Community's overall regional policy.

I wish to make one last comment concerning the amount of the loans. According to the rapporteur it does not seem that these loans will be used to supplement other ordinary loans or loans obtained through other channels. I do not think that these loans should take the place of existing mechanisms, such as the EIB and the Ortoli facility, to which I shall be returning later. If this were to be the case, the only aid available would be from the transfer of resources which, although of undoubted importance — 1000 million EUA over five years is no mean sum — would be quite inadequate to redress the considerable inequalities in these economies. I believe that these loans should be arranged with the object of enabling the less prosperous countries to put themselves on the road to economic recovery and stability. And I also believe — although I realize that interest rebates could also be applied to loans granted, for example, by the Ortoli facility — that the total amount of loans granted to the less prosperous countries needs to be increased. I think that the regulation should aim to increase the total volume of the loans, not to replace loans at normal interest rates by subsidized loans.

I agree with what Mr Notenboom said and with Mr Spinelli's even more forthright views on the fact that expenditure on loan subsidies should not be classified as compulsory expenditure. We think such expenditure is non-compulsory, which would not remove the guarantee of continuity of the aid over the five years but would make it possible to set the volume of aid during the budgetary procedure in accordance with the regulation, which lays down that the amount of interest subsidies on loans is 3% for a maximum amount of 200 million EUA per annum.

Subject to these reservations and the proposed amendment, the Christian-Democratic Group will be voting in favour of the resolution.

IN THE CHAIR: MR HOLST

Vice-President

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

Mr Bangemann. — (D) Mr President, our group fully endorses the resolution of the Committee on Budgets and the report by Mr Notenboom, whom I should like to compliment on the clarity with which he has highlighted the points in the proposal that the committee would like to see modified.

I believe this is the first opportunity we have had — or second, if you include the Ortoli facility — of considering the problem in a wider context and not just in relation to the loans and interest subsidies that are to help pave the way for the establishment of a European Monetary System. With the Ortoli facility and with these loans we have taken a step to which we shall have increasing recourse in the near future. I refer to the use of loans to finance the budget, or the financing of certain operations through loans.

During the course of the next few years we are bound to reach the ceiling imposed by our present financing system. We have to consider, therefore, how the Community's operations are to be financed in future. I am quite sure that it cannot be done by changing the provisions governing the collection of revenue from normal sources and that we shall have to resort to borrowing. But, if that is the case, then the inclusion of interest and interest subsidies in the budget — as is suggested here — can be no more than a first step. Obviously we shall have to bring into the budgetary procedure, by means of a capital account budget, all the operations that the Community intends to undertake.

In consequence, my group especially welcomes Mr Notenboom's insistence in his report that appropriations for interest subsidies should be treated as non-compulsory expenditure and be fixed annually in the budget, as this would give Parliament more say in decisions on borrowing and lending operations. Above all, we welcome paragraph 5 of the motion for a resolution, which once again urges the Commission to submit a report on the general aspects of the Community's financial policy and on its likely development over the next few years.

Mr President, I believe that the discussion of these general aspects I have just mentioned falls well outside the immediate concern of this report. I do not deny the importance of the report itself, nor of the European Monetary System, but my group firmly believes that this is an aspect of Community financial policy that reaches well beyond the significance of this report.

On that understanding we welcome the report and give it our unreserved support.

President. — I call Mr Ortoli.

Mr Ortoli, Vice-President of the Commission. — (F) Mr President, I should like first to thank Mr Notenboom for his report and assure him — as he will see for himself in a moment — that I share his feelings on many of the points he made and am ready to give

Ortoli

him some answers. There is one matter that I shall not be touching upon, even though I know how much importance Parliament attaches to it, because it has already been raised during this morning's budget debate and my colleague, Mr Tugendhat, has explained the Commission's position: I am referring to the specific budgetary problem that Mr Bangemann has just brought up. But I should like to pick out two main points from what the last three speakers have said and deal with them as briefly as possible, as I believe we are rather pressed for time.

The first is one that Mr Notenboom mentioned relating to the measures to strengthen the economies of the less prosperous countries and to the success of the European Monetary System. What I wish to say is that we should not regard the regulation on interest rebates as the only contribution we can make. As important, more important to the success of the EMS, is coordination of economic policies, which would help the Community to achieve a more sustained rate of growth. If this increased growth and if a more dynamic concerted action could be translated into an extra half or one percent growth for the Community as a whole, then the less prosperous countries would in fact benefit more from this than they would from the regulation you have before you. We should see the two things as complementary, neither being meaningful on its own.

The second point is, as Mr Notenboom stressed, that these measures must be integrated in an overall Community programme, with or without the European Monetary System. The European Monetary System provides an occasion to emphasize certain policies, but it has not been responsible for shaping them all. For some years now, the Community has been very actively supporting various development programmes and especially structural development programmes in the less prosperous countries of the Community. It has done this in two ways. Firstly, by regular increases in budget appropriations for its regional and social policies and for improvements in agricultural structures, all of which have been of particular benefit to the less prosperous countries. Appropriations for these have practically doubled in three years, as Mr Bangemann knows better than anyone. And secondly — which, as I have already said, is to my mind an essential feature of the Community's overall financial policy — by the creation of borrowing and lending mechanisms to give the Community additional financial resources for carrying out its policies, the foremost of which is, I believe, the restoration of the overall balance within the Community. The effect of this policy has been most clearly seen in the support given — for example, to the ECSC and Euratom — by major Community instruments, primarily by the European Investment Bank, whose resources have been rising steadily each year

and which has been contributing 70 or 80 % of the finance for the regions, and also by the new Community instrument, which has as one of its main priorities to strengthen infrastructures in the regions. All this links up with the European Monetary System, because it is those countries where the regional problems I have just referred to are the most critical that are, understandably, the least prosperous countries of the Community.

These, then, are the specific measures that I personally value very highly but which, as a number of speakers have said, must be integrated in a coherent policy; the programme of loans and interest rebates is irrelevant unless seen as part of an overall economic policy through which the Community can assert, as Mr Notenboom, Mr Bangemann and Mr Ripamonti have said, its new role, or rather the strengthening of its role in harnessing borrowing in the service of its policies. And because we are introducing a number of different instruments, obviously we must ensure close coordination between them.

We have in fact five different and quite distinct lending mechanisms.

The first has the very specific objective of covering balance of payments difficulties. It does of course require some degree of coordination, that is, coordination of the calls made on the financial market, but the other kind of coordination applies only to economic policies and not to loan mechanisms. In lending money for balance of payments purposes we must be careful to see that it is not wasted. What we mean by coordination in this context is the need to satisfy ourselves that whatever we do to help with balance of payments difficulties is matched in the country concerned by a general policy aimed at putting the economy on the road to recovery and, moreover, that it is consistent with the interests of the Community as a whole. In short, not so much a coordination of financial policy instruments as of policies. We have two other quite specific loan mechanisms which we are obliged to treat as such for legal reasons. The first is the European Coal and Steel Community which has its own financing rules. The ECSC is the Community with the longest tradition of financing and has, as you know, own resources and a coal and steel guarantee fund. The other is Euratom, which is covered by a separate Treaty with separate financial provisions and has, therefore, a legal obligation and an economic interest in serving the Community. I cannot grant ECSC loans unless they are ECSC loans and I cannot grant Euratom loans unless they are Euratom loans. Nevertheless, they are of interest to me insofar as they broaden the spectrum of mechanisms at our disposal with which we can to some degree diversify the Community's borrowing and lending operations and thereby widen the scope of our financial aid.

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But this in no way absolves the Commission and Commissioner responsible from fulfilling a coordinating role. The obvious first element of coordination, as far as ECSC and Euratom loans are concerned, is what you have chosen to call the Ortoli facility; it is up to the European Investment Bank to ensure that Europe acts in concert on the money markets and that we make wise use of the five mechanisms available to us. I should perhaps tell you that, as the Commissioner directly responsible for four out of the five mechanisms and indirectly responsible for the fifth, I have simplified the task of coordination by entrusting it to just one department, so that one person alone looks after ECSC borrowing, Euratom borrowing and relations with the EIB. This may seem an uncomplicated and uninspired solution but, believe me, it works very well indeed.

Secondly, we have a system of regular meetings with the Bank before entering into any financial commitment, but in any case once a month, so that we can be sure of presenting a united front when we go to the financial markets. There is another aspect, besides just deciding on borrowing or going to the financial market, and that concerns the procedure for coordinating the various instruments. In the case of specific instruments I consult with my colleagues and together we decide to what extent what we propose is consistent with their policies and with their overall perception of the specific measures — for example, in relation to energy — and we then do the same with the Bank. In other words, we try to eliminate divergences on a certain number of points. On a more general note, we have established with the Bank an arrangement for regular contacts. By that I mean that we see each other formally twice a year, when the Commission meets the Management Committee of the EIB and, besides that, very regularly on matters that we are involved with to make sure that we do not grant loans that have not been properly harmonized. And this, if I may say so, is made all the easier in that the Commission expresses an opinion on every loan that the Bank makes. So there is no need for you to worry too much about coordination here either — it is more or less built into the procedure in as much as we give an opinion and, unless we are out of our minds, we watch over what we ourselves are doing.

The second element of coordination, which does not always seem to have been appreciated, consists in the fact that we have given the Bank authority to act on our behalf. What better evidence of coordination could there be — as you yourself pointed out Mr Notenboom — than the fact that we have told the Bank that we propose to deal with matters jointly with them? We look after policy and guidelines, while the Bank acts on our behalf. But it acts in such a way that we can of course still speak, still make decisions and still step in when necessary. That is real coordination.

The last element of coordination concerns the relation between this financial system — the coordination of

which is guaranteed by the centralized Community decision-making machinery and the call on the market — and budgetary resources. There will always be problems in this area, even if the borrowing and lending sector is perfectly coordinated, by virtue of the fact that aid is frequently directed to the same areas and even to the same project by a variety of Community mechanisms, principally the Regional Fund and, in certain cases, the Social Fund and the whole gamut of specific mechanisms for energy, for example. The Commission adopts not only a 'negative' approach — seeking to satisfy itself that there are no inconsistencies in its measures — but also a positive approach, dynamic and expedient, in trying to ensure coherence between the measures we apply through the Regional Fund on the one hand and, say, through Ortoli loans on the other. Our aim is that our measures should be so coordinated that we derive from them the maximum benefit, to give our actions and our dialogues more weight and to strengthen our commitment. I have rather laboured this point, not because of any doubts on my part, but because I am aware of Parliament's anxiety, reiterated by three of its Members. I can assure you that there are relatively few examples as good of a pragmatic system of coordination which does not rely on cumbersome machinery as the one we have introduced. Coming to a specific problem, our approach to this work has led us to give as broad an interpretation as possible to the term infrastructure. In fact we have fought hard so that the new instruments should be as new as possible — to answer Mr Ripamonti's question. Each year we increase by some hundreds of millions of EUA the facilities for borrowing, the volume of which is also on the increase. I am of the opinion that we should take a broader view in regard to the infrastructures eligible for interest rebates and I would even go so far as to include, say, energy because energy is so basic to our needs and will henceforth play an essential part in a number of regions. We have used the Bank's criteria regarding eligibility because they are very broad and I can say here and now that the new Community instrument will be managed on that basis.

Mr President, these are my answers to the questions put by the various speakers, by which I hope I have shown that Parliament's anxieties are no different from ours and that, as I indicated in the course of sometimes difficult meetings in various committees, day in, day out, we have introduced what might be termed a coordination system but what is in fact a system for directing policy — that is our role as a policy-making body and I believe we fulfil it reasonably effectively.

President. — I note that no-one else wishes to speak. The vote on the motion for a resolution and the amendments that have been tabled will be taken at voting-time tomorrow.

The debate is closed.

9. *Decision empowering the Commission to contract loans for promoting investment*

President. — The next item is the report (Doc. 45/79) drawn up by Mr Spinelli on behalf of the Committee on Budgets on

the proposal from the Commission to the Council for a decision applying Decision 78/870/EEC of 16 October 1978 empowering the Commission to contract loans for the purpose of promoting investment within the Community.

I call Mr Spinelli.

Mr Spinelli, rapporteur. — (I) Mr President, I wish to comment briefly on the Commission's proposal to establish a New Community Instrument (NCI) to contract loans. We already discussed the merits of this proposal when adopting the initial 1978 decision which empowered the Commission to contract loans for the purpose of promoting investment within the Community. The present proposal is merely for a decision to implement that initial decision.

In the first place, I hope that the practice begun here some time ago of presenting financial documents without an adequate explanatory statement — even without any explanatory statement — will cease. We should prefer it if in cases of this kind the Commission could indicate to us more clearly the type of projects it intends to promote in the form of general guidelines.

With the initial loan the Commission is proposing to finance essentially two categories of investment: firstly, infrastructures — notably in connection with transport, telecommunications, agricultural improvements, hydraulic constructions and environmental protection — and, secondly, in the energy sector, with a view to ensuring the independence, availability and diversification of the Community's energy supplies, notably through the development, exploitation, use, transport and storage of energy resources and energy conservation measures.

To be eligible for loans, projects must conform to the guidelines laid down by the Council, in other words they must be consistent with the relevant national and Community rules, increase the economic potential of the Member States concerned and contribute to reducing regional disparities and improving the employment situation.

Being very general, these guidelines allow the Commission the necessary margin for manoeuvre, as Parliament recommended. In fact, we did not want the Commission to be too restricted in its operations and, besides, the guidelines by themselves constitute a sufficient guarantee.

In the motion for a resolution we have also raised the still open question of the budgetization of these loans.

As the situation has still not been settled I believe it desirable that this ambiguity should be resolved as soon as possible and Parliament has therefore asked for the conciliation procedure to be opened with the Council on this matter before the end of April.

Subject to this reservation I recommend that Parliament gives its approval to this proposal for a decision.

President. — I call Mr Müller-Hermann to present the opinion of the Committee on Economic and Monetary Affairs.

Mr Müller-Hermann, draftsman of an opinion. — (D) Mr President, I have just two brief comments to make about what Mr Ortoli had to say a moment ago. Mr Ortoli indicated that, when it came to utilizing borrowing and lending resources, a broad interpretation would be employed for the concept of infrastructure. We would like simply to have some guarantee that the approach will be sufficiently prudent to ensure that there are going to be no oblique attempts to regulate investments in the private sector, because that is not something we would wish to see happen.

Secondly, we are all naturally gratified to hear Mr Ortoli say, on behalf of the Commission, that the coordination of the mechanisms for granting loans for infrastructure projects is in safe hands. Mr Ortoli, I welcome this assurance, but please understand that we in Parliament are naturally a little sceptical as to whether it really works. The Commission has fingers in so many pies that one is sometimes tempted to imagine that each Commissioner would rather be concerned only for his own particular pie; in other words, each seems to be concerned only with the advancement of his specific objectives. And so it seems only right to us — indeed, I urge this on behalf of the Committee on Economic and Monetary Affairs — that the Commission submit to Parliament each year a report on the implementation of the borrowing and lending measures which would give us a real guarantee of the coherence of the various Community actions. I should be grateful if the Commission could agree to let us have such a synopsis, because then we could be really convinced of just how effective the coordination has been and that the resources have been used wisely and coherently.

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

Mr Ripamonti. — (I) Mr President, I shall be very brief so as to leave a little time for a colleague to present another report. I will not return to any of the points to which Mr Ortoli has given a satisfactory reply. I wish merely to express my group's satisfaction at the activation of the first tranche of borrowings and the introduction of the Ortoli facility, as well as at the

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fact that the loans themselves will be used for investment in infrastructures, to promote economic growth and development, and also in the energy sector. As far as the latter is concerned, I do not think I need to stress the usefulness, indeed absolute necessity of a large-scale aid programme by the Community. I must also thank Mr Spinelli who has been involved in a long battle for Community financial aid to facilitate greater convergence between economic policies and to remove inequalities. My group will be voting in favour.

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

Mr Bangemann. — *(D)* Mr President, virtually the same problem crops up in Mr Spinelli's report as in Mr Notenboom's, and here I can only second what Mr Müller-Hermann said. It is undoubtedly the case, as Mr Ortoli was at pains to point out, that in many areas the Commission can use the instruments at its disposal very effectively and without red tape. But the difficulty in forming a proper picture of what is available is something which not only Parliament has to overcome, but also the very people that we are concerned for, that we are trying to help. I can only repeat what I said this morning: that there is still a terrible ignorance in particular regions and in particular sectors of industry about the opportunities made available by the Commission and by the Community. We must consider, therefore, whether it might not in fact be better to get away from this idea of individual objectives and work out a concentrated and coordinated approach to a given goal.

Let us assume, for instance, that we have at present a crisis in the steel industry in certain regions of the Community and that we must look for a solution. I believe it is an extremely cumbersome business to have to deal with the Regional Fund, the Social Fund, the ECSC and the Investment Bank and to begin coordinating everything. Much better to prepare a concrete and coherent plan of action which can be included in this year's budget and which can then be carried through with the resources made available. I do not call the usefulness of the Bank into question, but I believe it must remain an instrument, and similarly with the ECSC lending mechanism, it too must remain an instrument, and both of them must serve a precisely defined political objective. This would make Parliament happy, because we are not here to check every detail of every loan and to approve every loan, but simply to define the political objectives.

Besides, the Commission must be free to use the various mechanisms at its disposal, and the more of these it has the more effectively it can work. I think this also comes out clearly in Mr Spinelli's report, for which he deserves our thanks. I believe, however, that

we are only beginning to establish this sort of coherent Community industrial and financial policy. And that is no fault of the Commission. I am grateful to Mr Ortoli for the splendid way in which he has summed up what we have achieved so far, but that should not prevent us from striving to achieve still more and to do things a little more efficiently.

That, to me, is the nub of the whole debate for my group. I think that after the direct elections we shall have to give a great deal more attention to this problem.

President. — I call Mr Ortoli.

Mr Ortoli, Vice-President of the Commission. — *(F)* Mr President, let me first thank Mr Spinelli for the generally favourable reception he has given to the Commission's proposal and particularly for insisting that if you have a policy instrument you must also have a policy to go with it — provided, of course, that you are given a sufficiently free hand. And that is a fact, as also Mr Bangemann was quick to point out. The Commission takes an active interest in what the Bank does, because, as is only right, it has responsibility for policies worked out in consultation with the Council and Parliament, policies which it has to implement with the means at its disposal.

Now, both Mr Müller-Hermann and Mr Bangemann raised the problem of coordination. Let me say that I am quite prepared to compile all the reports that anyone may ask for, but there is no better report I can give you than to tell you that at the Commission there is just one man dealing with loans. Not all the coordination in the world, nor all the reports on coordination in the world be of any use if it were in the hands of 14 people in 14 different departments. But in fact only one person is in charge. He is the boss and he is in constant touch with the Bank. So you see, everything is under control.

In the second place, I am happy to inform Parliament that all the financial measures I have put through in the last two years have not required a single addition to the staff. Which means to say that we are working in coordination. So, when we are dealing with matters connected with energy we work in consultation with Mr Brunner's department. Once or twice a month we devote a few hours to discussing problems that arise. Similarly, I spend perhaps four or five hours a month with Mr Giolitti, going over the problems, deciding what we should do and how best we can work together. How would you have me draw up a schedule of this sort of coordination when nobody decides for me what I must do?

When it comes to the ECSC, I can tell you quite simply that there are not just two Commissioners involved but four or five. To deal with the ECSC means dealing with the iron and steel sector, handling

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budgetary problems, getting involved with the highly specific mechanisms laid down by the ECSC Treaty ; it means dealing with regional problems because there are direct applications, so then we have to coordinate with the Regional Fund ; it means dealing with social aspects, so then we have to coordinate with the Social Fund ; and, finally, the Bank may occasionally be called upon to intervene in the steel sector and frequently be involved in investments in the regions.

So, how do we go about it? We have intervention tables which form the basis of our discussions. When we invoke Article 54 or 56 we meet very frequently, not just at official level but also at Commissioner level, to see to what extent our policies — financial, for which I am responsible, industrial and social — coincide or contradict each other. I assure you that this is about the only way, free of red tape, that I have been able to discover of settling such matters : that is, by mobile working parties. You could never convince me otherwise. But I am quite prepared to give you the rationale of coordination, as indeed I tried to do earlier on. Why the different instruments? Because there are different sources of finance (expansion of Community credit). Because there are different Treaties, different legal obligations. Because there are different needs — balance of payments is not the same as steel and steel is not the same as infrastructure.

So my answer to you is — and perhaps you will allow me to feel a little smug — that no matter how often you remind us of the need for effective coordination — and what better proof could there be of Parliament's great wisdom — I am comforted by the thought that we spend even more time practising it than you do preaching it.

(Smiles)

President. — I note that no one else wishes to speak. The vote on on the motion for a resolution, as it stands, will be taken at voting time tomorrow.

The debate is closed.

10. *Regulation amending the Staff Regulations of Officials of the Communities*

President. — The next item is the report (Doc. 37/79) drawn up by Mr Cointat on behalf of the Committee on Budgets on

the proposal from the Commission to the Council for a regulation amending the Staff Regulations of Officials and Conditions of Employment of Other Servants of the European Communities and establishing an Administrative Tribunal of the European Communities.

Since the rapporteur is not present, I call Mr de Gaay Fortman to speak on behalf of the Christian-Democratic Group (EPP).

Mr de Gaay Fortman. — *(NL)* Mr President, my group agrees to the proposal which is intended to lighten the workload of the Court of Justice by setting up an administrative tribunal to hear cases relating to Community officials at the first instance. Incidentally, I should like to point out that in the first recital of the resolution a change should be made to the Dutch text in order to clarify the term workload.

I have two brief remarks to make because, as I said a moment ago, we fully endorse this proposal. The rapporteur is proposing an amendment to Article 91 (a) (1) dealing with appeals to the Court of Justice against rulings of the new tribunal. The situation is that under Article 179 of the Treaty the Court of Justice is empowered within the limits of the Staff Regulations and under the provisions laid down therein, to rule on disputes between the Community and its staff. The Court of Justice has informed us, through a letter from its Registrar, of its view that the Court should not be required to rule at the second instance on remaining differences on points of fact but should only have the function of a Court of final appeal. However, Article 173 on the Treaty states that any natural or legal person may appeal to the Court of Justice against a decision of a Community institution. We feel that this should also apply to serving officials of the Community, in other words Article 173 lays down a fundamental principle of general recourse to the Court of Justice against specific decisions so that we agree with the rapporteur's proposal that Article 91 (a) (1) of the Staff Regulations should be amended in the lines proposed by him to make express reference to Article 173 and stipulate a full right of appeal to the Court of Justice against rulings handed down at the first instance by the administrative tribunal in staff matters as provided for in the Commission's proposal.

We find support for our position in the opinion delivered by the Legal Affairs Committee to the Committee on Budgets pointing out that there are certain ambiguities in the definition of the limits of the powers of the Court of Justice when it rules as a court of appeal. In passing I would also draw attention to the fact that the Legal Affairs Committee has rightly asked for a minor amendment relating to the words 'declaring void' in the Dutch text of Article 91 (a) (1).

Mr President, my second observation relates to Article 2 of Annex X. In Article 2 of Annex X the rapporteur wishes to exclude the possibility of officials being appointed as judges in the new tribunal. We think he is right in this. The Commission's proposal places great emphasis on the need for the judges to be independent and we believe that this can best be achieved by excluding the appointment of officials to the office

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of judge. The rapporteur states on page 16 of his report that this incompatibility should also apply to former officials, in other words Mr Cointat feels that neither serving nor former officials should be allowed to sit as judges on the administrative tribunal. We agree, but then Article 2 of Annex X must also be amended and I have the impression that there is an omission in this article; it seems to me that the last part of Article 2 (1) should read as follows: 'such persons shall not be past or present officials or past or present other servants of the Communities.' That amendment would meet the rapporteur's intention with which we fully agree.

I have a second remark on Article 2 of Annex X. The rapporteur says that the members of the tribunal including its chairman and vice-chairman must have held high legal office in their country of origin. But Article 2 of Annex X in his formulation and also in the Commission's wording, states much more accurately that the members appointed to the tribunal must possess the qualifications required for appointment to high judicial office in their own country. That seems a much better wording to me. I and my group see no reason why persons appointed to sit on the tribunal should already have held a high legal office in their own country. It seems perfectly sufficient to us that they should have the qualifications necessary to be appointed to such a position in their country.

Mr President, to conclude as I began, my group feels that the proposal, as amended by the Committee on Budgets, will improve the arrangements relating to jurisprudence in cases involving officials of the Communities.

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

Mr Brøndlund Nielsen. — (DK) On behalf of our group, I support the report drawn up by Mr Cointat on behalf of the Committee on Budgets. I do not want to dwell at length on the subject; I merely want to say that we also attach importance to the problems in the Commission's proposal that have been highlighted in Mr Cointat's report. We consider it only proper that there should be as much legal certainty as possible, and we feel that an administrative tribunal could constitute an important element of an apparatus for guaranteeing legal principles, both internally as regards Community employees and indirectly, also externally, as regards the relationship between Community bodies and the citizen. We have obviously also noted that this can be done without appreciably increasing expenditure, as shown by the Commission, although we should obviously not concentrate mainly on the economic side when it is a question of implementing principles of law.

But the Committee on Budgets has drawn attention to a couple of things, and I would like to mention in

particular the problem of guaranteeing the independence of members of the Tribunal. Clearly, if as originally proposed by the Commission, members may return to positions in the Institutions after a period in the administrative tribunal, problems may arise as regards their independence and that in our view is unacceptable. We therefore strongly support the proposal that members of the Tribunal should be guaranteed greater independence.

We hope that with such an administrative tribunal it will be possible to create an organ that can deal with these problems in a practical and down-to-earth fashion. It is a fact that many problems arise in our modern society because of bureaucracy. It is costly, inconvenient and in many ways irritating for the citizen, and the way in which we ensure that various principles of law are taken into account in connection with the whole administrative process is therefore not unimportant. The question also arises of whether we have found the final form, but at any rate we in the Liberal and Democratic Group feel that it is only correct to try to create such a body.

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

Mr Krieg. — (F) Mr President, on behalf of my group I propose to make a few very brief comments about the text that has been submitted for our approval.

In actual fact, the idea of creating a special tribunal to arbitrate in disputes between officials and institutions of the European Community could appear to have a certain attraction as a solution to a number of problems. But I believe we need to be aware of the dangers of carrying the argument to its logical conclusion and creating a new body that has the attributes of a court of law.

I am very sorry to say that the two committees involved so far, the Committee on Budgets and the Legal Affairs Committee, both seem to have ignored essential points that merited closer scrutiny.

The first question that springs to mind, looking at this text, is whether any real purpose is to be served by setting up a new tribunal. It seems to us, above all, that the argument that the tribunal would make a substantial contribution to reducing the increasingly onerous workload of the Court of Justice is not the most convincing. And for a number of reasons. The main reason is that judgments on principles handed down by the Court of Justice now exist and so constitute case law. Moreover, if from time to time the Court would be good enough to confine itself to matters that concern it, perhaps it would then have more time to devote to its appointed task.

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Then again, the answer to the question put to us by the Court of Justice is to be found if we refer to the texts which make up the Community charter, in other words, the Treaty itself. In fact, the second paragraph of Article 165 stipulates that 'the Court of Justice shall sit in plenary session. It may, however, form chambers, each consisting of three or five Judges, either to undertake certain preparatory inquiries or to adjudicate on particular categories of cases in accordance with rules laid down for these purposes'. It is quite clear from this that we could just as well form within the Court of Justice a chamber for the specific purpose of dealing with the kind of problems we are discussing today. May I say, incidentally, that my group in no way underestimates the importance of these problems, an importance that will probably increase in years to come. This body, it appears, is to be called an Administrative Tribunal. That is an unfortunate choice, to us French at least, to whom it has a very different meaning.

Let us say we have created this Administrative Tribunal. Now comes my second question: why create a tribunal if we are to deny it authority? Because that is exactly what is being proposed to us now. It is proposed to set up a tribunal which would have the final say on some questions and on others it could be subject to censure by the Court of Justice. If it is truly the intention to give staff all the guarantees to which they are entitled, would it not be more appropriate to give them a tribunal of first instance, with the right of appeal to the Court of Justice for whatever motive? Quite apart from that — and this could perhaps destroy the argument put forward by the Court of Justice — there is the danger, at least in the early days, that nearly every decision handed down by this notorious Administrative Tribunal could end up on appeal before the Court of Justice.

Finally, I have a third point to raise which is, without doubt, totally unacceptable.

Nowhere, in any country, has there ever been a tribunal whose judges were virtually self-appointed. It is unthinkable! If we are indeed to have this Administrative Tribunal and put on it the kind of judges that we need, then some completely different way of doing it has to be found. This oligarchy of judges that has been proposed, with appeal judges themselves appointing judges of first instance, is a system that would be anathema to any jurist. I am surprised that the members of the Legal Affairs Committee, on which I had the honour of serving for some time, failed to grasp this fundamental point.

The idea behind these proposals is certainly both sound and worthy of consideration but it seems to me that the debate is following a course that is surely not for the best, particularly as the essential problem has been entirely left to one side. The members of my group cannot vote in favour of this report. In

abstaining, they sincerely hope that this matter can be taken up again in different circumstances.

We are, all of us, bound by the Treaty of Rome, Section 4 of which, dealing with the Court of Justice, opens with Article 164 and the words: 'The Court of Justice shall ensure that in the interpretation and application of this Treaty the law is observed.' Do we really have the right to set up a tribunal that has not been provided for in the Treaties? Personally, I consider that we do not. Of course, one could say, with reference to certain principles that apply in parliaments that have full authority, that a parliament can do anything — sometimes, even, in contradiction to its own wishes. That is not the case here today, nor will it be the case tomorrow, because this Parliament will not have the authority to go beyond the Treaty. What we are being asked to do today, purely and simply, is to violate the Treaty, to go beyond what is laid down in it and to create a tribunal that has no basis for its existence. Such an action would be intolerable and undesirable and we feel that there is no alternative but a full review of the problem.

It is not that we are hostile to the setting up of this tribunal. But we do maintain that it should be done in compliance with the Treaty by which we are bound, if need be by amending Article 164 of the Treaty. The proposed tribunal should be able, in effect, to give litigants a guarantee of the judges' impartiality. Believe me, if we were to go through with this proposal, we would achieve the very opposite.

President. — I call Mr Tugendhat.

Mr Tugendhat, Member of the Commission. — Mr President, I am in an unusual position in replying to a debate which has not been introduced, and therefore it is a little difficult to know quite on what part of the rapporteur's report it would be best to focus. I will, however, say that which I had intended to say and attempt also to deal with one or two of the points which have been raised. Indeed, perhaps it might be courteous to begin with those who are present, and take up the point of the last speaker who was very anxious indeed about the constitutional propriety of what we are doing.

Now, I made quite clear this morning in a debate on a quite different subject that I attached the greatest possible importance to all the institutions of the Community operating within a framework of law, within the framework of the rules laid down in the Treaty of Rome, which is our constitution. And therefore I think in this particular case, where we are setting up a formal Administrative Tribunal, it is extremely important to make quite certain that we are operating on a basis which we believe to be right, which the legal experts here in the Parliament believe to be right and which the Court itself believes to be right. Now, it is sometimes said that if you put three

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economists together you have four opinions, and the same is probably true of lawyers, so that it is perhaps not surprising that there is not a unanimity of approach. Nonetheless, I am encouraged by the fact that the Legal Affairs Committee, which was consulted by the Committee on Budgets, took a generally favourable view of the proposal and refrained from suggesting any amendments. I can also assure the House that both the principle and the details of our proposals are acceptable to the Court of Justice. Indeed, I would go further than that and say that the principle is one which the Court's judges have been pressing on us for some time; so that, as far as possible, as far as we reasonably could, we are operating on the basis of the greatest possible degree of legal approval.

I should also like to take up the point about the judges. Here, of course, one does enter into difficulties, not just of interpretation, in the sense of interpreters in the box translating from English into French or vice versa. One also enters into a very difficult realm of different national practices and the different meanings that are attached to words, and I can only speak on this basis from an English background. Certainly, as I see it, and indeed as the Commission sees it, we are not talking about judges, we are not talking about a court of justice, we are talking about a tribunal of first instance.

I would hesitate to get involved in any linguistic discussion about the differences between tribunals and courts, but certainly, so far as the English language is concerned, we are not talking about a court of justice, we are talking about something at an altogether more modest and lower level and I think it is important to bear that in mind. The use of the word 'judge' is really not appropriate if one gets the impression that the people we are talking about here are going to be in any way similar to the judges who sit in the Court of Justice. They will not be the same sort of people at all. They are not people with the same rights, they are not people with the same powers, they are not people from the same backgrounds.

Now the Commission has noted the various amendments proposed in the report but cannot, I am afraid, see its way to endorsing them at this stage; and the reasons why we cannot. I think I owe it to the House to explain.

First of all, on the question of the composition of the Tribunal, the Commission feels that the secondment of officials, in the interests of the service, to serve on the Administrative Tribunal is one — and I emphasize the word 'one' — entirely justified means of recruitment. Most cases brought by the staff require detailed investigation to establish fairly complex circumstances of fact. I think it was Mr Nielsen who said that we are dealing with the nitty-gritty of human life, or words to that effect, and that is certainly true, we are. As anybody will know who has had experience

of employment tribunals, whether in the Community or in a Member State, these are very complex matters and I think it is desirable that some of the people involved should have personal experience of the problems of managing men and women in an administration of the sort that we have.

So I think it is sensible to be able to select some of the judges and alternate judges from serving established officials with legal training and special expertise in the matter of rights and obligations deriving from the Staff Regulations. Our Staff Regulations are certainly very singular and not always easy to understand. But I do note the concern of the Parliament and agree it would be wrong for judges recruited from the service to be a dominant influence. I think it is right there should be judges recruited from the service; but I do well understand the concern at having the judges and the judged coming entirely from the same background. I appreciate the nature of the worries that lie behind some of the concern that has been expressed and I think it would be wrong for the insiders to be a dominant force.

The second question concerns the jurisdiction of the Court of Justice. Now establishment of an Administrative Tribunal would answer the need, already expressed, as I have said before, by the Court itself to relieve the Court of cases brought by Community staff, thereby expediting the examination of such cases. In other words, we are not only doing something which will be convenient for the Court — and the burden of these cases on the Court has become very considerable; we will also be doing something which will, I think make it easier for the people who bring the cases to get a prompt hearing, and that is highly desirable. Now it is true that Article 179 of the EEC Treaty gives the Court jurisdiction in any dispute between the Community and its servants, but it also stipulates that the Court's jurisdiction in staff litigation cannot exceed the limits set by the Council in the context of those regulations. The present proposal frees the Court of responsibility for investigating the facts, but leaves its ultimate jurisdiction as regards application of the law in its capacity as a final court of appeal. There is, therefore, a clear distinction between the accumulation of facts, the amassing of material, and the powers of the final court of appeal, which remain entirely unimpaired. What we are proposing, therefore, does not exceed the power of the Council to limit the Court's jurisdiction. The new subdivision of jurisdiction is designed to reduce the Court's workload in the area of staff litigation in the years ahead, whilst scrupulously guaranteeing the rights of officials to go to the ultimate recourse if they wish to. If the Tribunal is to meet this objective, however, its own field of responsibility, and that of the Court, must be clearly defined. It is very important indeed that there should be a perfectly clear demarcation in this whole area.

Tugendhat

The third question which arose from the rapporteur's report concerns the provision for mandatory and formal consultation of the Parliament on the rules of procedure of the Administrative Tribunal. I am sure that it is desirable that the Parliament should be consulted to the greatest possible extent. But I am sure that those Members of this House who are lawyers will appreciate that it is difficult to provide for consultation on the rules of procedure when there is no provision in the Treaty for consultation on the rules of procedure of the Court of Justice itself. In other words, one is being asked to provide for consultation on the court of first instance, when there is no provision for consultation on the procedures of the court of final instance; and I think there are some difficulties in consulting on one but not on the other.

The principle, however, of endeavouring to consult the Parliament as far as possible, is of course one that I accept and it is precisely because I accept it that I draw attention to what seem to me the very considerable difficulties and limitations in this particular case.

I hope that these few words will have allayed the fears expressed by the Committee on Budgets. I would, however, like to make two further points.

Firstly, the Court of Justice, which as I have said before was consulted by the Council under the procedure for revision of the Staff Regulations, has approved the idea of establishing an Administrative Tribunal and has emphasized that the structure and the procedures specified in the Commission's proposal are in line with the basic requirements of Community law.

Secondly, the Administrative Tribunal, far from being an autonomous satellite, will be attached to the court for administrative and budgetary purposes.

I hope that in this way I will be able to convince the House that even though we have not been able to accept amendments, we understand the concern that lies behind them, and that we are endeavouring to create this new tribunal on a fair and satisfactory basis.

President. — I call Mr Cointat.

Mr Cointat, rapporteur. — (F) Mr President. I must first apologize for arriving late, but I have been attending another meeting outside the building.

I shall gladly explain to Mr Tugendhat the thinking behind the proposals of the Committee on Budgets. At first we wondered whether it was really necessary to set up an administrative tribunal for officials because we had observed that the number of cases brought before the Court of Justice had been falling each year — and this is borne out by figures shown in a table in the report. The case law on the Staff Regulations is a bit better known and defined now, so there is less need to have recourse to the Court of Justice. There was a slight increase in cases when the United

Kingdom, Ireland and Denmark joined the common market. Some officials may not have learnt how to juggle with all the provisions in the Staff Regulations and were therefore forced to ask for clarification from the Court of Justice and to institute proceedings. But since then the number of cases has once again been decreasing.

Therefore, the committee wondered if such an administrative tribunal was really necessary and whether a special section or joint committee within each institution would be sufficient. We deferred to the views of the Court of Justice, without making a great fuss about it, but expressed certain reservations and proposed some modifications.

The first reservation is that this body will have to function as a tribunal. Since it is a tribunal — Mr Krieg quite rightly says that the French term '*tribunal administratif*' does not correspond exactly to what is meant, but no matter — this tribunal must be a court of first instance and must enable any individual to institute proceedings before the Court of Justice in accordance with the principle laid down in Article 173 of the EEC Treaty. We have accordingly proposed a modification to Article 91a which, I believe, has the Commission's approval.

Lastly, we thought that, although the members of this tribunal are not judges in the normal sense, as you say, Mr Tugendhat, they *are* judges nonetheless and must be independent and totally objective. There can be no question, therefore, of appointing people who have been, or still are, Community officials; this is a principle which I must ask you to bear in mind. I am not completely satisfied with the wording of our amendments for they do give the impression that judges are beyond criticism. But the important thing is the spirit of the provisions proposed, that is to say, the appointment of persons who are not officials and whose judgments on Staff Regulation matters are therefore not suspect.

These are the few points I felt I ought to add for to clarify the discussion. I apologize again for being late.

President. — I call Mr de Gaay Fortman.

Mr de Gaay Fortman. — (NL) Mr President, I should just like to add a few words, mainly because the rapporteur has now arrived, I am glad to say, and has said his piece. In the first place, I am, of course, grateful to Commissioner Tugendhat for his reply to our observations, but I would urge him once more to reconsider for his own benefit, too, the relationship between Article 179 and Article 173 of the Treaty which enshrines a fundamental principle of the Treaty.

Secondly, one comment on what my honourable colleague, Mr Krieg, said, namely that we can never give the interested party the right to nominate judges for a case which concerns them personally, because

de Gaay Fortman

no lawyer would accept the responsibility. I must say that in my country there have been various instances where interested parties have been able to recommend judges to sit on specific tribunals.

Thirdly, I rather regret that Mr Tugendhat said that because there is no provision for consultation of Parliament on the rules of procedure of the Court of Justice itself, he therefore sees no possibility of consulting Parliament on the rules of procedure of the Tribunal which is to be established. I believe — and nobody knows this better than the Commissioner who, if I am not mistaken, was a Member of the mother of parliaments — that a Parliament sees its powers extended over the course of history. When this Parliament came into being its powers were extremely limited, but with time they have increased. I believe that it is compatible with the development of this Parliament that the Commission should consult it specifically on a matter of this nature.

President. — I note that no-one wishes to speak. The vote on the motion for a resolution, as it stands, will be taken at voting time tomorrow.

The debate is closed.

11. *Administrative expenditure of the European Parliament during the 1978 financial year*

President. — The next item is the interim report (Doc. 102/79) drawn up by Mr Cointat on behalf of the Committee on Budgets on

the administrative expenditure of the European Parliament from 1 January to 31 December 1978 (1978 financial year).

I call Mr Cointat.

Mr Cointat, rapporteur. — (F) Mr President, I shall be extremely brief because I have presented to the House for its approval a 44-page report containing 37 pages of tables. That gives you an idea of how fascinating, entertaining and delightful it all is, which is why I do not propose to talk at length about this expenditure — the administrative expenditure of the European Parliament in 1978. The report is simply an account of what has been spent, the appropriations carried over to 1979 and the appropriations which have been cancelled. It gives an instant picture of the expenditure in 1978. The Committee on Budgets has adopted the report and the resolution; naturally, the committee has stressed the fact that it will be up to Parliament at the time of the discharge of the 1978 budget to ask for any necessary explanations and to make the comments it deems appropriate, but for the moment it is simply a case of recording the facts, being a recording chamber.

President. — I note that no-one else wishes to speak. The vote on the motion for a resolution, as it stands, will be taken at tomorrow, during voting time.

The debate is closed.

12. *Non-quota section of the Regional Fund*

President. — The next item is the oral question with debate (Doc. 59/79) by Mr Bangemann, Mr Cifarelli, Mr Damseaux, Mr Johnston and Mr Jung to the Commission:

Subject: Reserve for the non-quota section of the Regional Fund

The Commission has stated in a press release that the first instalment of aid from the Regional Fund for 1979, amounting to 60m EUA, has been granted for applications submitted in 1978 which had to be set aside owing to lack of funds (taking account of a reserve of 5% — 29m EUA — for the non-quota section) (PE 57.079).

Since one of the arguments put forward for reducing the endowment of the Regional Fund is that the Commission is unable to spend the Fund's appropriations, it must be emphasized that, despite the efforts by the Member States to keep within the limits of their respective quotas, funds are in fact inadequate.

1. Does the Commission think that the creation of a non-quota section should lead to a reduction in other aid from the Regional Fund?

The European Parliament expressed the opinion that the non-quota section should relate to newly-introduced measures for which additional finance should be provided over and above that for previous measures.

2. If the Commission shares the European Parliament's view that the non-quota section should supplement other Regional Fund aid, why did it reduce the already inadequate appropriations in 1978 in order to set up a reserve of 29m EUA (5%)?¹

3. Does the Commission not think that the amount for this reserve should have been decided within the framework of the budgetary procedure, thus preserving the powers of the European Parliament?

The European Parliament in any case entered an appropriation of 100m EUA in the 1979 budget.

4. Does the Commission consider that an allocation of 5% is adequate for the non-quota section?

The European Parliament entered an appropriation of about 10% in the 1979 budget and in the 1978 preliminary draft budget the Commission had proposed an appropriation of about 13% (100m EUA).

5. Does the Commission think that in future, and particularly in the case of the 1979 budget, the amount allocated to the non-quota section should supplement the appropriations for other Regional Fund measures?

Since the author of the question, Mr Bangemann, is not here, I call Mr Tugendhat.

¹ The non-quota section was not created in 1978. In October 1977 the European Parliament delivered a favourable opinion on the Commission's proposal of June 1977 (without fixing the amount for the non-quota section). It was not until June 1978 that the Council laid down Common Guidelines (proposing an allocation of 5%) and the regulation was only adopted in February 1979.

Mr Tugendhat, Member of the Commission. — Thank you, Mr President, I will do my best though I must confess that I had rather prepared my remarks on the basis of answering specific points which I thought that Mr Bangemann was going to make. However, Mr Bangemann and I have faced each other on different sides and, indeed, sometimes on the same side of enough arguments in the past for me — I think — to be fairly confident that I know what might conceivably be in his mind and I will, therefore, carry on a one-sided dialogue in the hope that he will regard this as a satisfactory form of communication.

First of all, I should like to make it clear that the Commission shares the European Parliament's view that the creation of a non-quota section, which is the first step in the development of the Community regional policy, must not entail any reduction in the endowment of the Regional Fund, but must be additional to the amount entered in the budget for the quota section. That is a statement of general principle, but it is not only that, as the efforts of the Commission in the past, I think, certainly go to show. We have always had a non-quota section on top of the quota one, the icing on top of the cake. And I myself would certainly like to see the icing grow a bit larger in proportion to the size of the cake as a whole. I should also like to point out that we have been supporting this idea since the new basic regulation on the Regional Fund was adopted by the Council, and therefore not just in the period of this particular Commission, but of the previous one as well, and that is an important point for the Parliament to remember. The problem raised by the honourable Member for the 1978 budgetary year came up only because the Commission was confronted by an unexpected situation. Although the proposal for a new regulation had been submitted by the Commission to the Council in June 1977, the budgetary authority, by which of course I mean the Parliament and the Council, did not find it necessary to allocate a supplementary amount for the non-quota section in the 1978 budgetary year. On the other hand, the adoption by the Council of the new regulation creating in particular this new section was expected to take place during the 1978 budgetary year. The Commission, therefore, despite the inadequacy of the global endowment of the Regional Fund for 1978, an endowment that has, of course, been increased, thought that it was essential to do everything possible to ensure that the first Community initiatives in the framework of the non-quota section be taken on the basis of appropriations entered in the 1978 budget. In order to avoid difficulties concerning the availability of credit, the Commission decided exceptionally to earmark 29 million EUA within the total endowment of the Regional Fund. It is hardly necessary for me to add that it would in any case not have been possible to make such a sum available through a transfer from other titles, or other chapters in the budget, and that

the contingency reserve in particular with its total sum of 5 million was of no avail at all in this context. I would also like to underline the fact that the new regulation does not set an amount for the non-quota reserve, but rather a fixed percentage between the quota and the non-quota section. Fixing the amounts for the Regional Fund clearly remains the prerogative of the budgetary authority. The final figures entered in the budgets for 1978 and 1979 about which we were debating this morning, bear ample testimony to this fact. So far as the 5 % is concerned, may I also point out that the Commission did not put forward such a figure in its initial proposal and does not find it sufficient to initiate the specific Community actions envisaged in the field of regional development. The European Parliament, for its part, has had the opportunity of dealing with this problem with the Council within the framework of the conciliation procedure. The regulation has been adopted and this 5 % rule cannot but be respected by all the institutions. The sum of 100 million EUA for 1979 for the non-quota section, which represents 10 % of the quota section, was decided by the Parliament in December 1977 only because the basic regulation had not at that time been finally adopted by the Council. The Commission for its part considers that 5 % is the minimum for launching a number of Community actions which are required. We hope very much that such a ceiling will be increased. We are sure that it will turn out to be too low and that it will be seen to be too low within quite a short time. And I would like to confirm that in the Commission's view the amount earmarked for the non-quota section is, as I have explained earlier it should be, additional to the one entered for the quota section.

I have therefore produced a number of answers to questions which we expected to be asked. I hope that I have managed to reply to those which are in the rapporteur's mind, but certainly, if I have not covered points which he would have wished me to do, he and I, I hope, know each other well enough for us to be able to communicate with each other at a subsequent time.

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

Mr Jung. — (*D*) Mr President, ladies and gentlemen, if the Commission, as Mr Tugendhat has just explained, had kept to its original position which was to retain the 100 million, representing about 13 %, and had not moved into line with the Council's guidelines before the regulation had even been adopted, our question would not have been necessary. But, allow me to explain the further reasons for this question, Mr Tugendhat, although your reply, which was given in advance as it were, already suggests a way of thinking which could afford us satisfaction, since the purpose

Jung

of our question was considerably to increase this non-quota section so that measures could be taken which can at present not be contemplated in the regional sector where they are really necessary.

On 31 January 1979 the Commission announced to the press that it had approved the first 1979 instalment for grants from the European Regional Development Fund, amounting to 60 million EUA to be distributed amongst 139 investment projects. As the available resources of the European Regional Development Fund for 1978 were not adequate and in any case 5 %, or 29 million EUA, represented non-quota funds, this decision had to be deferred until today. This communiqué naturally prompted us to ask the Commission a number of questions and I would like to start with some comments on the inadequacy of the Fund's resources.

I would like to begin by pointing out that the grants from the Regional Fund are made to certain investment projects which are put forward by the Member States. However, under Article 2 of the Fund Regulation each Member State is allocated a national quota which it may not exceed. The assumption then is that certain Member States impose a voluntary restriction in order not to exceed this quota. Despite this self-restriction a number of Member States did exceed their quota in 1978. As we see from the Commission's communiqué the first instalment of 1979 grants amounting to 60 million EUA is intended for applications which were submitted in 1978 but which had to be postponed, because the resources were not available at the time. Here I see a certain inconsistency in that the evident shortage of funds which is put forward here expressly as a reason for cutting down the Regional Fund, cannot in my opinion be right because the Commission claimed that it was not in a position to disburse the resources of the Fund as various Member States were unable to provide corresponding plans. But if certain Member States had not imposed a voluntary restriction on their applications in order not to exceed their quota the lack of resources would doubtless be much more serious. How can this be explained in the case of the five countries which did exceed their quota in 1978? These five countries are Italy, Ireland, the United Kingdom, Germany and the Netherlands for all of whom the first 1979 instalment is intended. Is the need of these countries higher, which would justify an increase in their quota? That is the question here. Why, when the resources of the Regional Fund or measures taken in the framework of national quotas have proved not adequate, has the Commission now set up a 5 % reserve of a non-quota section which did not exist before and was not created in 1978?

As long ago as 1975 the European Parliament expressed a negative opinion on the fixing of the amount of the resources of the Fund in the regulation

on the establishment of the Fund since this would make expenditure compulsory. The Council accepted that the expenditure of the Regional Fund should not be compulsory after an initial period.

So the expenditure of the non-quota sections was to be fixed every year as part of the budgetary procedure. Moreover the European Parliament included an amount for this non-quota section in the 1979 budget before the Council laid down the volume of funding in its amended regulation in 1979. So in 1978 the Commission anticipated the Council's decision which does not however have retroactive effect and applies only from 1979. The resources booked as reserves should therefore remain available for measures within the quotas for individual Member States where these have been inadequate.

Now to the proposal on the amount of resources. I have already said that the Commission originally proposed 13 % representing some 100 million EUA. The Parliament also earmarked 100 million EUA but the Council then reduced this figure to 5 % in its amended regulation of February 1979.

Here the Commission's attitude has proved to be too cautious. It has brought itself into line with this 5 % and I believe it has acted contrary to the principle supported by the European Parliament and ultimately also accepted by the Council. We would therefore be pleased if, in line with the reply already given by Mr Tugendhat, it would be possible to increase the amount to the original figure of 100 million.

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

Mr Mascagni. — (I) Mr President, I should first of all like to emphasize the inadequacy of the reply by Mr Tugendhat, who said, firstly, that the Commission has always agreed to consider the non-quota section as an addition, and, secondly, that for 1978 it has been considered within the quota one. The contradiction is obvious. However, there is worse to come, given that there was no need to fix the non-quota section for 1978 as it had not been established. I therefore have no choice but to emphasize this clear contradiction in Mr Tugendhat's statement.

On every other point I agree with what was said by Mr Jung. I agree with the need to increase the non-quota section. I agree with everything that has been said previously on this matter in Parliament. In particular, I agree that this problem is important, although at the same time I feel we should not lose sight of the general problem of regional policy, which is becoming increasingly important with repercussions for the Community's economic problems as a whole.

I do not wish to criticize the Liberals' initiative, which is justified. I should nevertheless like it made clear that initiatives aimed at clarifying certain points must always reflect an overall view, as only then will it be

Mascagni

possible to ensure that regional policy is an important instrument for economic development and restoring the Community's equilibrium.

IN THE CHAIR : SIR GEOFFREY DE FREITAS

Vice-President

President. — The debate is closed.

13. *Decision on coal and coke for the iron and steel industry*

President. — The next item is the report (Doc. 69/79) drawn up by Mr Ibrügger on behalf of the Committee on Energy and Research on

the draft from the Commission for a decision concerning coal and coke for the iron and steel industry of the Community.

I call Mr Ibrügger.

Mr Ibrügger, rapporteur — (D) Mr President, ladies and gentlemen, the Committee on Energy and Research and the Committee on Budgets, which was asked for its opinion, welcome the draft from the Commission of the European Communities for a decision concerning coal and coke for the Community's iron and steel industry. The subsidizing of coal and coke for the Community's iron and steel industry goes back to the Protocols of an agreement on energy problems and an agreement on coking coal and coke for the iron and steel industry concluded by the governments of the ECSC Member States meeting within the Council on 16 February 1967. Over the years, the European Parliament has discussed these decisions and in each case approved them. Although initially planned as a short-term measure in 1967, aids for coal and coke for the iron and steel industry have been maintained and even extended. They reflect the general development of the coal sector as part of the Community's energy market. The latter — and I would just like to indicate the main points — is characterized by the fact that coal in the European Community is not sufficiently competitive on the world market. This inability to compete has led to financial losses — and could continue to do so — but it could also result, and this is the real danger to which our energy policy is exposed, in a contraction and reduction of production capacity. To quote only one example, the cutback in steel production has meant a reduction in the sales of coking coal. Between 1974 and 1977 the consumption of coke in blast furnaces alone fell from 60 to 44 million tonnes. In addition there has been a decline in intra-Community trade in coking coal which fell from 20 million tonnes in 1974 to 12 million in 1977. Over the same period coke and coal stocks accumulated. In addition the coal sector in the European Community is also

characterized by the fact that there is some uncertainty about coal supplies from third countries which could also further increase the Community's dependence on imported energy. Therefore we look to the coal sector to contribute to stabilizing the Community's energy situation as an energy policy objective.

Then there is a tradition of intra-Community trade in coking coal and coke and this tradition should be upheld and even extended. Moreover, there is an increased need for security of supplies in the iron and steel industry and the further fact that the quality of coking coal produced in the European Community is acknowledged throughout the world to be very high and, because of the worldwide shortage, will continue to hold its privileged position in the future. For these reasons it is important that coal producers in the Community should be enabled to align their selling prices to the world market level when their production costs exceed that level because major changes have taken place in the world market in the past few years. Transport costs for coal from third countries have decreased worldwide. With the devaluation of the US dollar the maintenance of the guide price denominated in dollars, the difference between the producers' production costs and net receipts has increased as has the difference between the prices for coking coal from third countries and from the Community.

From the discussions in the Committee on Energy and Research it was clear that we need to ensure better exploitation of energy sources in the Community as a means of securing the Community's energy supplies. We therefore definitely welcome the Commission's proposal that the system of aids for coal and coke for the iron and steel industry in the Community be renewed and we approve in principle the Commission's objective of making long-term contracts for both producers and consumers a precondition for the granting of aid. We do, however, call once again for consideration to be given to the possibility, in exceptional cases, of special authorization being given for aids to short and medium-term supplies.

We welcome the genuine extension of the previous decision namely to extend the system of aids to include coals and cokes used for ore sintering, but we criticize the financing of various schemes in the coal sector from different sources, particularly in the case of this draft, under which measures would be financed almost entirely outside the ECSC budget or the general Community budget.

We emphatically call, therefore, for the budgetization of these resources so that they may be brought under the control of the European Parliament. On this point we fully support the arguments put forward by the Committee on Budgets.

Ibrügger

On behalf of the Committee on Energy and Research I confirm that we welcome the continuance of aid at an increased level for coke and coal intended for the iron and steel industry so that coking coal capacities may be maintained. We regard this as an essential part of the Community energy policy goals. I ask Parliament to vote in favour of the motion which was, incidentally, unanimously adopted by the Committee on Energy and Research.

President. — I call Lord Bessborough to present the opinion of the Committee on Budgets.

Lord Bessborough, draftsman of an opinion. — Mr President, I would like to thank Mr Ibrügger for presenting his report and congratulate him on it and to say that whatever remarks I may make in regard to the budgetary aspects, we certainly support the whole principle of aid for coal and coke to the steel industry. I have to say, however, that Parliament was consulted rather belatedly on this proposal and this does pose some questions of budgetary principle.

I would like to point out first of all that temporary measures—and I underline the word 'temporary'—for aids for the production and sales in coking coal and coke have existed since 1967 and they are displaying a certain element of permanency. Whether they have been effective or not is not a matter to be considered by the Committee of Budgets. The present proposal of the Commission is aimed not only at a prolongation of this scheme but also at increasing aid from 31 million to 70 million units of account.

The main point of controversy for the Committee on Budgets in this connection relates to the means for covering this amount. The proposed measure must be seen in the context of an overall approach to the coal-sector problems adopted by the Commission, and I appreciate all the other measures which have been proposed and discussed in this House, but the problem here arises from the fact that the Commission is proposing for these measures a variety of sources of finance — in fact, four in all: part of the money is to come from national contributions, part from the ECSC budget, part from the general Community budget and part from contributions by major coal concerns, and this, Mr President, does lead to rather a confused situation with certainly a lack of budgetary transparency.

In 1967, as I have said, these were considered to be purely temporary measures. All I can say is that this is certainly a classic case of *Il n'y a que le provisoire qui dure*: here we are, 12 years later, and the same rather confused system has continued. The logical solution would, I think, be to finance such aid through the ECSC budget. However, as we know, the size of this budget is effectively limited at the moment because of the reluctance of the Council to agree on a complete

transfer of the customs revenue from ECSC products to the ECSC budget. Therefore, the most appropriate solution might be to seek direct and exclusive financing from the Community budget, which as Members of this House will know, provides the expenditure for the other items of coal policy. The Commission itself recognizes that maintaining coal production should be considered as a part of general energy policy. Therefore, the Committee on Budgets did criticize the diversity of sources of finance for schemes in the coal sector and its conclusions, as you will have heard from Mr Ibrügger have been supported by the Committee on Energy and Research. The Committee on Budgets therefore calls for the budgetization of all these resources so that financial transparency can be guaranteed. However, in order not to interrupt this scheme of aids for the industry — which, as I say, we certainly support in principle — the committee finally decided, after two fairly protracted meetings and after considerable discussion, not as was originally suggested, to reject the Commission's proposal but to ask that it should be limited to a period of two years. The Commission should in our view, therefore, submit well before the expiry of the new decision and in good time for the 1981 budgetary procedure a revised proposal which provides for uniform financing through the general budget of the Communities. The Commission might even, in case the need for a second supplementary budget arises — we discussed the first supplementary budget this morning — perhaps use this new supplementary budget procedure as a way of including a new item in the general budget for this policy.

I hope that the Commission will follow these amendments put forward by the Committee on Budgets. In any case, the possible argument that a regulation two years is too short cannot, in my view, be accepted. The Commission knows well that Parliament always follows its proposals if the need for them is well proven, and it is up to the Commission to guarantee the continuity of this scheme for future years by submitting, I would hope, a revised proposal in sufficient time to take account of the need for transparency in the budget. I hope that Mr Brunner will at least agree to this in principle, and that, even if contracts are likely to be placed for three years, at least in two years' time we have a revised proposal, which would simplify this whole procedure and certainly give us more transparency.

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

Mr Hoffmann. — (D) Mr President, I would like to thank Mr Ibrügger for his report which we welcome. I would also add that we also accept the opinion delivered by the Committee on Budgets.

Hoffmann

Our position can be stated in very few words. Our problem is that, in spite of long-term energy shortages the coal situation in the Community is still fraught with difficulty. The reasons are very simple and have already been outlined. On the one hand there is the persistent crisis in the steel sector and the changes in its production methods as a result of which one third of the coking coal the industry used to consume is no longer required, and on the other there are the effects of the weakness of the dollar which have considerably reduced the price of coal outside the Community and very badly affected — for German coal as well — the competitive situation which was not particularly favourable to begin with.

A third reason is the trend in freight rates and in particular the drop in maritime transport costs and the increase in inland tariffs. That has been a further source of disadvantage. As regards aid, two completely different sectors are envisaged — national aids which, in this case, are not available, and European Community aids which consist essentially in giving or increasing sales aids to 4.67 u. a. per tonne which will come to about 70m u. a. We also and more especially welcome the extension of possible aid for coke and coal for ore sintering.

The Socialist Group is therefore united in its support for the report presented by Mr Ibrügger and I would like to add a few brief words from the German standpoint. I am very pleased that by this example we are showing that a European problem is being solved — or at least a helpful attitude is being taken towards it — on a joint basis. For the coalfields it means that the jobs of the people employed there are that much more secure. For energy supply capacities it means that they will be more secure in the long term. Finally, our only request relates to the point already made by the previous speaker and that is that these funds should be brought into the budget in the next period so that Parliament can exercise control over them.

Lastly I would like to make just one suggestion. We shall soon be having an opportunity to discuss the problem of our steel industry once again. Perhaps, on that occasion, we ought to raise the question of coking coal aids in connection with the relevant subsidies and identify the effects that they may be having if looked at in isolation. In my opinion, their effect on competitiveness could well differ in different steel firms.

President. — I call Mrs Walz.

Mrs Walz, Chairman of the Committee on Energy and Research. — (D) Mr President, ladies and gentlemen, I would first like to thank Mr Ibrügger warmly for his report. It was a long struggle for all of us but — with the help of the Committee on Budgets, too — we finally reached a more or less satisfactory

solution although the rapporteur and a few others might have preferred solutions that went somewhat further. I shall confine my comments to one or two political aspects.

As can be seen from paragraphs 2 to 10 in the explanatory statement, this is not the first time that we are dealing with coal and coking coal aids for the iron and steel industry in the Community. We took this initiative as early as 1973 in the Wolfram report. That was the first report of this kind. Today it is a matter of extension. In the view of the Committee on Energy and Research, both are so-to-speak automatic but we and Parliament as a whole take the view that Parliament must be consulted. Paragraph 3 of the explanatory statement in the Ibrügger report describes briefly how the own-initiative report finally became a consultation. The important aspect here is the observance of the Commission's voluntary undertaking, made in 1973, to consult Parliament about important ECSC matters which only require decision by the Commission. We hope that reminders of this kind will not be necessary in the future. Another important aspect, however, is a letter from the President of the Council of 20 February to the President of the European Parliament on this matter in which he writes: 'I agree and confirm that this draft decision lies within the competence of the Commission acting on the basis of the Treaty on the foundation of the European Coal and Steel Community and that it is not therefore up to the Council to take any action as regards the consultation of the European Parliament.' This merely confirms our own view but it is good that it should be put in writing.

Lord Bessborough has dealt with the budgetary policy aspects. The committee was not happy with the budgetary policy side of things at first but then worked out a compromise. It agreed with the draft decision but only until 31 December 1980, not 1981. We also agreed with the view taken by the Committee on Budgets. This being so we would ask the Commission to fall in with this verdict and produce, for 1981 and the following years, a proposal for modifications to meet the wishes of the Committee on Budgets but we do not want to pre-empt the new Parliament. Possibly it will take a harder line on this matter than this Parliament and for this reason — as far as this decision is concerned — Parliament should try to get this through. If things do not go as we wish, there would at least be concertation. What happens after that — if it is unsuccessful — we could, provisionally leave open because the new Parliament will possibly want to look into this matter. I have intentionally confined myself to these aspects since both the previous speakers have already dealt expertly with the technical points.

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

Mr Veronesi. — (I) Mr President, it certainly cannot be said that coal problems are not one of the Commission's foremost concerns. One only has to refer to the most recent measures to see that this is so. To say nothing of the less recent measures and debates, an eloquent catalogue could be drawn up of policy and financial measures taken at a steady pace in 1976, 1977, 1978 and 1979. The Commission's concern is also profoundly apparent in the Community energy policy guidelines for 1976 and in the Community energy policy objectives for 1984 framed in 1978. Lastly, there is the measure that we are now considering.

We Communists prefer to be calm and unprejudiced and above all objective in our judgment of the proposals that are put forward. Our aim is not purely to give reasons for the way we vote but to cooperate responsibly in finding a solution to the specific problem.

Taking an extremely simple and elementary approach I will try to summarize the favourable and the less favourable aspects. Please do not misinterpret the moderation of my language because underlying it is a real concern with regard to these questions which, precisely, are related to the problems before us.

The first of the favourable aspects is the continuous attention paid to coal problems by the Community. The role of coal has been decisive in Europe's economy in the past, not only many years ago but in more recent times as well. Secondly, there are the oil problems which have affected the energy markets from 1973 on and become worse this year and which certainly substantially increase the value of coal. For this reason the situation should be followed carefully and a strategy employed designed to take advantage of every possible way out of the crisis. Thirdly, we should note that the nuclear incident at Harrisburg, Pennsylvania, has created a new situation in appraising solutions for the energy crisis — we will shortly be talking about this — recalling to our minds that we should renew our efforts with regard to coal problems.

As regards the less favourable aspects, it may be objected that all the measures taken in support of coal seem, in isolation, to be of little worth and temporary in nature but even if they are added together they do not amount to much financially and are protracted over a longer time scale than originally planned. This situation cannot be viewed with approval.

Our second point is that the fragmentary nature of the proposals is unconvincing. I do not think it is possible to say that this is a policy of small steps towards a more general solution of the problem but rather it seems to reflect a painful quest for a series of disconnected and not very useful measures intended to cope with a few necessities. Moreover, paragraph 9 of Mr Ibrügger's report explicitly recognizes this to be so by calling for the coal 'package' as an organic measure for the whole sector. This is a real need, but the

content and purposes of the package, and its impact on the Community budget, need to be discussed with care not just in the coal context but also in the more general energy context. We would also add that the question of coking coal should be seen essentially in the context of the steel industry, not that of energy production.

Lastly, I wish to point out that once again we are faced with the conflict of theoretical and political principle, although it also has considerable practical implications as well, between market economy and planned economy. In essence, the measures proposed deny the vitality and autonomy of the market but at the same time they are not conscious and thought-out planning as such. I do not want to insist on this point; I have raised the problem on other occasions and there will be no lack of opportunity to raise it again in the future. I would purely point out that, objectively, there is an urgent need for general clarification in this and many other economic sectors of Community intervention. We need to provide stable counsel and a clear and unchanging orientation.

In accordance with the position already taken in committee we shall abstain from voting on the motion for a resolution presented by Mr Ibrügger because of the shortcomings I have listed in the Commission's activities and the measures it proposes.

(Applause)

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

Mr H. W. Müller. — (D) Mr President, ladies and gentlemen, I would like very briefly to express the agreement of the Christian-Democratic Group with the Ibrügger report. I also congratulate him on the excellent work he has done. I would also add that we have already discussed the whole length and breadth of the coal problem I don't know how many times in the Committee on Energy and Research and in this House and have found that it is precisely in this sector of energy policy that it is so difficult to reach concrete decisions. I would like to repeat quite clearly once again in this House that coal, as our only indigenous source of energy, simply must have our support in view of the present energy policy situation. I would therefore also like to express my satisfaction that this report on a decision on coal and coke for the Community's iron and steel industry apparently also has the agreement of the Council bodies. This is one way of helping coal that obviously works and has, over the years, proved its worth as a stable factor in energy policy in Europe.

We must of course take the criticism of the Committee on Budgets seriously but this is a case where the European proverb *'c'est le provisoire qui dure'* applies. But I would also like to express my disappointment about the other measures belonging to what has often been called the coal package —

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after all, serious articles have appeared in the press referring to the Brünner package. I mean I am disappointed that there has so far been no real breakthrough with these proposals that are referred to once again on page 10 of the report, namely measures to promote the use of coal for electricity generation, measures to promote intra-Community trade in power-station coal, for financing of cyclical stocks and the like.

To conclude, I would like to voice the expectation and hope that, within the framework of the discussion we are now having on this item, and no issue could be more topical, we shall once again join forces and work together with the Council to see that the Community coal industry is given more help in the future. I would like to thank you, Mr Brünner, for your efforts in this matter and encourage you to go further on the road you have taken, not least on behalf of the thousands of people employed in this sector.

President. — I call Mr Christensen.

Mr Christensen. — (DK) Mr President, unfortunately I did not have the opportunity to take part in the last meeting of the Committee on Energy and Research, but I would like to take this occasion to add a few comments on matters of principle.

Firstly, the European Communities have been paying subsidies for the production of coal since 1967, but nevertheless great difficulties still exist. The subsidies policy does not seem to have helped, yet it has been extended throughout all those years since 1967.

Secondly, large national subsidies are already paid for coal production. If the subsidies policy could have saved the coal industry, presumably it would have done so by this time. Now appropriations are being increased from 31 to 70 million units of account, which will have to be paid for by Community consumers and tax-payers. Furthermore — as far as I can see — in some cases there will even be indirect aid for exports of coal from the European Communities.

I do not think this is a particularly bright policy. It is, after all, a fact that if demand for a product grows, production also increases. We know that opposition to nuclear power is growing apace; we know that oil price increases have become very high; we know that Poland, for instance, is rationing its coal exports, and there is therefore every reason to believe — not forgetting the high quality of coal in the European Communities — that we should simply not implement these subsidy arrangements; we should at least scale down existing subsidies.

In view of the fact that this proposal means public, national and Community subsidies to promote consumption of a resource that we know is limited, it is not particularly inspiring from the point of view of energy supplies or security. I therefore recommend that we vote against this report.

President. — I call Mr Brunner.

Mr Brunner, Member of the Commission. — (D) Mr President, this proposal is part of a package. If the Iranian crisis proves anything, it proves that European coal will, in the long run, be the basis of the security of our supplies. But there is not much time left to us to support coal. Lead times are long. It takes nine years to build a coal-fired power station. We therefore have to try to build stability into our coal supplies and coal production. That, too, is the purpose of these proposals designed to benefit a grade of coal primarily used in steel production. Over the years, the results of these proposals have been remarkable wherever they have been implemented in the form of aid. Whatever the criticisms that can be levelled at them, the fact remains that in 1978, 80 % of the coking coal used in the European steel industry was Community coal. The figure in 1977 was 74 %. In other words, in a period when the steel industry was in a very difficult situation in regard to employment we were able to guarantee a certain stability and that has benefitted the whole sector, not just the people working in the mines but also those working in the processing sector, the steel industry.

In European energy policy — and this applies particularly to coal policy — we must once and for all get used to working on a long-term basis because otherwise surprise, the disturbing element in the whole picture, something of which the market never receives adequate warning, will perpetually throw a spanner in the works. This is something we must be free of. This is the alpha and omega of a rational European coal policy or, more than that, a rational European energy policy.

When Mr Christensen was talking just now it sounded a bit as though the world market was a constant in these sectors and running along ordered lines. That is not so. The world market is always being changed and disturbed by political events. For Europe's coal supplies, however, we must ensure that there is security both for the user and for the producer and that, ultimately, also means security of jobs. That is the issue and that is the reason for these modest efforts of ours. Without these modest efforts we shall not have the minimum of security in the market that we need and the market, too, will not be able to make any plans because it will be able to look forward only two or three years. The market cannot predict what the political situation will be in the Near East or in Iran. The market cannot foresee at what moment difficulties may arise, for whatever reason, with Polish exports. These are problems that we have to discuss amongst ourselves and we must take the burden of these difficulties off the market. I feel that what we have proposed is a small step in that direction.

Brunner

Our intention is to have the whole coal package debated once again in the Council of Energy Ministers. I shall not give in. I am convinced that it must be possible to display a minimum of solidarity in Europe regarding the security of supplies and this includes financial solidarity. We are not asking for too much. These are modest proposals. Anyone who says that this was a plan introduced as an exception and then prolonged is overlooking the fact that, in the meantime, a crisis without precedent has arisen in coal production and consumption. He also overlooks the fact that this crisis is the result of the squandering of oil which, in the fifties and early sixties, permitted the flat-out kind of expansion in Europe that does not unfortunately suit present needs. This situation will not return. Things are different. These aids have enabled us to throw a bridge over this difficult period for coal. We have prevented mines from being closed and we have made it possible, if we in Europe use coal properly, to continue to have coal available in 10 or 15 years' time.

Now if this is the objective we are aiming at we have to make it possible for a compromise to be reached. There is not point in pursuing an ideal that will be thrown out by the Council. In my belief, both in the period it covers and in the financing arrangements, the package that we have proposed to you is precisely what will make a compromise possible. You all know that the coal and steel budget is limited and we cannot, therefore, confine funding resources to that budget. But you all know too that if the finance has to be found from the general budget this would mean higher contributions from Community Member States on whom no demand for coking coal aid has been made so far. You know that these new Member States would be bitterly opposed to this and that therefore our prospects would be that much worse.

This is why I have proposed this form of mixed financing. It is complicated, I admit, but it does offer a chance of success. Funding the scheme on the basis that 31 million comes from the budget as before and that the increase of 39 million is found in the manner proposed is the only reasonable proposal. I readily accept your proposal in paragraph 11 because, as Commission, we shall always uphold the view that the co-decision rights of this Parliament must go as far as possible. What I cannot accept without reservation is your suggestion about the period. The point is that we do not yet know whether these measures will come into effect by July 1979. Perhaps it will be later. In that case it would not be sensible to have December 1980 as the date of the end of the scheme. Here, I think, we must look the facts in the face. In my view we must allow for a 3-year period of financing. I also have objections to the possibility of allowing short and medium-term contracts. My feeling here is that the rules of the market, on which this typical longer-term provision regarding 3-year or longer contracts is based, should be obeyed in the aid measures we propose.

All in all I feel that, whatever our differences of opinion may be on matters of detail and procedure, your support of our proposals for coal in Europe will be extremely valuable because it will make it easier to steer these proposals successfully through the Council of Ministers and for that I would like to thank you, here and now.

President. — I note that no-one else wishes to speak. The vote on the motion for a resolution, as it stands, will be taken tomorrow during voting-time.

The debate is closed.

14. *Community participation in space research*

President. — The next item is the report (Doc. 2/79) drawn up by Mr Ripamonti on behalf of the Committee on Energy and Research on

Community participation in space research.

I call Mr Ripamonti.

Mr Ripamonti, rapporteur. — (I) Mr President, ladies and gentlemen, the basic purpose of the motion for a resolution on Community participation in space research lies in the need, already foreseen and confirmed by the European Council itself, to develop a coordinated and concerted policy in the field of science and technology.

The basis for renewed economic and cultural growth in Europe, in the perspective of a new international economic order and a rational distribution of work, must be the planning of development in scientific and technological research through the coordination of national policies and above all the definition and operation of a common policy in which resources would be transferred from national budgets to the Community budgets in sectors where the European dimension and the aggregate strength of the scientific community and research promoted by industry could produce more significant results and yield higher productivity in research and more efficient diffusion of the results achieved.

European cooperation in science and technology largely takes place outside the Community organization. The European Parliament — and in my view this would be even more so in the future — the Parliament elected by direct universal suffrage will have to direct its attention to the urgent need for concentrating in the Community the fundamental role of policy control in particular in scientific and technological research and the coordinated use of Community structures, particularly in sectors where the Nine countries are currently operating at the supra-national level, sometimes in cooperation with countries that are not members of the Community. There are also operational experiments in the field of indirect action carried out by the Community, specific projects, like COST, in which both Community and non-Community countries in Europe, are involved in a coordinated action.

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The resources earmarked for energy, research, industry and transport in the Community 1979 budget are certainly not a very high percentage of total Community expenditure. A comparison shows that the resources that the Member States allot to international cooperation are far higher than those applied in the Community. 1976 figures showed that resources used at the Community level were equivalent to about one third of what the Member States allocated to international cooperation in the research sector. The budget of the European Space Agency itself, in which eight Community countries are involved, far exceeds the resources set aside in the Community budget for the sectors that I have named. If this international and above all European cooperation is to place the countries united in the Community in the optimum position in terms of scientific, technological and industrial potential in relation to other groups in the world it has to be in the field of space policy which began with the launching of the first man-made satellite — Sputnik I — in October 1957, followed by the first placing in orbit of an astronaut — Gagarin — in April 1961. The first phase of the space conquest reached its high point on 20 July 1969 when the three astronauts landed on the moon, on the sea of Tranquillity, four days after Apollo XI had been launched at Cape Kennedy. Clearly the motivation behind this first phase of space policy was a matter of prestige, apart from the military aspects. This prestige objective played a fundamental role in the period of the cold war.

In the early 1970s, therefore, advanced space technology was already available on a large industrial basis. The feasibility of manned space flight had been amply demonstrated and considerable progress was being made with space exploration not only close to the earth and on the moon but also in interplanetary space with Mars, Venus and Mercury now within range. Thus, during the 70s, there was a transition from conquest and exploration to the use of space, with scientific exploration, however, continuing (one has only to think of the automatic laboratory sent to Mars and the launching of the Viking Voyager probe to Jupiter and Saturn). At the same time, the Soviet Union has been launching space stations weighing 19 tonnes and Soyuz 22, weighing 7 tonnes, while the USA has been putting into orbit a space station weighing 89 tonnes, — that was in 1973 — and launching three Apollos of 31 tonnes.

Even so, Europe has not been wholly absent from this conquest, exploration and use of space. The 1960s saw the creation of the European organizations for space research (ESRO) and for the building of missiles (ELDO). After the failures with the launchers Europa 1 and Europa 2 the ELDO programme was abandoned.

In 1973 earlier organizations were merged into the European Space Agency under a Convention signed

in Paris in 1975 and ratified by the Member States in 1978. This Convention instituted the Space Agency as an attempt at creating a 'European Space Community' and gave it two roles, a political one of ensuring cooperation and a technical and operational role for the implementation of the programmes.

It is to this role of the Agency that the report refers and to the need for the expression of a specific political to direct the activities of the long-established European institutions, governs that role. It is for this reason that I feel Parliament should take up a definite attitude in the field of space policy.

Space activity embraces all initiatives connected with the design, construction, launching, conveying into orbit and maintaining in efficient working condition in extra-terrestrial space of automatic or manned vehicles for scientific and application purposes and with the construction and operation of the relevant technological support facilities on earth. Hence the importance of a space policy at the European level. What is more, the services developed in the past by the military or scientific organizations of a few big countries specifically connected with this sector are now effectively used in the socio-economic sector and are extremely important in their contribution to the solution of practical problems which could not be solved except at very high economic cost. Nowadays, the users of these services are telecommunications systems, television companies, educational organizations, weather-forecasting services, earth surveying institutes and the big air and sea transport companies.

In view of the results achieved, we need to work on the programme for the 1980s — as stressed in the motion for a resolution. The Agency already has its scientific research programme on telecommunications and earth observation, the Ariane launcher and space-lab programme and the science of materials programme. The need here is to align these programmes with the requirements of the Community and to play a part — through action to be taken by the Commission — in orienting these programmes towards the required objectives and to cooperate in ensuring their implementation.

The big problem is that, whilst the European Space Agency programme is of considerable magnitude, so are the national programmes and in this connection an annex to the report outlines the space programmes of the Community countries.

We therefore have this need to coordinate and to transfer policy control from the national level and from the European Agency level to that of the Community institutions. There is also, Mr President, the problem of coordinating our external policy as regards the developing countries that might become users — to their very great benefit — of these special technologies. One has only to think of the satellites used for earth observation, the survey of the earth's

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resources and for weather forecasting purposes. In a programme of this kind, consideration should also be given to the implications of direct television, remote space exploration and development of the materials industries.

The industrialization of space opens broad prospects for the re-orientation of European industry towards more advanced technologies which should be based on an R&D policy operated at Community level. For this reason, Mr President, the Committee on Energy and Research asks Parliament to decide in favour of planning and action at Community level in the field of space policy.

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

Mr Flämig. — (*D*) Mr President, I would like to thank Mr Ripamonti for his report. The Socialist Group endorses this report because, in this matter, we see not only an outstandingly important political task for the Community, as Mr Ripamonti has just said, but also very significant economic developments. There is certainly nothing to be gained in continuing with our half-hearted approach to European space research or Europe's participation in space research; what is needed is a full commitment by this continent and this Community with its vast potential in economic strength and research capacity.

Even so, we Socialists would like to stress that, in our view, it is important to aim at realistic objectives like those to which the rapporteur has just referred: telecommunications, navigational aids, meteorology and the observation of the earth. These are all tasks that are feasible and that we shall certainly master. If he had gone a step further and said that one day there would be space laboratories and that we would need a space shuttle to ferry men and material backward and forward, that would also have seemed realistic to us. The trouble is that, on this subject, a lot is still being said that smacks of science fiction; you only need to look at the television or in the bookshops and hear or read the nonsense about galactic space stations. Then you have the people who want to build a thousand Megawatt solar power station in space and connect it to earth in some way by microwave link, and others who want to rocket radioactive waste to the sun which are just two of the wonderful ideas we are hearing about. As I say, the programme must, first and foremost, be realistic.

We Europeans Mr President, and here I speak not only as a member of the European Community and of a political group in this European Parliament, but also on behalf of other nations not represented in the Community, are not just considering this subject for the first time; we have been trying for years to participate. We have noted with concern the many failures we have already had. The press says there have been

management mistakes but even so these failures still leave many questions unanswered. For this reason we wish every success to European space research and to the participation of the European Community in that research, and we approve the report.

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

Mrs Walz. — (*D*) Mr President, I would like to thank Mr Ripamonti most warmly for this outstanding and comprehensive report in which the hand of an ex-energy minister is detectable. We fully agree with the report and consider that the effort put into it was absolutely necessary. The issue is improved technological cooperation in the space sector and on that score, as Mr Flämig has already said, the subject is certainly not new. I myself, incidentally, dealt with the subject for the Council of Europe four or five years ago so you can see that this subject has long concerned Europeans.

What has been achieved in Europe is the result of 15 years of effort. Some 10 satellites are orbiting in space in which European scientists and engineers have had a hand and this has led to the development of a certain industrial capacity in Europe. We can thus argue for more effective representation on the world markets for high-technology products even though we still have a great deal of leeway to make up. Certainly, cooperation with the US and other countries in the van of space technology is absolutely essential for one thing because of the enormous costs. On the other hand, however, there is naturally competition in this field and conflicting interests, at all events in certain cases, so Europe must speak with one voice every time if it is to achieve anything at all.

I do not propose to go into the technical aspects since Mr Ripamonti, in his report, and you as well have already done this.

From the policy standpoint, the most important part of the report is in paragraphs 94 to 96 of the explanatory statement. In the field of space exploitation, Europe must play the role warranted by its tradition, capabilities and condition. The European Space Agency programmes prove that it can do this. Governments must accept the corresponding financial burden but also the need for coordinated action at the European level. Europeans indicated certain orientations — though only certain orientations — for the Intelsat organization. A measure of optimism is therefore warranted as proved by the introduction of the Ariane launcher in the programme. We simply have to be in the running in the application of space technologies because otherwise the super powers will have the monopoly in this field and it is really a horrifying thought when we remember that something like 4 000 objects are already spinning around the world many of them — of course — serving military

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purposes. This means, therefore, that space and space activities have to be brought under the umbrella of overall European policy. We also feel that what we already have is not enough; the relations between the Community and the ESA do not go far enough. Member States of the Community bear 95 % of the costs which is one more reason why the general guidelines for ESA activity, their definition and the Agency's specific tasks must be decided in the light of the Community's policy stance. On its side, the Community is informed about users' requirements by the Member States. In this way, Community policy can be formulated in all these fields as is customary in the others. For this reason the Commission, in its executive role, should be involved in the management work of the ESA. Unfortunately integration of ESA members' space facilities has so far made little progress. This must be improved whatever happens. For one thing, the medium-term results would be an improvement in the quality of life, rather better weather forecasting and improved pollution control. The political significance of space will certainly increase — not only, we hope, from the military angle. We are greatly indebted to Mr Ripamonti for his report and we thank him for it.

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

Mr Normanton. — Mr President, I too join with the previous speakers in offering my congratulations to my honourable friend, Mr Ripamonti, for the excellence of his report. If there is any part of it which calls for even greater consideration than the others it is the explanatory statement, which I see as a masterly summary of the economic technical and financial situation in this particular field and a pathetic indictment of the European Community, of the way in which we are falling short by world standards.

The results of past research and development, for example by the United States Government, and to a far lesser extent by Community governments, in the military sector has unquestionably enabled successful space exploration for research and development purposes. The United States of America, yes, and Member States in Europe are today capable, if they only have the will and the foresight to do so, of exploiting space technology for commercial purposes. In the United States one talks of the spin-off from military into industrial areas. The Community has to exercise its influence, I believe, by shaping a Community policy for the exploitation of space technology. I see this as essential if Member States are not to fall a prey to the technological and commercial hegemony of the United States industry or to the political aspirations of the Soviet Union. Both of these hegemonies can have profound political implications for the Community and for our peoples, affecting our balance

of payments, employment, trade, industry, standards of living, yes and defence.

Direct broadcasting is a reality in technical terms today. Telex, telephone, data-bank relays, radio and television broadcasting via satellite do occur between continents. Why should not the same technological developments be deployed for developing fundamental communication activities on an intra-Community basis? Why does the Community not participate in the formulation of new policies within the European Broadcasting Union? Why do not the people of the Community share in one another's great historic cultural riches by being able to enjoy, for example, Italian television programmes in Scotland, or French programmes in Denmark?

This type of direct broadcasting would, I believe, have an enormously beneficial, even psychological, effect on the peoples of Europe and I think it would help to influence our developments in so many other ways. But above all, by providing services on and for the Community far more effectively and cheaply than present systems do, it would have an effect of eliminating or reducing some of the many technical problems which are enshrined when European communications and broadcasting are developed by traditional methods.

Satellites are already harnessed in remote sensing, as we have heard in this debate. Ispra, our Community Institution, is deploying its expertise in this field. It could be a valuable tool in surveying the mineral and water resources of developing countries. Community satellites could be invaluable tools in establishing reliable communication links between Member States and our partners in the Lomé Convention. All of these are contributions which depend upon a policy by the Community in this field. Community satellites could also be valuable tools in providing internal radio and television retransmission facilities, particularly inside the Lomé States for educational purposes. And when the oil runs out, as probably it will in the next 20, 30 or 40 years, solar energy relayed to earth by satellite power trains with a power capability of transmission of five to ten gigawatts — equal, may I remind the House, to seven to fourteen conventional nuclear power stations — could become a reality. The United States Government is financing two feasibility studies on this already and the economies, given the present state of the art, looks to say the least interesting and promising. And it is important that the Community should have an involvement in a technology which could even be beyond the human, technical and financial resources of the United States itself.

It is essential, therefore, that there should not be any development of a dependence upon imported nuclear fuel in the electricity field similar to the dependence

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which we face in the field of oil; and solar energy, through the medium which I have referred to, may well provide one of the means of reducing our dependence. The European Space Agency is a vital, but still embryonic, organism on which to evolve a dynamic, imaginative and ambitious Community space industry. And upon our effectiveness in this field depends the competitive capability of the whole of our industry. Senator Ripamonti's report is undoubtedly an important contribution to a new drive, to put the Community into the age of space and to optimize the enormous potential capability of our European industry. Unless we do this on a Community basis, we, the peoples of Europe, will increasingly fall behind the technology of the United States and be increasingly dependent, literally for our very existence, upon that relationship. The European Conservative Group strongly endorses the recommendations of Senator Ripamonti.

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

Mr Veronesi. — *(I)* Mr President, the Italian Communists warmly endorsed the request for an own-initiative report by the Committee on Energy and Research on Problems relating to research and space activities. We were convinced that it would not be a matter of an abstract cultural exercise but the basis for a serious political, economic and social appraisal of a scientific and technological activity of enormous importance for the future of mankind and for the European Community in particular.

The short time we are allowed to speak — which I generally consider to be more useful than otherwise, because history will certainly not suffer from the brevity of our speeches — forces me to set out our opinion in summary form, a rule — incidentally — that I practically always follow. The first point I want to make concerns the quality of the document we are discussing. I must say it is a complete and well-argued report, with a wealth of suggestions and observations from the policy standpoint and technically down to earth, and for that reason highly effective. It may be regarded as an up-to-date reference for the whole space problem area. My congratulations to Mr Ripamonti for his highly successful efforts are not just formal but sincere and I thank him for the contribution he has made to our knowledge of the problems in this sector.

My second comment concerns the general cultural context of space activities and the current attitude of public opinion towards them. In the past, the point of debate was often whether society should invest substantial resources in space or whether, instead, it should not apply greater efforts to the biosphere in which we live. Disease, widespread hunger, energy shortages and the still largely unsatisfied needs of countless masses seem to support the case made by those arguing that it was madness to throw away scien-

tific effort and financial resources on activities that had nothing to do with human life. This argument, though in muted tones, still persists through lack of information and knowledge and also — let us honestly admit — because of the not exactly peaceful kind of competition still prevalent in the space race (witness the slow and difficult SALT 2 negotiations and the problems associated with them). These facts give reason, at least at the human level, to the difficulties and anxieties that still persist. However, a number of sensational and important results offering considerable prospects for future use that are not in the realm of science fiction but concrete and feasible are changing people's views of space research and confirming its validity. On this score, Mr Ripamonti's report contains a wealth of information and documentation that I shall not waste time by repeating here. They clearly include some highly useful services which modern society is obliged either to organize on its own account or lease from others. In the latter case the situation of subordination and dependence of those countries that have to rent from others is clear. Here, of course, I am referring to intercontinental telecommunications, weather forecasting, air and sea traffic control, etc. But there is a broad field of other practical applications amply described in Mr Ripamonti's report and on which I do not intend to waste any words that warrants the Community's efforts because of its social significance and its contribution to civil progress. Basically, therefore, it is not a luxury for Europe but a necessity. I shall not dwell any further on these aspects which would deserve a fuller discussion both to do justice to the positive objectives of space science and technology and to explode a number of over-enthusiastic and unrealistic futuristic claims.

There are certain concerns I must voice regarding the criteria for implementing possible Community programmes. The first concerns the way they are run. I raised this problem with regard to the JET project too. We need to define an attitude of coherence and safe efficiency to temper the independence of research with sound coordination. We cannot say that the ELDO programme failed for the lack of an operative decision centre and at the same time maintain that the success of the JET project had something to do with the number of different initiatives. Greater clarity in ideas is needed and a more pronounced readiness for cooperation on the part of the countries concerned.

Here I have in mind the doubts and concerns expressed by Mr Giraud at a recent meeting with the Committee on Energy and Research with regard to cooperation in energy research. The President-in-Office of the Council of Energy Ministers was deploring the existence of strengthened centrifugal tendencies precisely in the terminal phases when cooperation can be most fruitful. Careful attention therefore needs to be given to this matter.

Veronesi

My second concern relates to satellite launchers. In this sector we have to get over our handicap and bring the Ariane programme to a successful conclusion. We well remember the failure of the first OTS satellite that triggered off so many arguments and created so much doubt and confusion in world public opinion widely reported in the press.

Mr President, we shall be voting for the motion for a resolution proposed by the Committee on Energy and Research, but we hope that the Commission's proposals will give us further opportunities for discussion and investigation.

President. — I call Mr Brunner.

Mr Brunner, Member of the Commission. — (D) Mr President, space research has produced some important results over the last 20 years. You have described all of these and painted a very positive picture of the associated economic and research opportunities. In broad terms one can share your views, but please let us keep our feet on the ground; the difficulties are very great as well.

The first thing is that the economic benefits are not yet in proportion to the amount that has to be invested in this field. Let us not forget that we have to find money not only for satellites but also for the rockets to take these satellites into orbit. We may even have to develop rockets ourselves because the rockets that are needed may not be made available to us. Europe has had this problem for years. Here I would like to make a confession: I am something of a space expert myself. I spent two years of my life in negotiations of this kind and I could tell you the sad tale of Europa I and II, and of ELDO and ESRO. The same thing is happening in the European Space Agency because here too — let us, after all, be honest — problems are arising again. We are always faced with the problem of the *juste retour*. Everybody wants to take out, in the form of contracts, at least as much as he puts in. There is the difficulty of forming consortia so that we can get ahead with production. There is the difficulty of demarcation between these multinational projects and other similar projects. And we all know how difficult it is to maintain a communications satellite system that is economically viable but limited to just one region. As a rule, if any profit is to be made, the satellite system that is developed has to be world-wide and that is very costly and in competition with others. And since this competition is very fierce the profit is generally very small.

True enough, some important discoveries have been made with industrial spinoff in civil and military production. But the market is very, very small. Prospects on the space market are generally equivalent to some 2% of the investment put into it and that needs thinking about. You must not conclude from

this that I am against a Community effort. On the contrary I think that Mr Ripamonti's report is very commendable and perhaps, too, it comes at the right time. The only thing is that we should not be thinking about this simply in a vacuum and make our only reference the scientific knowledge that has been accumulated in 20 years of space experimentation. We must bear in mind what already exists in Europe in this field. It will not be easy to bring the European Community into a system like the European Space Agency. How could it be done? Will the Member States be ready to double their contributions? Will it be possible, at a time when some of these Member States are even constructing obstacles to the European Space Agency, to get a new initiative off the ground on a Community basis? Do we have the necessary potential and the necessary staff? Is the time ripe? These are questions we need to consider further together. I do not think that anyone of you is proposing that we launch out into some sensational project without knowing what the outcome will be. Mr Ripamonti's report is far too well-balanced for this conclusion to be drawn from it.

I therefore feel that, if we are to produce anything promising, we first have to prepare the ground through more contact with the people active in this sector in Europe. With them we must talk over the matters discussed in this debate, the potential for direct broadcasts, weather satellites, and regional communications satellites. Some useful applications are evident. But we will also need to discuss with them the further development of European rockets and everything that is bound up with that problem. This is a broad field. Let us begin with these contacts and let us intensify the contacts we already have. We shall continue to work together until we see that the time has come to switch over to another level and develop a space research effort based on the European Community.

President. — The vote on the motion for a resolution, as it stands, will be taken tomorrow during voting-time.

The debate is closed.

15. Operation of the Euratom inspectorate

President. — The next item is the report (Doc. 3/79) drawn up by Mr Mitchell on behalf of the Committee on Energy and Research on

the operation of the Euratom inspectorate with particular reference to the allocation of duties between the Commission of the European Communities, the Governments of the Member States and the International Atomic Energy Agency in respect of the inspection of fissile materials in the EAEC (Doc. 3/79).

I call Mr Flämig.

Mr Flämig, deputy rapporteur. — (D) Mr President, I am deputizing for Mr Mitchell who is unable to be with us today. He asked me to present his report and I shall refer in the main to his explanatory statement to which there is not much I wish to add. I would merely like to remind you that the report goes back to the Plumbat affair when an alleged 200 tonnes of fissile material suddenly and mysteriously disappeared (discovered, however, and chalked up by the Commission) and that, originally, Mr Tom Ellis was to have produced a report on the effectiveness of the safeguards. Later, Mr Ellis left the Committee on Energy and Research and Mr Mitchell took over as rapporteur.

I shall therefore base my comments, Mr President, on the explanatory statement and would like your permission, at the same time, to state the position of the Socialist Group in order to save time. May I do so? Thank you.

We are all agreed that since the day the first atom bomb was exploded there has been concern and anxiety in the East and the West and throughout the world about how to prevent the spread of nuclear weapons. How can the use of this frightening new energy for warlike purposes be prevented?

After the war, when the big programme for the peaceful use of nuclear energy was announced, there was of course no illusion about the fact that with the spread of knowledge on the peaceful uses of nuclear energy knowledge would also be disseminated and in some cases automatically disseminated that could lead to misuse if it got into the wrong hands. I do not propose to go over the story of the non-proliferation treaty that went on for so many years. I think that all of us in this House agree that today, more than ever, we must ensure that nuclear weapons are not allowed to proliferate and that in this way a contribution is made to securing peace. Thoughts of this kind were already in mind when Euratom was founded, for one of the tasks of Euratom is to train inspectors and to ensure by regular checks and inspections that, in the European Community, no misuse is made of fissile material, in other words it is not diverted to other than the intended purposes.

Now there are two ways of ensuring non-proliferation. The first is to build a wall, as we say in my country, in other words to ensure that no knowledge and no fissile materials are passed on to other countries. The second way is by political action — which has already been launched and is pursued today with the aid of the Non-Proliferation Treaty.

The rapporteur comes to the conclusion that the latter solution, namely the political solution, is the only right one because it simply is not possible, by denying knowledge, or building walls as I just said, to prevent countries determined to do so from developing their own knowledge. For these reasons, as I have said, non-proliferation through the Treaty and inspections by

the International Energy Agency in Vienna and Euratom is, in my opinion, the right way. This is the conclusion reached by the rapporteur and we fully endorse it.

The question then arose as to whether, once the Vienna International Atomic Energy Agency was set up and became operational, working within the framework of the United Nations, there was any need for the Euratom Inspectorate as well. Our opinion on this is unchanged, we continue to think it is necessary. We even take the view that the two authorities can operate in combination, for in the meantime an agreement has been reached to the effect that the Euratom inspection system should operate within the framework of the IAEA, in other words — so to speak — working to its instructions.

Both the Non-Proliferation Treaty and the Euratom inspection system are intended to ensure that there are no self-control systems and that the only inspection system should be objective and international. This is a most important point and I say so because efforts are being made in a proposed amendment, which we shall have to discuss and vote upon after this debate, to bring inspection back to the national level.

This we are wholly against. We are in favour of upholding the Euratom inspection system and ensuring that Euratom inspectors continue to have full access and, in this connection, I would like to put to you another thought. Neither the Non-Proliferation Treaty nor the Euratom inspection system are really intended to prevent misuse. Treaties cannot do that. As I have already said, it is a political task. You can, however, discover cases of diversion and there is nothing more than that in this Treaty.

Finally a concern voiced by the rapporteur, too, in his motion for a resolution. I refer to the latest developments in the application of Article 4 of the Non-Proliferation Treaty. In its first three articles, this Treaty applies to the nations that have no nuclear weapons, the so-called have-nots. It says you mustn't do this, that and the other. And then the reward, so to speak, comes in Article 4, where the Non-Proliferation Treaty says: if you don't do all this, if you behave and keep within the framework of the provisions of the Treaty, then as a reward you will get full access to technical know-how and to fissile materials for the peaceful use of nuclear energy.

For many governments this article was the only way they could sign the Treaty with a clear conscience. After all they are answerable to their electors. And now suddenly, the Americans mainly — but not only the Americans, a point I would like to insist on because a proposed amendment has been tabled on this subject — have raised the question of whether this article ought not to be changed and whether it is not now necessary to introduce restrictive measures.

Flämig

Here we would like to issue a warning: don't touch the Non-Proliferation Treaty would be my way of saying it. In other words do not try to trim the edges or nibble bits off or break off corners, otherwise the meaning of the Treaty will be lost and it will cease to be acceptable to certain countries.

In short, Mr President, the Socialist Group is in favour. At the end of the debate, with your permission, I shall speak on the proposed amendments on behalf of Mr Mitchell.

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

Mrs Walz. — (*D*) Mr President, I would like to thank both authors, Mr Ellis and Mr Mitchell, sincerely for this report which was warmly praised in the committee because it is well-balanced and very precise. We also endorse the conclusions. I shall not make any statement on the proposed amendments because the Group will not be voting on these until early tomorrow morning, although I think that we are more or less in agreement with them, and because if these proposed amendments are adopted then the report would be considerably modified, but I cannot anticipate the verdict of my Group. So that can only be tomorrow.

The political importance of this report is in its total endorsement of the non-proliferation of nuclear weapons precisely because we all know that 12 non-nuclear-weapon countries could manufacture such weapons and that by 1987 a further 20 will be in a position to do the same, which, after all, can only be regarded as a major threat to world peace. But can this danger be prevented by the American idea, just referred to by Mr Flämig, of limiting resources (i.e. not providing any more materials) and calling a halt to technology? The idea is not feasible because one just cannot prevent technological progress. Even if you ban it, everything will then be done in secret. The idea of withholding resources, however, is not just that of the Americans. There are the Canadians and Australians as well. There is a kind of Anglo-Saxon bloc, by no means simply the Americans on their own. However that may be, the question is whether this is possible at all at a time when we can already see the approach of the battle for oil. All it needs is for another big producer country in the Near East to drop out and then we can surely imagine the kind of thing that will happen on the oil market and the repercussions this will have on the development of nuclear energy.

Can the limitation of resources and a technological standstill, particularly in view of Article 4 of the Non-Proliferation Treaty to which Mr Flämig has just referred and which expressly promises access to the peaceful uses of nuclear technology to the non-nuc-

lear-weapon countries — who would not have signed the Treaty without this clause — be possible in any way?

I feel that it would certainly not be a good basis for negotiations if confidence in the legal force of international treaties were shaken because of their unilateral termination. I know you have been having negotiations in America, Mr Brunner, and that you have succeeded in getting what I would call this blockade postponed, but it is still hanging over us like a sword of Damocles and we do not know what the final decision will be.

If these threats materialized we would now have a uranium cartel to cope with as well as an oil cartel and that, of course, would be particularly unpleasant because in this case the countries concerned are our own allies. So what has to be done to bring about some real easing of the justified concern about proliferation because in itself this concern is perfectly warranted. In that the Americans are right and, to that extent, we fully agree with them. Here, too, I am following the thinking in the report but simply expressing it somewhat differently. Firstly, political agreement has to be achieved on the unconditional prevention of the proliferation of nuclear weapons and for this — a thing that is not liked but I do not see how we can do without it — provision must be made for appropriate sanctions and these provisions exist. After all, these sanctions are always possible in the economic sector.

All countries signing the Non-Proliferation Treaty have to accept these security inspections. Up to now, it is true, only about one half of the countries signing the Treaty have been doing so. Those countries that have not yet signed the Treaty, the threshold countries, should be obliged to sign by negotiation and if necessary — in my view — by the threat of sanctions. The principle of non-proliferation is so tremendously important that a great deal more concerted diplomatic activity should be devoted to this objective because certain anxieties need to be dispelled.

Secondly, the control bodies, in this case Euratom and the IAEA in Vienna, need to have the necessary staff so that they can in fact carry out all the necessary inspections. The rules for the inspections must be adapted to suit the latest technological situation, in other words be subject to continuous revisions.

Thirdly, the IAEA and Euratom must cooperate in the closest way possible without any curtailment of Euratom's rights.

Fourthly, the Community as such must make itself responsible in the matter of the physical protection of nuclear materials and their transport covered by the provisions of the 1977 Vienna Convention, although one Member State is vetoing action on the opinion delivered by the European Court of Justice on this question. After three months the Council of Ministers

Walz

has still not managed to answer my question as to the conclusion it intends to draw from the judgment of the Court of Justice and you can imagine why I have not received that answer, but in this case if need be the matter could be taken to the Court.

(Applause)

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

Mr Normanton. — Our group welcomes Mr Mitchell's report on the operations of the Euratom inspectorate and the allocation of duties between Euratom and the Vienna Agency. We congratulate Mr Mitchell and his predecessor as rapporteur, Mr Ellis, on this report. If I may take this opportunity, Mr President, of speaking on a personal note I should like from this side of the House, to say how much I personally regret that these two honourable Members will not be continuing to serve in this House where their contributions have been of immeasurable importance.

Nuclear energy can be either a tool in the service of home and industry or it can be a tool for human destruction. But it was a historic and wise decision of the founding fathers of the European Community to commit the one time warring nations of Europe, in the form of a Treaty establishing the European Atomic Energy Community, to the peaceful use of atomic energy. And it follows therefore, as I see it, that the disciplines required to ensure the peaceful use of nuclear energy should be accepted, however uncomfortable and embarrassing the adjustments may be within the internal structures of each Member State.

Two Member States of the European Community already possess a nuclear military capability. Yet one, the United Kingdom, has found relatively little difficulty in accepting the disciplines imposed by the non-proliferation Treaty before signing the Treaty of Accession. France, the second Member State with a nuclear military capability, somehow — and certainly to my opinion regrettably — finds the disciplines of the Euratom Treaty difficult to accept. Yet the acquisition and possession of nuclear material are essential elements of the accountancy exercise which is involved in inspection procedure. The President of France has indicated that the French Government regards certain chapters of the Euratom Treaty as having been overtaken by time. I would ask the House if it is not rather a case of the Euratom Treaty having anticipated the use of nuclear power, and providing for the day of its widespread use in the generation of electricity.

It is well worthwhile recalling on this occasion, certainly within the context of amendments, that Mr Christian Pineau, and Mr Maurice Faure, signed the Euratom Treaty for France after it had been ratified by

the French National Assembly. Yet the Group of European Progressive Democrats has tabled amendments to the motion for a resolution which, in my opinion and the opinion of my group, contradict the Treaty commitments of the French Republic.

In one of the amendments which have been tabled and on which we shall be voting upon tomorrow — the amendment to delete paragraph 7 of the motion for a resolution — Mr Ansquer and his colleagues are seeking to remove the emphasis on the supra-national character of the Euratom inspection system. But this Parliament is responsible for the application of Article 2 of the Treaty, which stipulates in particular that the Euratom atomic energy committee shall, and I quote, 'make certain by appropriate supervision that nuclear materials are not diverted to purposes other than those for which they are intended.' France, like other Member States, is committed to facilitating the Community in this very important task in the interests of the peace of the Community and the peace of the world. If Mr Ansquer and his colleagues object to the Vienna Agency, then they should note that Euratom was charged with responsibility for the establishment of relations with international organizations in order to foster progress in the peaceful uses of nuclear energy. Mr Ansquer and his colleagues wish to remove the paragraph calling for uniform application of Euratom safeguards in all Member States. But inspection is a necessary concomitant of the supervision of nuclear materials, supervision to which French democratic processes freely committed the French people, as have the democratic process of other Member States.

Mr Ansquer and his colleagues also seek to delete the paragraph calling for the Community's adherence to the International Convention on the Physical Protection of Nuclear Materials. Yet France, like other Member States, has, under Article 2 of the Treaty authorized Euratom — and again Mr President, I quote — 'to establish uniform safety standards to protect the health of workers, and of the general public, and to ensure that they are applied.' It is therefore surely in the interests of all citizens of the Community, including the French, that the most rigorous standards should be established, as it is doubtful in our opinion that any single Member State would alone possess the corpus of knowledge required to create the best and highest standards for the protection of those employed in this field, and of the public generally. The best standards are not always the standards of a single nation, high as they are in the case of France. The European Community, in our judgment, should be the agency to offer the best humanly available standards. And it would be feign to pretend that France, or the United Kingdom or indeed any other Member State of the Community was wholly wise in nuclear standards of protection and inspection.

Normanton

Mr President, I deeply regret to have to say that the members of the Group of European Progressive Democrats may be politically and — dare I say — intellectually, inconsistent when in their first amendment they draw attention to the hegemonistic effect of the United States nuclear policy on Community firms, both energy undertakings and component suppliers, and in their subsequent amendment they seek to undermine the operation of Euratom for the peace, safety and well-being of the Community citizens and of the world. I believe that France alone could not have obtained a stay of execution of two years in the application of the United States' non-proliferation act on supplies of enriched fuel. This was a Community achievement, as this House ought to recognize. I am very sorry indeed to adopt this line, but we have to ask the question: on whom are French nuclear electrical generating stations dependent for their enriched uranium?

The amendment tabled by Mr Ripamonti represents, I think, a political understanding of the importance of rigorous inspection of nuclear materials, and the European Conservative Group welcomes the amendment because it invites the Community to promote the peaceful use of nuclear energy in the world. That is the only way to relieve the Community citizens and the peoples of the world of their anxiety about energy supplies. Nuclear energy is a vital tool for the social and the economic well-being of mankind. Euratom should be the powerful instrument of its promotion, promotion which coincidentally benefits the Community's nuclear plant industries. International trust can only be established within a rigorous framework of inspection and verification.

(Applause)

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

Mr Veronesi. — *(I)* Mr President, a very brief statement on the attitude of the Italian Communists to this problem. We shall be voting in favour of the motion for a resolution in Mr Mitchell's report. Briefly, we are convinced that, as regards the problem of the proliferation of nuclear weapons, strict control is more effective and valid than restrictions on information on nuclear technologies for peaceful purposes.

In our view treaties and regulations signed by governments constitute a more reliable code of behaviour than restrictive measures on the nuclear market. Everyone knows that knowledge disseminates as time goes by and ceases to be a confidential asset. The secret supply of uranium is easily proved. The secret armaments market is thriving throughout the world and that in itself lends sufficient weight to my assertion. In this case, know-how and fissile materials diffused outside a system of control and inspection and without any effort to prevent proliferation repre-

sent a real danger to peace and to the safety of mankind. This is the basic philosophy underlying the motion for a resolution of the Committee on Energy and Research.

That Committee reached the conclusions set out in the report after a long discussion and a great deal of effort. It tackled the whole problem area, looking at all the associated problems from many different viewpoints, raising many questions and contending with many doubts and much confusion. At one point, the conviction prevailed that it would be necessary rather than useful to adopt a firm stance. Certainly the approach is not definitive. The many questions that are still open call for a great deal of work — polishing and legal and technological improvement. The subject dealt with is extremely complex and has vast implications for international law and nuclear science. For this reason we consider that constant attention must be paid to these problems so that the control measures may be kept continually up-to-date and the general conditions provided for an increasingly convincing system of safeguards.

To that end, a task of initiative also lies on the shoulders of the Commission whose role, particularly in relation to third countries, must be to stimulate and make suggestions.

On the basis of this assessment, we shall vote for the proposed motion for a resolution. I am in a position to say in advance that we will be unable to accept the amendments proposed by the members in the Group of European Progressive Democrats, except one. These amendments seem to us to be absolutely inappropriate to the problems that we have outlined.

IN THE CHAIR: MR HOLST

Vice-President

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

Mr Krieg. — *(F)* Mr President, ladies and gentlemen, I had the disagreeable impression, listening to this discussion and particularly to two of the speakers, that the subject before us was being transformed bit by bit into a kind of trial of the country whose representative I shall continue to be, for a few weeks, in this Parliament. If I took the same line as these speakers we might find ourselves exchanging harsh words, certainly going beyond the thoughts in our minds. Even so, with all the respect that I owe to Mrs Walz as my chairman for a number of months in the Committee on Energy, I would like to tell her that to threaten a country with sanctions to force it to comply with a treaty — at least that is the way the interpreter put it — is certainly not the right way to induce the leaders of that country to fall in with the requests of a Parliament like ours.

Krieg

In fact, the subject we are dealing with today — particularly in the way in which the discussion has gone off the point — is one of those to which the remarks could be applied that were made a few months ago by our colleagues in the Communist Group and ourselves on the subject of the Klepsch report. The point is that, in examining a number of problems concerning safety in atomic matters, we come up against a number of questions that are not the responsibility of this Parliament — I mean military questions.

We shall not use this approach which, in any case, would be rejected by the vast majority in this Parliament which has only too great a tendency to want to enlarge its authority. We shall keep to the problem at issue, namely the application of the Euratom Treaty, because everything stems from that. The inescapable fact is that the application of this Treaty, planned in 1957 as a way of relaunching Europe after the failure of the EDC, was extremely limited, not to say less than fragmentary, until the day that some people in the European Institutions thought it would be a good idea to revive it in order, presumably, to exert pressure on the French Government which had refused to sign certain treaties. In 1957 when the Euratom Treaty was signed in the six-country Community, France was the only Member State to have significant atomic resources and to want to acquire atomic weapons. This was certainly the reason why, on the initiative of the French Government at the time, a number of the provisions of the Euratom Treaty were not, in the end, applied — particularly those concerning imported fissile materials.

The inertia of the Euratom Treaty might well still prevail today if someone had not hit on the bright idea of wanting to appear, at least, to have some of the clauses in the Treaty applied extremely strictly, particularly those concerning external relations. If this method or approach were to be followed we would certainly arrive at the paradoxical result that the negative clauses of the Treaty, the inspections and safeguards for example, would be applied whereas the positive clauses like the creation of a real European nuclear industry, would never be applied. This seems rather strange and paradoxical and the inference is that the Euratom Treaty needs, in actual fact, to be revised. True enough, as framed in 1957 it matched the prevailing political and technical situation but in 1979, 20 years later, it no longer corresponds to present needs. This is why my group has tabled a number of amendments signed by Mr Ansquer and others. A judgment was delivered in October-November 1978 by the Court of Justice of the Communities in a case which I would describe as somewhat artificially built up out of nothing for a very specific purpose. I shall not go back over this matter; Members need only refer to the many references in the *Journal Officiel de la République Française* to find all the facts. Some Members invoking this judg-

ment would certainly be far less eager to apply such decisions if their purpose was to bring North Sea oil, for example, or natural gas production in the Netherlands under European control.

However this may be, this is certainly not the moment for considerations of this kind. Among our first four amendments, numbered 2, 3, 4 and 5, there is one which has given rise to difficulty because it refers specifically to the present nuclear policy of the United States Government. Everybody knows what it is, remembers the details and can read about it in all the newspapers but we must on no account say anything about it because that might cause difficulty. These four amendments stem directly from the stance we have taken, in other words our refusal to accept supranationality in such inspections just as we refuse to accept the ruling of the Court of Justice to which I have just referred.

Amendment No 6, which is of a very different kind, is tabled because our group does not take the view that the Community should be a party to the International Convention on the Physical Protection of Nuclear Materials, Installations and Nuclear Transport, if only because the safety of installations is outside the responsibility of the Commission. In this there is no refusal to cooperate on the part of my country since France — as reported in all the European papers — has given the Vienna Agency access to certain civil nuclear installations to enable it to perform its duties in that connection.

As to amendment No 7, this we feel would allow changes to be proposed to the Euratom Treaty which needs to match the content of Member States' nuclear policies. In particular it needs to be made compatible — which, after all, would be a good thing — with developments in British and French military nuclear programmes as well as with non-proliferation policy. These, I would repeat, are sectors for the big powers and this Euratom Treaty was not made for them.

In fact, Mr President, ladies and gentlemen, we have the impression we are discussing the corpse — or what is left of it — of a treaty that could have produced great results but which did not because no-one wanted, knew how or was able to apply its essential provisions. It is therefore clear that if tomorrow the amendments we have tabled are rejected my group will in no circumstances be able to vote for the motion for a resolution as it now stands.

President. — I call Mrs Walz.

Mrs Walz. — (*D*) Mr President, I asked to speak in order to say something about a point that Mr Krieg just made. He must have completely misunderstood something. I have never taken the liberty of saying that sanctions should be used against France. I have no idea how he even formed the idea. All I said — and I have it here written down — is that it is abso-

Walz

lutely vital to prevent the proliferation of nuclear weapons and that sanctions should be taken against countries guilty to supply atomic weapons to anyone. There has therefore, Mr Krieg, been a complete misunderstanding and I earnestly ask you to believe that I would never have taken the liberty of making such a remark about France.

President. — I call Mr Krieg.

Mr Krieg. — (*F*) Mr President, I would like to thank Mrs Walz for what she has just said. As she suggests, I think I heard something that was not exactly the same as what she has just explained and I would like to thank her very much.

President. — I call Mr Flämig.

Mr Flämig, deputy rapporteur. — (*D*) Mr President, I would now like to speak briefly on the seven amendments on Mr Mitchell's behalf.

Amendment No 1 tabled by Mr Ripamenti seems, in our view, to express the point somewhat more clearly and I would therefore recommend its adoption.

Amendment No. 2 is tabled by Mr Ansquer, Mr Liogier, Mr Power and Mr Krieg. It proposes the insertion of the following words: 'as demonstrated by the present nuclear policy of the United States Government'. We do not think this is right because, as Mrs Walz and I myself have already explained, it is not just the United States that wants to act restrictively but other countries as well. For that reason I would recommend the rejection of this amendment.

Amendment No 3 is tabled by the same Members as Amendment No 2. Here I would like to stress that the role of the Euratom inspection system and the International Atomic Energy Agency is not surveillance but the discovery of diversion: On that understanding, the amendment might be said to be acceptable, but in that case it is no different from Mr Mitchell's original wording. It may be that this is just a translation problem and I would suggest that using the word 'Entdecken' instead of 'Überwachung' in the German translation of Mr Mitchell's motion will possibly dispose of the matter.

Amendment No 4, tabled by the same Members, denies the supranational character of Euratom monitoring. Here we take a completely different view as we have already explained and for this reason we ask that this amendment be rejected.

Amendment No 5 is concerned with paragraph 8 of the motion for a resolution to the effect that it is considered important that Euratom safeguards be applied uniformly in all Member States and that Euratom continue to have full rights of inspection in all civilian nuclear installations in the Community. In our view this is essential and we cannot agree to the amendment as we have already explained. We recommend the rejection of this amendment.

Amendment No 6, again tabled by the same Members, concerns paragraph 12 of the motion for a resolution recommending that the Community as such should become a party to the International Convention on the Physical Protection of Nuclear Materials. This, Mr President, is simply the consequence of the 14 November 1978 ruling of the European Court of Justice, given at Belgium's request, to the effect that no Member State could be a party to a Convention on the physical protection of nuclear materials unless the Community acceded to it. The legal situation has therefore been cleared up and on these grounds the amendment cannot, in my view, be agreed to. We recommend that you reject it.

Amendment No 7 proposes that a new paragraph 12 a be added, reading: 'Hopes that the Commission will propose amendments to the provisions of the Euratom Treaty to adapt it to the new realities of the energy and science policies of the Member States'. In his speech, Mr Krieg argued that the Treaty was now several decades old and needs to be revised. The rapporteur — so Mr Mitchell told me — sees no need for this and recommends that the amendment be rejected.

President. — I call Mr Brunner.

Mr Brunner, Member of the Commission — (*D*) Mr President, I too would like to thank the rapporteur. In my view the report helps to clarify what we have, in practice, achieved during the course of the last few years and I would prefer to focus my comments on this practical side of things. My reason is that theoretical arguments about the binding character of treaties that have been accepted by everybody even though they may be old generally does no more than produce a deep cleft in public opinion about the loss of common purpose and binding commitment and in the end becomes an obstacle to the further development of Europe. There is no point in always talking about European independence and a Europe standing on its own two feet if, when it comes to the practical implications, we cannot rise above the national state level. There is no logic in pointing, for the benefit of others, to Europe's independence as a political creation if countries themselves are not ready to travel with others along the road leading to that independence. Here there is a fundamental contradiction in the basic arguments of those who make a show of treaties or parts of treaties when it suits them in the day-to-day business of politics but disown them and even describe them as corpses when they come across any practical difficulties or restrictions to the development of their policy in such treaties. This is not the way we should do things, no-one in Europe should be sorry otherwise they will be sorry. I urge you, don't spit in the bowl you're going to have to eat out of. So what I ask you is not to argue that the treaty is twenty

Brunner

years old and therefore dead. You could say that about every treaty in the Community. Of course, in every Community Treaty there are parts that could be improved, there are even parts that should be improved. Let us try to do this together, though, but being particularly careful to preserve the common denominator. Every suggestion of polemics must be kept out of the political argument because otherwise I shall not have the consensus I need in order to carry through so difficult an operation as a treaty revision. My recommendation to everyone would then be: go easy.

With this Euratom Treaty we have taken a few concrete steps forward towards the goals set out in Article 1 and 2. We have made progress towards the Common Market. We have made progress in the direction of stimulating Community research and energy policy. We have made progress in the definition of monitoring responsibilities and that is our subject today and we have made progress with regard to third countries — the suppliers of enriched uranium. At least this Community — as Mrs Walz said — had managed to have the agreement with the United States stabilized to some extent for a certain time so that we will not be subject to any interruptions in supplies. This Community has managed to reach an agreement with Canada that, after the one and a half year interruption in supplies, deliveries will recommence throughout the Community. This has benefited us all and, to my mind, there is a great deal of promise in this Treaty.

What we have achieved in the area we are discussing today is clear for all to see. We are the best-monitored region throughout the world. As Euratom, we are also party to tripartite treaties between France, the International Atomic Energy Agency and Euratom. We have at least as many inspectors at work in Europe as the Vienna Agency has for the whole world. We plan to engage a further 25 inspectors this year and to have 31 more centres for this security sector. By and large, handling of materials, no matter how innocuous they may have seemed, even in the case of small amounts. We have also run into difficulties on occasion, but who has not? Have national inspectors fared any better? Have there been no hitches, no anomalies in their case? To my mind, this is all evident and it makes sense to strengthen the system. I do not believe it pays to throw all this, the result of years of effort, out of the window for reasons of political expediency which next day or in the election will cease to have any significance. This is what we should all have in mind and I feel that you should also take it into account when you vote on the motion for a resolution.

President. — I note that no-one else wishes to speak. The vote on the motion for a resolution and the amendments that have been tabled will be taken during voting-time.

The debate is closed.

16. Accident at Harrisburg

President. — The next item is the motion for a resolution (Doc. 81/79) tabled by Mrs Walz and Mr Flämig on behalf of the Committee on Energy and Research on

the accident at the Three Mile Island nuclear power station.

I call Mrs Walz.

Mrs Walz. — (D) Mr President, the motion for a resolution tabled by Mr Flämig and myself on behalf of the Committee on Energy and Research really needs no further explanation. I will just make a few short comments to indicate to the Commission the aspects to which we attach particular importance.

The Commission was good enough to give us a report in Rome about the accident at Harrisburg only a few days after the event and after informing itself objectively about the matter and sending someone there. In the meantime much has happened and we are being bombarded with news and opinions and even emotional and often what I would call hysterical outbursts. The truth is, however, that a clear view is not yet possible. The interests at stake are too important for attempts not to be made on every side — and I say every intentionally — to use this accident, which is so far under control, to support their own case. We therefore ask the Commission for two things.

First, to be informed continuously about the stage reached in the inquiries into the causes of the accident. I have to say continuously because, although we already know far more about the accident, accurate conclusions will not be possible until the reactor itself can be entered.

Secondly, we ask the Commission, even at this relatively early stage in the inquiry, for a comprehensive statement of the possible implications of this accident for the energy policy of the European Community which, anyway, will certainly not achieve its 1985 energy targets. We are aware of the fact that, at the moment, the greatest caution must prevail and we consider ourselves fortunate to have an independent institution, in the form of the Commission, to facilitate the decisions we policy-makers have to take in situations where rival interests are in conflict. Until recently, of course, our Committee was agreed that we cannot do without nuclear energy. We would therefore ask you to tell us what you have discovered and, if necessary, to repeat this at the beginning of May. My mistake — you intended to give us a paper in early May — we have not yet had it but we are hoping for it to come — but it could be that further questions may arise out of this paper. We would therefore ask you to refer again to this item at the next part-session.

Walz

All of us here are agreed that public safety must, of course, take precedence. But most of us also know that, at the moment, we cannot do without nuclear energy and that other large-scale systems, like solar energy, are — if anything — more dangerous than nuclear energy. I would remind you of the Canadian study and the one commissioned from the Batelle Institute and the conclusion that large-scale solar energy systems were, if anything, more dangerous than nuclear energy.

In 25 years time, however, the world's population will have doubled from 4 to 8 billion and it is up to us, now, to make the necessary energy provisions.

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

Mr Flämig. — (*D*) Mr President, as Socialists we are naturally particularly concerned about this matter — particularly concerned and particularly worried. It is naturally out of the question to spell all our concerns out in a few minutes but there are a couple of points we must make. I shall be as brief as I can.

Mr President, from whatever angle you see it, the world does not look the same after the accident at Three Mile Island in Harrisburg. Those of us who have always been saying that nothing could happen are having to eat their words and the views of those who have always managed to discover hitherto unknown dangers in addition to the residual risk seem to be confirmed. True enough, nothing has happened, I mean that no human beings and apparently no other forms of life have been harmed or destroyed — we have got away with it again. This is our conclusion from what the Commission reported to us a few days after the accident. I would like to thank Mr Brunner and his people very sincerely for informing the Committee so quickly. On the other hand, it is at least clear from this first report that something might have happened and that not only the reactor pressure vessel might have been damaged by explosive gas but that probably damage might also have occurred in the reactor building with the possibility that highly radioactive fission products might have reached the atmosphere.

From this first report we also gathered that the bundle of fuel elements in the reactor core might have become a molten mass resulting in the MCA that everyone talks about, the maximum conceivable accident with the possible need to evacuate tens of thousands of people with all the problems that involves. Luck or technical skill prevented this but however that may be, we politicians want to know how safe nuclear power stations really are. This morning the news on the radio was that the NRC — the Nuclear Regulatory Commission — has ordered all Babcock and Wilcox reactors in the United States to be shut

down. The safety principle of light water reactors has to be reconsidered and the level of safety increased. Well, if anything positive has come out of this incident at all, then it is this. For the European Community we want to know what conclusions to draw for our nuclear power programme. Tony Benn, to whom we spoke a few days ago in England, Framatome, KWU in the Federal Republic and the EDF — no matter who you ask — they all tell you that in Europe this could never have happened. But we have a report, Mr President, setting out what happened minute by minute and this tells us that many things happened that should not have happened and some other things did not happen that should have happened.

So forgive me, Mr President, for speaking as a layman and not an engineer and asking whether it was carelessness or sabotage. At least we have to find out whether it is true that, because of an approaching inspection date (1 April), reactor 2 had to be put into operation. We will have to find out whether it is true that the staff had been doing overtime for days and weeks. We shall have to find out whether it is true that the reactor was switched on even though valves in the secondary circuit were closed, which is not allowed by the operating rules. We want to know whether the switching off of the emergency cooling system is really the fault of wrong readings, because if that were the case it would be extremely alarming. We want to know whether a pressure relieving valve opened, but could then no longer be shut. However this may be, we feel that reactors must be designed in such a way as to be negligence and sabotage-proof. They must ensure safe, timely and automatic shut-down. We also want to know what conclusions the Commission draws from this incident for its energy policy. Here we agree with what Mrs Walz has just said. Is the Commission on the side of those who now want to think again and decide whether nuclear energy is really necessary? If that were the case it would be a dreadful confession of incompetence to begin to wonder now, after 20 years of nuclear energy development and after the investment of billions of tax revenue, whether something is really necessary. It would be as if we had invested billions just for fun. Or does the Commission side with those who are now saying that all nuclear power stations must be closed down? That would mean doing without nuclear energy and it would mean that everybody would have been telling us lies, the OECD International Energy Agency for example, the many other advisers whom we have heard in recent years in our committee, and the energy policy institutions who deserve to be taken seriously, all of whom agree that the answer is first energy conservation, second coal and third nuclear energy. They have explained to us with facts and figures that without nuclear energy there will be a halt to economic development in the industrialized coun-

Flämig

tries whose whole economic and financial system is constructed around economic growth.

It would mean cuts in public spending on education, public health and social security. There would be fresh danger of mounting unemployment particularly since other economic systems and other countries not prepared to be argued into a moratorium would conquer the markets. Finally, we have always been told that without nuclear energy economic development in the third world is quite out of the question. For these reasons we want to know whether there is an alternative and if so what? We have always been told that nuclear power can be used only for the basic electricity load. If we are therefore advised to limit speeds on motorways then this will save oil but not nuclear energy. If we are told that we ought to reduce heating, this could affect oil, coal and gas but not nuclear energy. If they tell us to use more heat pumps then perhaps we might save coal, oil and gas but it would require more electricity and therefore perhaps even more nuclear energy. If anyone says use the sun, then the sun is certainly one way of heating water or making some contribution to space heating but solar energy cannot generate electricity on the large scale. And if anyone says wind then I would reply that power generating capacities must be so designed as to prevent a blackout precisely at that time every year when demand is highest, and that you cannot do with wind energy, because no-one can guarantee that the wind will be blowing precisely at that moment, to say nothing of the fact that thousands of new Eiffel towers would be needed.

If we can believe what we are told the only possible alternatives for nuclear energy are lignite, coal, hydro-power, oil and gas and there are dozens of countries in the world without any of these on a scale worth mentioning. Shakespeare had Richard III cry 'a horse, a horse, my kingdom for a horse. With his permission I would say, 'a kingdom for a realistic alternative'.

However, Harrisburg should not — so we Socialists think — lead to a panic reaction, but it does underline, in macabre fashion, the rightness of the principle that we Social Democrats have upheld for years, namely that safety comes before economic advantage. We therefore urge the Commission to make a careful investigation of what really happened in Harrisburg and to ensure that what is found out is utilized in the European Community to ensure that reactors, the nuclear fuel cycle, temporary storage sites and final disposal facilities can all be justified with a good conscience to all our people.

(Applause)

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

Mr Normanton. — Mr President, all I want to do is to make, very briefly, three points. The first is to tell the House that at the height of what was called the 'nuclear disaster of Harrisburg' a friend flew in from America and landed in the morning in Manchester. I was planning to meet him for dinner at night, but in the intervening five or six hours he sat in his hotel room and watched two television reports on the Harrisburg events. His remarks to me I thought were very significant. He said, 'I only live five miles away from this place, I have seen the event directly on the ground, and I frankly have to ask myself two questions: Where have I been living? And where have those reporters been? Because there is no connection between what actually happened as I saw it and what your television reporters were sensationalizing.

The second point is this, I am not decrying the potential dangers from atomic energy in whatever forms it is used, but the House has a political duty to protect our electorate from wilful deception by people whose motives are open in many cases to question, whose objectives are in many cases dubious and devious, and who never fail to use any opportunity to pursue their objectives, which are what I call professional sensation-mongering. If we were as a Member State or a Community to go slow on our programmes of construction or to stop these programmes, then I believe that we as parliamentarians would be abdicating our responsibilities. We should be exposing ourselves to justifiable and deserved condemnation by future generations. I am putting it in those strong terms. I hope the House will turn its face against joining the flock of sheep who, every time something happens in the nuclear field, are panicked by every promoter of sensation, rumour and downright untruths.

The last point I make — and I make it as I have done on many occasions before — is that we as parliamentarians have a duty to lead our people, to care for our people, and if we join that flock then we are abdicating that lead. This House must always be vigilant in safeguarding and promoting the safety and security of our people.

We look forward to hearing Mr Brunner's report, which I am sure will be both mature and objective and free from sloppy sentimentality.

(Applause)

President. — I call Mr Veronesi.

Mr Veronesi. — *(I)* Mr President, in view of the time allowed for the last four subjects on the agenda I thought that, on this last item, we would just be supporting the request for information without opening any discussion and I hoped, instead, that the debate could begin after the document were tabled.

Veronesi

Anticipating matters like this seems to me completely pointless. I have no lack of material, information and arguments. I have built up a fat file on this accident in which I had the help of some scientific institutes and I will therefore have much to say. But I would prefer to speak and discuss after the tabling of the report and the defining of its position on the part of the Commission which I consider as a source above all suspicion and capable of providing the kind of basis for discussion that will effectively clarify the nature of the question. For this reason and hoping that the discussion can be re-opened after the tabling of the document, I shall confine myself at the present time to endorsing the request for information.

President. — I call Mr Noè.

Mr Noè. — (*I*) Mr President, I too will endeavour to be brief but I would like to voice at least one thought.

In the meeting that the Committee on Energy and Research held in Rome after the arrival of the first reports, which came — as Mr Flämig has said — with really commendable speed, we expressed two initial reactions. We felt that there had been human error and that therefore the training and choice of staff should be performed more carefully in future and secondly we felt — since one valve had failed to open and the other had opened but then failed to shut — that the automatic mechanisms responsible for certain tasks needed to be checked more often. I consider that these two initial reactions are sound but, on further reflection, I feel that certain comments need to be made on this subject.

First and foremost, what happened did so because various points in the system displayed defects some of which were due to human error and some to the malfunction of working parts. However this may be, the sequence caused the incident. It is therefore essential that, in future, the collection of operating data in power stations in service be more systematic, making sure that all possible faults will be detected. We could make a comparison with air traffic control which this Parliament enquired into after the Zagreb incident. In actual fact we initiated the study because two aircraft collided and crashed but all near misses have the same value and studying them could prove to be useful. In Europe, therefore, we should do the same work that is being done in the United States by the energy producing companies. On the Pacific and the Atlantic coasts there are two units collecting all the data, as requested by President Carter in 1977. The collection of data relating to operational defects, including those leading to incidents that are not as serious as the Harrisburg accident but simply leading to the risk of an incident — should be analysed with two specific ends in view: better design and stricter operating conditions. The point is that human failure should not be exaggerated. In this case there certainly

was human failure but better design and better automation could successfully prevent it. I therefore feel that it would be useful for the Commission — and I turn to Commissioner Brunner — to maintain closer contact with UNIPEDE, the Union of energy producers, because these people who manage power stations know all the secrets of behaviour that can be a constant source of guidance for the way to go about things in the future. There is no doubt — as Mrs Walz and Mr Flämig requested — that it will be useful for the Commission to produce a full report at the right time on what happened in Harrisburg, but — I would say this in the plainest possible terms — this is not enough because today's sequence of events could well be different tomorrow. What needs to be studied with the greatest attention, therefore, is the systematic monitoring of operation in nuclear power stations, particularly since the programme of the Joint Research Centre at Ispra has for some years now been in possession of evidence regarding the effects of failure in the cooling circuit. Now there is the SARA programme which could well, in the next five or six years, provide greater insight into facts of this kind. In addition, the programme itself includes farther-reaching research to establish the features needed to ensure a greater level of safety by means of studies on the real operational characteristics of power stations in service.

I feel therefore that this subject should be taken up again by the next Parliament in order to draw the first conclusions from this incident. I am naturally also counting on the Commission to reply as requested and I am hoping it will give us interesting and detailed information.

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

Mr Inchauspé. — (*F*) Mr President, my dear colleagues, I must, first of all, on behalf of the Group of European Progressive Democrats, thank Mrs Walz and Mr Flämig for tabling, on behalf of the Committee on Energy, this motion for a resolution on the accident at the Harrisburg nuclear power station, because it reflects this Parliament's frequently repeated desire to be fully informed on all the safety problems which may arise and, of course, its wish that public opinion in our countries be informed of them. The great merit of this motion for a resolution is that it gives us an opportunity to restate firmly our position on nuclear energy policy. The Group of European Progressive Democrats has consistently maintained that for the sake of the Community's future energy supplies it is absolutely essential to make use of nuclear energy. It has always strongly deplored the considerable delays occurring in the construction programmes for nuclear power stations in the Member States. The moral to be drawn from the accident

Inchauspé

which occurred in the American power station is that we need to know more on safety problems and that we must be determined in our efforts to master them. Personally I think there is another lesson to be drawn. When one has learned admittedly in a fragmentary fashion — from the operational reports of the various technical incidents which have occurred ; as well as of some serious human errors, which however, produced no serious consequences, I must admit that I personally am left with the impression that safety standards in this type of plant are very high. But I should like to add that improvement of the safety in nuclear power stations should be the guiding principle in all our efforts and that an accident such as this should not be allowed to jeopardize our nuclear energy programmes. Further delays would pose a serious threat to the future development of our Community and to the living standards of our peoples. Only a vigorous nuclear energy policy can offer some ray of hope in the rather sombre outlook for the Community's energy supplies in years to come. The Group of European Progressive Democrats will vote for Mrs Walz and Mr Flämig's motion for a resolution in the hope that the Commission will be able to reply favourably to the request expressed therein.

President. — I call Mr Natali.

Mr Natali, Vice-President of the Commission. — (I) Mr President, I want first of all to thank Mrs Walz and Mr Flämig for tabling this motion. They have reminded us that as soon as the Harrisburg accident occurred the Commission decided it was its duty to send its own specialist observers. These observers were able to avail themselves of the information published by the responsible body, the Nuclear Regulatory Commission, but also they were able to obtain direct information from their fellow specialists from other countries, among them many officials of the Member States who had also been sent there.

An initial report has already been submitted to the Nuclear Safety Coordination Committee, which is a body within the Commission responsible for coordinating all the activities of the Commission's departments concerned with nuclear safety.

In view of this initiative of ours, therefore, we think we can give a positive answer to Parliament's request inviting us to submit a report in May. This certainly will not be a definitive report, especially as regards the conclusions in the technical and scientific fields for these will have to be re-examined in the light, among other things, of the results of the official inquiry launched by the United States' President, which probably will not be available in less than six months.

I think, however that I can say here and now — and also on behalf of my colleague, Mr Brunner — that the Commission will, despite the early time limit, try not only to present in its report to Parliament a tech-

nical and documented account of the event but also to add some overall assessment which may serve as a basis for consideration of the causes and the course of the mishap, and of the measures taken to deal with it.

In fact, some statements on the course of the accident can be made at this stage. It was provoked by a conjunction of six factors : a technical factor, a design factor and a human factor. The remaining three were combinations of technical and human aspects. Despite the fact that technical emergency plans existed, the events found the local authorities to some extent unprepared for such an emergency as actually occurred. Fortunately, the human and the environmental consequences have not been serious. The last thing to note is that the Harrisburg mishap has demonstrated the importance of a public body : the Nuclear Regulatory Commission, which has regulatory and control powers and also performs a public information function, was very active in the events and proved itself extremely useful.

I take the opportunity of this debate to inform Parliament that at the last Council of Ministers of the Environment, held on 9 April in Luxembourg, I submitted a communication on the Harrisburg accident. Obviously, it could only present some general considerations on the problems raised by the events. But already at that stage I had emphasized that more detailed data were necessary before answers could be produced to a number of obvious questions. One of the points which I particularly stressed was that it seemed likely that questions of nuclear safety were to a large extent separate from problems relating to the exploitation of nuclear energy, and that the two aspects — nuclear energy and nuclear safety — should remain distinct, also as far as administrative responsibility is concerned. I am sorry if I have to disagree here with Mr Noè, who a short while ago seemed to be arguing a diametrically opposed view.

We shall also have to deal with another question, that is, whether the controlling authority should be at national or at Community level, or whether coordination, at least, at Community level might be possible. Another point concerns emergency plans — their existence and their effectiveness. A factor to remember is the Community's geographical configuration and the fact that emergency procedures may become complicated owing to the location of some power stations close to the borders of other States. Luckily, I repeat, the Harrisburg accident has had no serious consequences for human life or the environment. We should nevertheless give careful consideration to the information contained in some reports to the effect that even low levels of radioactivity may in the long term be harmful to both. Should these research results be confirmed, we shall also have to provide for much shorter turns of duty in nuclear power stations.

Natali

Finally, there is the question of informing public opinion. It would be neither possible nor right to withhold full information from the public. The information must be provided not only because the public is formally entitled to have it, but also because, without it, we cannot expect public acceptance of nuclear energy. It is true enough that all human activity, especially industrial activity, involves risk and that it has already claimed thousands of human lives. This, however, does not absolve us from the duty of informing the public of the implications of these various activities and of the fact that a risk — admittedly estimated to be extremely small, but nevertheless real — the nature of which we are all the better able to appreciate after the Harrisburg incident, exists.

Neither, on the other hand, can it be denied that we need nuclear energy. It may be that too much importance has been accorded to this form of energy because it has been regarded as the only available alternative to conventional energy sources. Because of this, research on other possible energy sources has suffered. It is thus that today nuclear energy is for us a 'must' — a necessity we dare not ignore. Let us, then, try to practise containment — by saving as much energy as possible, by planning realistic growth rates, by providing for as much safety as science, technology and human organization can assure. Let us also make a determined effort to identify and explore alternative energy sources. These are the initial conclusions that we can draw from the Harrisburg accident.

President. — I note that no-one else wishes to speak. The vote on the motion for a resolution, as it stands, will be taken tomorrow during voting-time. The debate is closed.

17. Urgent procedure

President. — I have received from Mr Corrie, on behalf of the Committee on Agriculture, a motion for a resolution with request for urgent debate pursuant to Rule 14 of the Rules of Procedure on EEC-Norwegian fishing relations (Doc. 122/79).

The reasons supporting this request for urgent debate are contained in the document itself.

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

18. Agenda for next sitting

President. — The next sitting will take place tomorrow, Wednesday, 25 April 1979, at 10 a.m. and from 3 p.m. to 8 or possibly 9 p.m., with the following agenda :

10 a.m. and 3 p.m. until 8 p.m. (possibly 9 p.m.)

- Decision on urgency of two motions for resolutions
- Oral Questions with debate to the Commission, the Council and to the Foreign Ministers on relations between the Community and the USA
- Oral question with debate to the Council on Community action in favour of consumers
- Joint debate on the Spinelli report, two oral questions, one to the Commission, the other to the Council, and an oral question to the Commission on actions in the iron and steel sector and other industries
- Joint debate on the Lagorce report and an oral question to the Foreign Ministers on the code of conduct for Community companies with subsidiaries in South Africa
- Blumenfeld report on the peace treaty between Egypt and Israel

3 p.m. :

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

4.30 p.m. :

- Vote on draft amending and supplementary budget No 1 and on the motion for a resolution contained in the Bangemann report
- Voting time

The sitting is closed.

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

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IN THE CHAIR : MR BERKHOUWER

Vice-President

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

President. — The sitting is open.

1. *Approval of minutes*

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

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

2. *Documents received*

President. — I have received :

(a) from the Council a request for an opinion on :

- the proposal from the Commission to the Council for a directive amending Directive 77/99/EEC on health problems affecting intra-Community trade in meat products (Doc. 118/79)

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

(b) from the parliamentary committees the following reports :

- by Mr Jahn, on behalf of the Committee on the Environment, Public Health and Consumer Protection, on environmental carcinogens (Doc. 99/79) ;
- by Mr Nyborg, on behalf of the Committee on Economic and Monetary Affairs, on the harmonization of company taxation and of withholding taxes on dividends (Doc. 104/79) (interim report) ;
- by Mr Noè, on behalf of the Committee on Regional Policy, Regional Planning and Transport, on the promotion of efficient air traffic management and control (Doc. 106/79) ;
- by Lord Castle, on behalf of the Committee on External Economic Relations, on economic and trade relations between the EEC and New Zealand (Doc. 107/79) ;
- by Mr Corrie, on behalf of the Committee on Regional Policy, Regional Planning and Transport, on the peripheral coastal regions of the European Community (Doc. 113/79) ;
- by Mr Howell, on behalf of the Committee on Agriculture, on measures to be taken to improve the situation in the milk sector (Doc. 115/79) ;
- by Mr Corrie, on behalf of the Committee on Agriculture, on measures to be adopted for the development of fish farming within the Community (Doc. 116/79) ;
- by Mr Broeks, on behalf of the Committee on Development and Cooperation, on the proposals from the Commission to the Council concerning the regulations on food aid for 1979 (Doc. 121/79).

3. Decisions on urgency

President. — The next item is the decision on urgency with regard to the motion for a resolution (Doc. 120/79), tabled by Mr Adams on behalf of the Socialist Group, on *Community aid to the Yugoslav earthquake victims*.

The reasons supporting the request for urgent procedure are contained in the document itself. I put to the vote the request for urgent procedure.

The request is adopted.

I propose that the motion for a resolution be placed on the agenda for the sitting of Friday, 27 April.

Since there are no objections, that is agreed.

I now consult Parliament on the request for urgent procedure with regard to the motion for a resolution (Doc. 122/79), tabled by Mr Corrie on behalf of the Committee on Agriculture, on *EEC-Norwegian fishing relations*.

The reasons supporting the request for urgent procedure are contained in the document itself.

I put to the vote the request for urgent procedure.

The request is adopted.

I propose that the motion for a resolution be placed on the agenda for the sitting of Friday, 27 April.

Since there are no objections, that is agreed.

4. State of relations between the Community and the USA

President. — The next item is the joint debate on the three oral questions with debate (Docs. 56/79, 57/79 and 58/79) by Mr Zagari, Mr Power, Mr Jahn, Mr Brown, Mr Baas, Mr Scott-Hopkins, Mr Leonardi, Mr Haase, Mrs Walz and Mr Ripamonti to the Commission, the Council and the Foreign Ministers meeting in political cooperation :

Subject : State of relations between the Community and the USA

In the context of the regular inter-parliamentary meetings with the United States Congress, all aspects of the Community's relations with that country were recently examined, with particular reference to international trade, monetary affairs, energy and foreign policy.

The authors of these questions, who were members of the European Parliament delegation, returned from the United States with the feeling that the dialogue with that country on such varied and complex matters, which are of supreme importance to our Member States, should be stepped up.

1. What are the most important issues currently arising in relations between the European Community and the United States, either bilaterally or in the international context ?
2. Do the Commission, the Council and the Foreign Ministers meeting in political cooperation share this

feeling and what specific measures are they prepared to take in the near future to strengthen the Community's ability to speak to the United States with a single voice ?

I call Mr Jahn.

Mr Jahn. — (*D*) Mr President, ladies and gentlemen, our aim in tabling this Oral Question to the foreign ministers of the nine Member States and the Council and the Commission was to bring out the importance for both sides of meetings like the recent very detailed discussions with the American Congress, or rather with the delegation we conferred with for the 14th and 15th times, at the beginning of this year in Washington and then last week in Paris. We are aware of the fact that the world is now in a period of historic change, in which power, power groupings and spheres of interest are in a state of flux. Because of the shifts taking place in the centres of political power, it is important for the major blocs — meaning, as far as the West is concerned, the European Community and the USA — to pursue a common policy wherever necessary in the future.

The events of recent weeks and months in the whole question of Europe's and the United States' supplies of energy and other resources have highlighted the need to take common action to deal with crises resulting from political decisions taken elsewhere. I need only cite the Middle East as an example. It is our belief — and we have gone into this question in great detail on a number of occasions with the Americans — that we should pursue a common policy vis-à-vis the whole of the Middle East, which is so vital to our economic and social security. We realize that there are new departures in economic cooperation, particularly after the recent developments in our relations with the People's Republic of China. Here again, American economic interests and American policy are such that it would be advisable for us to agree beforehand on what we can do here within the Community to pursue a genuinely common policy, on a multilateral basis.

Our blossoming trade relations with the People's Republic of China have aroused the interest of the Soviet Union, so much so that the Russians have tried to lay down the law as to what we should and should not supply to the Chinese. Here again, we believe that we should adopt a common standpoint. We believe that no one has the right to dictate the terms of the foreign policy decided on jointly by us in Brussels.

In the last few years, and particularly as a result of the North-South conflict, we have seen the disintegration of pacts or mutual security systems, call them what you will — and I am thinking here particularly of SEATO and CENTRO — and an anachronistic outbreak of Soviet imperialism in Cambodia, Afghanistan, Ethiopia and the Yemen.

Jahn

We have witnessed the Soviet Union's great push for mastery of the high seas, the introduction of large fleets into the Indian and Atlantic Oceans and the threat to our own shipping lines through the Suez Canal. These are all things we should discuss with the Americans; after all, our economic and strategic interests are very close to those of the United States in the Middle East.

We are concerned about ensuring peace, and I am thinking here of the peace treaty between Egypt and Israel. The Political Affairs Committee has come out clearly in favour of the European Parliament helping the Americans to include the whole area — not just Egypt and Israel — in the process of economic and industrial reconstruction.

We are seriously concerned about Turkey. We have just spent a few days talking with the Turkish Government and opposition, and we are now all aware of the catastrophic economic and financial position of Turkey. We also realize that Europe alone cannot guarantee the security of Turkey which is why we need wide-ranging support from the United States, the World Bank, the European Investment Bank and the US Government to work together.

At our last meeting last week in Paris — incidentally, the French Foreign Minister had a similar discussion with the American delegation — our American colleagues asked us to create a standing sub-committee on human rights, rather than having the subject dealt with by a constantly changing collection of parliamentarians. They hoped that, with a standing sub-committee with a permanent staff of officials, we would be in a position to deal with what is, after all, one of the basic aspects of the West's foreign policy, and would be able to monitor any infringements of human rights from meeting to meeting, and present our results to the European Parliament, the national governments and the Congress to enable them to take the necessary decisions. In this way, we would be able to act dynamically, and not simply react to specific events.

I think this proposal shows what the American Congress wants in the long term, which is that this House and the European Community as a whole should set up standing working parties to enable us to take a common line on the major political questions in this world.

(Applause)

President. — I call Mr Bernard-Reymond.

Mr Bernard-Reymond, President-in-Office of the Council. — *(F)* Mr President, at the last part-session, and mainly in reply to a question put to me by Mr Granelli, I was able to report on the wide-ranging and

on-going dialogue which the Community maintains with all countries.

Of course, the Community and the United States of America share a common interest in keeping up a continuous and intensive dialogue by reason of the responsibility they bear for the world economy and for a high level of prosperity in the world, and also because each is the other's main trading partner, which is, of course, a good thing.

The Community and the United States are developing a quasi-permanent consultation procedure on all problems of common interest — whether they be major international problems or specific problems — which arise in their bilateral relations. This consultation procedure works at two levels: first of all, bilaterally in the extensive exchange of visits by leading figures in the Community institutions and members of the American Administration, as well as in the six-monthly consultations the Commission holds with the American authorities, the results of which are regularly passed on to the Council. Perhaps I should also mention the contacts this House maintains with the American Congress. Secondly, we have the multilateral consultations which take place at the West's economic summits — with the participation of the Community — and within all the big international economic organizations like the OECD, GATT, the International Monetary Fund, UNCTAD, and so on.

The main questions of world importance which come up at these regular meetings are, of course, concerned with the world economic situation. I would remind you that the last Western Summit in Bonn — at which the Community's views were based on the guidelines agreed at the European Council in Bremen — adopted a concerted strategy covering growth, employment, inflation, energy, international monetary policy, world trade and North-South relations.

At bilateral level, the Community and the United States have discussed all the problems arising in their mutual trade relations as part of the GATT multilateral trade negotiations, which are now nearing completion in Geneva.

Without going into detail, I should just like to say that these negotiations will guarantee us improved access to the American market and will at the same time solve a number of problems which have been hanging over our relations for a very long time, including the implementation by the United States of the same rules as its partners in the field of counter-vailing duties and customs valuation.

As to the other important bilateral problems, I would just mention steel, which is the subject of regular consultations, both at bilateral level and as part of the work of the Steel Committee and of the OECD. I therefore think we have a wide-ranging dialogue going

Bernard-Reymond

with the United States, covering a multitude of fields in considerable detail, and that the Community regularly speaks with a single voice in these consultations on all matters for which it is responsible.

Having said this, however, I must point out that the purpose of a dialogue is not to oblige one partner to adopt the opinions of the other. The Community and the USA each have interests of their own, which means that on certain subjects their points of view cannot be reconciled or harmonized. But this is no reason for concluding that the dialogue is not working properly or needs to be strengthened. It is quite right and proper for the Community to want to exert its own influence on the international scene.

The same goes for political cooperation. Under the terms of the document of 14 December 1973 on a European identity, which remains the definitive statement of the Nine's foreign policy objectives, the Member States are intent on making their cohesiveness and their special identity felt on the international scene. At the same time, they have underlined their desire to keep a constructive dialogue going with the United States. The close links which exist between the United States and the Europe of the Nine, based on a common heritage of values and aims, are mutually beneficial and must be maintained. They do not, however, affect the Nine's determination to assert its own distinct and original character. The Nine intend to maintain this constructive dialogue with the United States and to develop mutual cooperation on an equal basis and in a spirit of friendship.

In practical terms, the bilateral relations, the links which have been forged in other organizations and the good relations between the Nine and the United States on the basis of agreed consultation procedures have enabled us to foster beneficial contacts on all matters of international importance.

(Applause)

President. — I call Mr Haferkamp.

Mr Haferkamp, Vice-President of the Commission — (D) Mr President, this is both an easy and a difficult question to answer. The easy part is that Parliament, the Council and the Commission are all agreed on this important question. The difficult thing, however, is to find an answer which does not simply amount to a repetition of everything that has already been said. I shall try to avoid any such repetition, but all I can really do on behalf of the Commission is to underline what the President-in-Office of the Council said earlier. As to the first part of the question concerning the most important issues, we have the extensive field of international cooperation and joint international responsibility, and we have already heard reference to commercial policy, North-South ques-

tions and the specific difficulties in sectors like the steel industry.

Let me just say very briefly that we would very probably not have achieved our aim of multilateral trade negotiations if there had not been permanent and very close cooperation between the Community and the United States. We have not forgotten that the resumption and acceleration of these negotiations were largely the result of one of the periodic top-level economic conferences. I refer to the conference which took place two years ago in London, since when the delegations from the Community and the United States in particular — along with others as well — have really got things moving.

We also agree that what we have achieved so far in the negotiations should be put into practice so that everything we have agreed upon can be translated into legislation and subsequently ratified. We realize that a few difficulties still remain, but the Commission will be maintaining the close contacts we have had so far with the American Government in the negotiations on the Tokyo Round on the specific question of getting these matters on to the statute books. After all, it is in the interests of all of us to have the results of the GATT negotiations made part and parcel of the legislation of the countries involved in the negotiations.

Of course, we also have bilateral problems. These are bound to occur. Trade between the Community and the United States amounted to 65 thousand million dollars last year. In the circumstances, there are bound to be a few difficulties now and again on certain points, but the general climate of cooperation makes it possible for us to talk very freely and frankly about whatever problems crop up. In certain specific fields, we have the chance and, I believe, also the duty to strengthen the present cooperation. As far as international monetary relations are concerned, let me remind you of what the Council had to say about the creation of the European Monetary System :

The durability of EMS and its international implications require cooperation of exchange rate policies vis-à-vis third countries and, as far as possible, a concertation with the monetary authorities of those countries.

You may rest assured that there will thus be even closer cooperation and exchanges of information with our American partners on monetary matters.

The importance of energy questions has already been emphasized here. I should just like to remind you that in conversations between Mr Jenkins and President Carter during Mr Jenkins's visit to the United States last December, it was agreed that there should be closer cooperation in future energy research. I think that, especially after the last few months' events, we all agree that such cooperation is extremely useful.

Haferkamp

Turning to the second part of the question, there is, as the President-in-Office of the Council said, already what amounts to permanent cooperation at all levels between the Community and the United States. There is a constant two-way flow of information and views, especially between our respective officials. Reference has already been made here to the special links this House has with the American Congress. I should like to make special mention of the regular consultations which have now been taking place for nine years between the Commission and the American Government, ranging over all questions which are the responsibility of the Community. These consultations take place at six-monthly intervals; the latest meeting took place last November in Washington and the next is scheduled for July in Brussels. Experience has shown these six-monthly consultations to be an excellent means of exchanging information, forestalling possible difficulties and investigating ways of tackling existing difficulties on a joint basis.

Finally, I should just like to mention the fact that the Commission is represented by a permanent delegation in Washington and that the United States has a mission to the Community in Brussels. Here again, therefore, the necessary conditions for maintaining permanent contact and practical and lasting cooperation at all levels already exist.

(Applause)

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

Mrs Walz. — *(D)* Mr President, I should like to say a few words about the energy questions we discussed in America, because it is still not clear how Article 4 of the Nuclear Weapons Non-Proliferation Treaty fits in with the American Congress's Non-Proliferation law and because the basic question of uranium supplies has still not been settled although we have managed to get a reprieve on a number of occasions in this question, which is vital to the future of Europe. In the course of our discussion with Mr Schlesinger, we stressed the fact that the United States' energy consumption is twice as high as that of Europe, and urgently needs to be reduced, especially in view of the difficulties with oil from the OPEC countries. The available OPEC oil should be earmarked mainly for the developing countries and those industrialized countries which have no oil of their own. Mr Schlesinger agreed in principle, but could obviously do no more than point to the fact that President Carter's first energy programme had been substantially improved. Following the Harrisburg shock, President Carter has now issued new statements on energy policy in line with the commitments he gave at the last summit meeting. These policy statements provide for an increase in the price of oil in the United States and a reduction in the volume of oil imports. But what

always bothers the Americans is the question of how far an increase in the price of oil will fuel inflation, and for this reason we should like to know what has been discussed in this respect. We all hope that the Harrisburg shock has brought home to the Americans the fact that energy is not something to be burned up unthinkingly, but that it is the very lifeblood of economic prosperity and social stability.

The Harrisburg incident will undoubtedly result in a slowing-down in the rate of nuclear energy development in the United States; indeed, we heard yesterday that one type of reactor is temporarily to be withdrawn from service altogether. The last time we met Congressman Ryan — who was then so tragically murdered in Guyana — he took the view that we should switch over entirely to solar energy, although of course his view was not shared by the American Government. Of course, if we go in for solar energy on a terawatt scale, we shall need large industrial plants, which will first have to be produced, and which will require not only a lot of raw materials, but also a highly sophisticated and capital-intensive economic system. Unfortunately, therefore, we could not go along with Mr Ryan in regarding solar energy as an alternative energy source. We also discussed the construction of fast breeder reactors for Europe. The Americans have no intention of dispensing with fast breeders; they just have a different system from ours. As far as we are concerned, a lot will depend on whether we continue to get uninterrupted supplies of highly enriched and super-enriched uranium, and whether the conditions imposed by our American, Canadian and Australian friends are not so rigorous as to make our nuclear industry completely dependent on the uranium-supplying countries. We would then have a uranium cartel to go with the present oil cartel. We have tried to persuade our American friends — and our views received a lot of sympathy — that we are really all in the same boat in this matter, and that it is absolutely vital for us to achieve a coordinated approach.

(Applause)

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

Mr Baas. — *(NL)* Mr President, I should like to take up a point made by the President-in-Office of the Council, to the effect that, in the dialogue with the United States and members of the American Congress, our own interests have also figured prominently. These were not the exact words he used, but I think that was the gist of what he had to say, and it is a central issue as far as this House is concerned.

The nine Member States of the Community, represented by the European Commission, were very largely responsible for the trade negotiations with the

Baas

United States. The Commission was given a clear negotiating mandate by the Council. Only Parliament's part in this whole thing is unclear. I believe, Mr President, that this House is now faced with a very important issue. It became clear in the course of our discussions with the members of Congress that the agreement reached in Geneva in March will virtually become Community law and will thus be binding for the nine Member States. The Tokyo Round of negotiations concerned mainly with tariff reductions although the negotiations also was non-tariff issues, and all of these have been incorporated in a code. Once we get to the stage of ratification the Community will be bound by this code. Our American colleagues have still to get this incorporated into American law, and we know what happened with the Kennedy Round of tariff cuts, where certain aspects never quite made it onto the United States' statute book.

The Members of this House will in the future be able to exert their influence neither in the European Parliament, nor in our own national parliaments, because the trade negotiations have, to a great extent, become a Community matter. I should like to ask the Council and the Member of the Commission, in view of the Tokyo negotiations and the agreement reached in Geneva, whether they can give us an assurance that both the spirit and the letter of the agreed code will really be incorporated into the United States' federal legislation. The fact is of course — and here I should like to take up a point made by the President-in-Office of the Council — that the American Congressmen, with one eye on their electoral districts, are finding problems in the wording of the code. They asked us what we thought of it, and we had to tell them that on this point, the executive branch of the US Administration was more powerful than Congressmen. It is, of course, not very pleasant for a parliamentarian to discover that the last word which he thought he had is not so final after all.

I should like to ask the President-in-Office of the Council and the Member of the Commission to give this House a clearer role in the future. We Liberals — and I think the opinions of the political groups will differ on this point — are not seeking a place at the negotiating table. We know exactly where we stand on this point. The Council and the Commission must have the right to conduct negotiations, because after all, negotiations involving 400 members of the directly elected European Parliament and the same number of Congressmen are unlikely to reach any clear conclusion, still less produce effective guidelines for the future.

I very much hope that the President-in-Office of the Council and Mr Haferkamp will concentrate on this point because, in the near future, the codex will be more important than tariffs in international trade. Customs tariffs have played an important part in the

past, but I think there is general agreement right now on the need for a totally new system, and I think we would be well advised to concentrate on improving the form and content of the existing system.

Finally, I should just like to comment on a subject which I think will be important in the future. In the course of the Paris discussions, we had a wide-ranging exchange of views with our colleagues on the possibility of parliamentarians from the industrialized countries — the United States, Japan and the European Community — meeting to talk about a number of important problems, with special emphasis on trade policy, energy and particularly, agricultural policy in the highly industrialized countries. I believe that agricultural policy will play a central role in our commercial relations over the next ten years. International division of labour in the agricultural sector can only come about if we know what policy the United States and Japan are pursuing in this field. Perhaps the President-in-Office of the Council and the Member of the Commission would care to comment on this point as well.

President. — I wish to remind Members that speaking-time is limited to 5 minutes. I call Lord Bessborough to speak on behalf of the European Conservative Group.

Lord Bessborough. — Like Mr Jahn, I am improvising to some extent, because it was only a few moments ago that my group asked me to speak on these three questions, since I had the honour of attending the last meeting in Paris with the United States Congress and also, with Mr Jahn, the meeting in Turkey which was also relevant in this connection.

I would like to say that what struck me most at our three-day meeting in Paris was the problem of energy and particularly energy conservation. It was very disturbing to learn, only the day before we met, that in the United States, energy consumption in motor-cars had in fact increased during the last month. I know that this is not necessarily due to a rise in the individual consumption of each motor-car but to the fact that the number of vehicles has greatly increased. This is very disturbing considering how long President Carter and Mr Schlesinger have been urging the nation to conserve oil. That disturbed me very much indeed, and it is no use saying well, we are going to place more emphasis on nuclear energy. Nuclear energy, which is used almost exclusively for electricity generation, is no substitute for oil where motor vehicles, or aircraft, are concerned.

Moreover, in the light of the Harrisburg incident some reactors may have to be decommissioned, making the energy situation even more serious.

I am absolutely convinced that the United States will have to take more drastic action in this field. I think that some of the Congressmen agreed on these points last week.

Lord Bessborough

We must act jointly in other spheres too, as Mr Jahn has said and as the President-in-Office has said. I was very much impressed by the length of time which the President-in-Office of the Council, Mr François-Poncet, gave to our two delegations when we were in Paris last week and I am very glad that the acting President-in-Office here today has also emphasized the importance of cooperation over a wide field, which, as we know, already exists through the OECD, UNCTAD and GATT.

Just one word about Turkey, an area where I feel that the United States and the EEC should also cooperate closely. We know that Turkey has some difficulty in accepting the IMF terms for the loans which they have proposed, and I was glad that Mr Haferkamp was able to attend the meeting in Ankara and to announce that the European Investment Bank would also be making a contribution, if perhaps a less important one. There is no doubt that both Council and the Commission do appreciate the importance of this continuing dialogue. I am glad they do because I think that, for the future of the world, it is essential that it should continue on every plane, particularly with the less-developed countries but also with the more advanced developed countries. We discussed our relations with them particularly in Paris. In view of the fact that distinguished representatives of the old British Commonwealth are with us here in the Chamber, I would like to think that cooperation should proceed, not only with those members of the Commonwealth that are members of the ACP and abide by the Lomé Convention, but also with the older members of the Commonwealth with whom we in Britain still have very close ties.

I end, Mr President, by re-emphasizing what I said a moment ago, namely that my chief concern is over energy. I am greatly disturbed that the United States has not taken firmer measures to conserve a commodity which, I believe, will be in short supply by the 1980's and the shortage may be very grave indeed. Mr Lantzke, the Director of the International Energy Agency, said that he expected that by 1990 the short-fall in oil would be as much as 9 million barrels a day. This greatly disturbed us, and that is why I end on that note of warning.

President. — I call Mr Bernard-Reymond.

Mr Bernard-Reymond, President-in-Office of the Council. — (F) Mr President, I have nothing really to add to the statement I made at the beginning of this debate on behalf of the Council of Ministers. I think that, as far as general relations between Europe and the United States are concerned, everything is perfectly clear. What Europe wants is a free Europe in a free world. We are building a continent which is and must remain independent. This does not mean to say, however, that we should not maintain the very

best relations with our friends and allies, the United States; indeed, these relations must be intensified.

As to the points which have been made on the question of MCAs and the EMS, the Member of the Commission will be able to let you have his views in a few moments. I would just like to say to Mr Baas that, although these agreements were recently initialled in Geneva, the Community will only put a binding signature to them if the American legislature takes the necessary steps to eliminate its non-tariff obstacles. I should also like to credit this round of negotiations with achieving some degree of acceptance of the Common Agricultural Policy by the United States which — to put it mildly — was not the case hitherto. Finally, let me remind you that this House has, in accordance with the Westerterp procedure, been informed of the discussions and of the state of negotiations on all matters concerning commercial agreements.

The energy question was also raised, notably Mrs Walz. We welcome the measures proposed by President Carter in the United States. It would be intolerable for certain industrialized countries to make great efforts to limit their consumption of energy while others were making no such efforts. Energy savings can only result from an overall effort spread over the whole of the industrialized world. As you know, the last European Council adopted measures or made recommendations to conserve energy and to develop new energy sources. I would also remind you that the Community is currently considering what measures should be taken in the event of a crisis and a shortage of energy to ensure that the burden is shared equally among the Member States.

That, Mr President, is all I wanted to say in reply to this brief debate.

President. — I call Mr Jahn.

Mr Jahn. — (D) Mr President, ladies and gentlemen, I should like to tell you in just a few words about the results of the discussions our two delegations had in Paris, especially on the question of energy. We agreed that what was needed was intensive cooperation between the Community and the USA in, for instance, the following fields: controlled thermo-nuclear fusion, fission energy with special reference to reprocessing plants and irradiated fuel, nuclear and reactor safety, plutonium fuel and actinide series research, the treatment of nuclear material and radioactive waste, investigation of safety requirements and criteria, the safety of hot-water reactors and the shut-down of nuclear reactors.

I should like to point out to Mrs Walz that all this was part and parcel of our intentions at our last meeting in Washington. At the meeting in Paris, we formulated a joint resolution, based on our recent experiences.

Jahn

Mr President, I think that the central point of our Oral Question — and Mr Baas will support me in this — is that Europe and the United States have a vested interest in keeping a grip on a world which is becoming increasingly organized around certain centres of power and influence. The fact that the number of these centres is changing is a quantitative problem — in other words, it testifies to the intricate nature of international relations — but the fundamental political need is to create structures for assimilating these politically up-and-coming new centres, not only in the framework of the North-South dialogue, but also in the context of the world-wide international relations developed by ourselves and the USA.

Both the Community and the USA have tried to find peaceful means of solving the East-West conflict, for instance by pursuing a policy of *détente* and peaceful coexistence, in the hope that we shall achieve peaceful cooperation in certain sectors, providing the political will exists on both sides. Wherever possible, we are searching for peaceful solutions, negotiations, consultations and all forms of international cooperation, some of which were referred to here today by the two Presidents. I know that the current President of this House favours the creation of regional groupings going beyond purely nationalistic considerations — for instance, ASEAN and the Latin American economic system — and political recognition by us of these new centres of influence.

Finally, we should include these states and groupings in our joint strategy. The important thing in all these considerations, particularly with regard to specific elements in and prospects for the political North-South dialogue, is to discuss our Community's relations jointly with the USA, not only on a consultative basis, but also with the aim of deciding on a joint strategy at the planning stage.

In other words, we cannot afford to limit ourselves to certain bilateral relations; this House and its Political Affairs Committee, which has often discussed this question, must insist on genuinely multilateral — or, to put it another way, integral-cooperation. The time has now come not only to examine and compare European and American strategies, but to coordinate them as well.

President. — I call Mr Haferkamp.

Mr Haferkamp, Vice-President of the Commission. — (D) I have just one brief comment to add to what the President-in-Office of the Council said. Mrs Walz raised the question of supplies of fissile material. These deliveries from the USA to the Community are continuing and we are constantly in touch with the Americans on the safeguards aspect.

Following on from what Mrs Walz said about the safeguards requirements applying to the delivery of highly enriched uranium, we must stress the fact that we are of course in agreement with all those bodies responsible for safeguards elsewhere in the world. I should like to point out that the Community's EURATOM safeguards system was the first, and is now probably the most experienced supra-national supervisory body in the world. Right from the start, we have maintained a constant exchange of information and cooperation on research matters, the development of supervisory techniques and so on with the United States, Canada and others with experience in this field.

We must, however, insist that the development of our nuclear technology must not be hampered by inappropriate or discriminatory conditions.

As far as the GATT negotiations are concerned, I can only underline most forcefully, what was said earlier about the importance of the non-tariff codexes. These non-tariff systems are becoming more and more important compared with the customs tariff systems especially in a world economic situation in which protectionism all too often takes the form of non-tariff regulations. We are therefore very pleased at the progress made in the GATT negotiations in the numerous non-tariff fields. I must reiterate what the President-in-Office of the Council said earlier to the effect that we must insist on the results of these negotiations being incorporated into national legislation both in letter and in spirit. Once the Community has finally accepted the results of these negotiations, it will become Community law as a result of a Council Decision. For this reason, we have never left anyone in any doubt about the fact that final acceptance by the Community will depend on the result of the negotiations being fully accepted by our partners and embodied in their national legislation.

One of the reasons why we must insist on this — and this was one very important result of the negotiations — was that, after acceptance of the results of the negotiations and their incorporation into national legislation, the participants must have an assurance that the same rights and the same obligations will apply in future to all the members of GATT. We know that this has so far not been the case. This is something we have achieved in the negotiations, and we think that it must be fully guaranteed by the ratification and legislative procedures. As far as agricultural questions are concerned, we have achieved recognition of the Common Agricultural Policy, and another important point is that GATT provides an opportunity for a better mutual flow of information on the situation and development on world agricultural markets; we hope that this will help to stabilize the market situation.

President. — The debate is closed.

5. *Welcome*

President. — I have great pleasure in welcoming most cordially a delegation from the House of Representatives of New Zealand, led by Mr Leo Schulz. Contacts between our Parliament and the New Zealand Parliament are being developed progressively. I hope that this visit will contribute to the strengthening of the parliamentary and democratic links between Europe and the citizens of New Zealand.

(Applause)

6. *Agenda*

President. — I inform the House that the enlarged Bureau has decided that the oral question to the Commission on the 5th UNCTAD Conference will remain on the agenda for tomorrow's sitting and that it will be without debate.

The Calewaert report on liability for defective products and the De Keersmaecker report on pharmaceutical products will also be retained.

7. *Community action in favour of consumers*

President. — The next item is the oral question with debate (Doc. 61/79) by Mrs Krouwel-Vlam, Mr. W. Müller, Mr Ajello, Mr Brégère, Mr Didier and Mr Brown to the Council :

Subject : Community action in favour of consumers

The Commission is now preparing its Second Action Programme for consumers, but most of the First Consumer Programme for the Community has still not been completed.

1. What projects contained in the First Consumer Programme have not yet been implemented ?
2. Is it true that this is attributable to indecisiveness on the part of the Council ; if not, how does it justify the delays ?
3. Does the Council not consider it urgently necessary to convene a 'Consumer Council' in order to expedite this work and give fresh impetus to Community action for the benefit of consumers ?

I call Mrs Krouwel-Vlam.

Mrs Krouwel-Vlam. — *(NL)* Mr President, the background to this oral question to the Council is the great disappointment regarding what has actually been done under the Community's consumer programme. We can no longer really claim that it has only just got under way since it has been going for five years now. Given that the European Commission set up an environment and consumer protection service with a division specifically devoted to consumer protection and information as early as 1973, that a first Community Programme in this field was adopted by the Council on 14 April 1975, furthermore that a major international symposium on statutory and other means of protecting the consumer was held in December 1975

— and under the auspices of the European Commission to boot — that the European Parliament has adopted an own-initiative report on this matter with a number of far-reaching suggestions and that, in addition, a Consumers' Consultative Committee in which the consumers' organizations are represented has been in existence since September 1973, I feel I am entitled to ask why, apart from the proposal regarding misleading advertising, product liability and consumer credit on which Parliament was consulted recently, so little has been done to put the essential elements of the first Consumer Programme into practice.

Clearly, very little has as yet been done, or at least emerged in the form of specific directives, regarding cosmetics, tools and consumer durables, safe toys, tobacco, medicines and dietary products as regards the health and safety of the consumers. Nor has very much been done regarding protection against unfair trade practices in connection with hire purchase, mail ordering, special offers, insurance clauses, a more appropriate relationship between quality and price, the avoidance of waste, e.g. non-returnable packaging, the economic interests of the consumer and, finally, consumer education and information on matters of counselling, legal aid and damages.

So far, the implementation of the action programme adopted by the Council in 1975 has mainly consisted in drawing up a series of directives on the harmonization of legislation on foodstuffs and additives to animal feedstuffs, the classification, packaging and labelling of dangerous substances, measuring instruments and motor vehicles and their use. Most of these directives do indeed constitute a step towards the protection of the health of the consumer or are at least relevant to consumer interests to a certain extent.

All these facts and figures I have mentioned, together with the numerous studies carried out by experts commissioned by the European Commission, tend to make us wonder about the present state of affairs. Is it not vital, in view of the direct elections, that the producers and the governments should do something at Community level about the increasing requests from the consumer, who will be entitled to vote in these elections, that we should finally get round to conducting a serious consumer policy ? The first consumer programme was full of fine ideas, but this in itself leads one to wonder whether or not appearances are concealing the reality ? Have any measures which the consumer really needs already been introduced ? What means are at the disposal of the individual consumer to defend his interests vis-à-vis the producer who is in a dominant position ? Is the consumer adequately protected against dishonest advertising ? Is he adequately informed ? These basic questions merely stress the fact that what has been done so far as regards genuine consumer protection, as proposed in the action programme, is far from satisfactory.

Krouwel-Vlam

There is a real need for serious studies into the proposed measures, which are difficult to define and need to be put into statutory form. This should also be done fairly quickly and not be used as an excuse to postpone matters. For example, there are already, I believe, plenty of statistics regarding accidents in the home and we have been waiting for a long time already for a proposal for safer toys and a proposal aimed at reducing smoking, as announced by representatives of the European Commission. Why are we not continuing to work on the implementation of the first programme rather than drawing up a second action programme which will tend to be a continuation or intensification of the first one anyway. This course of action strikes me more as a way of holding up the consumer policy and I must assume the Council to be in agreement with this, unless it tells me to the contrary.

The consumers in Europe are not asleep — unlike the European Commission and the Council if we are to judge by the slow progress being made on consumer policy.

(Applause)

IN THE CHAIR : MR LÜCKER

Vice-President

President. — I call Mr Bernard-Reymond.

Mr Bernard-Reymond, President-in-Office of the Council. — *(F)* Mr President, Mrs Krouwel-Vlam, implementation of the first programme for consumer information and protection is proving to be a lengthier and more laborious process than was anticipated when the programme was adopted.

Several of the projects covered by the programme have not yet been carried out, although the original aim was to complete the programme within four years of its adoption. The reasons for the delay in implementing the consumer programme relate to matters both of substance and of procedure.

As regards procedure, more than a year and a half elapsed between adoption by the Council of the preliminary programme for consumer protection and information and the forwarding by the Commission of the first proposal for a Directive directly related to that programme; the Council would, moreover, point out that of the seven proposals which it has so far sent to the European Parliament, Opinions are still outstanding in four cases including one, on product liability, going back to September 1976.

As regards substance, the difficulties which have arisen during examination of the proposals have often been caused by differences in the Member States' legal system; this is the case for example with the rules on doorstep contracts, which come within the field of

contract law. There may also be practical problems which delay the adoption of Directives. An example of this is the display of the price of foodstuffs per unit of measurement, a requirement which may give rise to difficulties for small traditional businesses in some Member States.

In spite of these difficulties, the Council is actively pursuing examination of the proposals forwarded to it by the Commission, a list of which I can make available to Members of Parliament. Furthermore the Council is generally ensuring that consumers' interests are taken into account in a number of specific measures which have nothing to do with the consumer protection and information programme as such but which are nevertheless of importance to consumers.

I should not like to conclude without mentioning that in December 1978 the Council adopted an important Directive on the labelling, presentation and advertising of foodstuffs, matters which are of great interest to consumers. As a result of this Directive consumers in the Community will in future all get the same information concerning the name under which the product is sold, the identity of the manufacturer, the list of ingredients (including additives), the net quantity and the date of minimum durability.

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

Mr Schyns. — *(D)* Mr President, Mrs Krouwel-Vlam, the Chairman of the Committee on the Environment, Public Health and Consumer Protection, has outlined the problem of consumer protection so well that I need not add much more and will just make a few remarks in reply to the speech by the President-in-Office.

As far back as 1975 our Parliament approved the first programme for consumer protection and information. Let me emphasize that. In September 1977 we had a debate here on the scope and results of that programme, and we concluded that individual results were mainly negative. Now, in April 1979, we are forced to reach the same conclusion again, notwithstanding the fact that the President-in-Office informs us that the Council is issuing directives to the Member States. Here I must regretfully say that these directives are hardly being followed at all by the Member States. This is particularly true in the case of the preservatives and colourings which are commonly added to foodstuffs. These directives are being followed only very patchily or not at all. This is true also of advertising, etc. for the wide range of products of all kinds offered to the consumer within the EEC. It might also be pointed out as the President-in-Office said, that the actual quality of the products should be stated on the label: there still remains a lot to be done in this area, and I think that we should again

Schyns

take up the idea of having a European quality sign, so that goods could be labelled to inform the consumer that he really is buying high-quality goods.

I believe that such measures are absolutely necessary in a free market economy, because in the final analysis the point is that the consumer, the purchaser, i.e. the ordinary citizen in Europe should be offered a top-rate product. We must finally take the step away from a Europe of traders and economists to a Europe of the citizens, and in this respect one of the first problems to be tackled is that of consumer protection.

In any event I can say, on behalf of the Christian-Democratic Group that we will be following this problem with great interest in future, and that we will make a point, in cooperation with the Commission, of constantly reminding the Council of its responsibilities; we hope that the individual Member States will then also, Mr Bernard-Reymond, adhere to the Council's directives, and that in this way consumer protection will no longer be an empty word, but will be applied effectively in Europe.

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

Mr Baas. — (NL) Mr President, you are no doubt aware that, following the 1975 conference in Montpellier on legal and para-legal aid to the consumer, an own-initiative report was drawn up in 1977 by Mr Brégégère. You will no doubt also be aware that it was only then that the Economic and Social Committee resumed work on this matter, on the basis of the Hilkens report with a view to drawing up its second action consumer programme. But is this any reason for the Commissioner not to show his face in the Committee on the Environment and Consumer Protection for a year and to fail to keep his promise to come to Rome at the beginning of this month in order to outline the second programme? My reason for making these remarks is that, I find it strange that the Socialists should be putting these questions to the Council.

Of the seven existing proposals, four have been discussed in the European Parliament so far. There is no need for me to defend the Council here, but I think I must, as a Member of Parliament, say something when Parliament suddenly appears to have been infected by a certain fear of the consumers. The questions which Members are asking regarding this programme should be put to Mr Burke, not to the Council. As I see it, the Council is in no way failing in its duties. This is not always the case, but if for once it is, this fact is also worthy of mention. It is clearly the European Commission which is failing in its duties. It should have come up with proposals at this time. I do not agree with the questioner when she

says that we should forget about the second programme until the first has been completed. As I see it, this was to have been an ongoing debate and that we would in fact be working sometimes on the first programme, and sometimes on the second but always in the interests of the consumer. The President of the Council is entirely right in saying that we must strike a reasonable balance between the interests of the consumer and those of the producer. In my view, the consumer has a right to reasonable value for money, while the producer has a right to make a profit. We must realize that it is not only a matter of consumer interests, but of the producer interests too.

Finally, Mr President, my group regards the second programme as following on logically from the first. Fortunately, it goes deeper, but I should like to ask the Commissioner, in particular, to shoulder his responsibility somewhat more convincingly and not to stay away from the meetings of the relevant Committee for a whole year, since the Commissioner responsible and the Commission as a whole is expecting this Committee to do something in the near future. The European Parliament also recognizes its responsibility to produce the necessary reports for discussion in the Council.

President. — I call Lord Bethell.

Lord Bethell. — Mr President, I would first of all like to say how much I welcome the fact that the directive on food labelling was accepted by the Council of Ministers in December. It is a pleasant change at last to see a proposed directive on consumer affairs becoming the law of the Community. I only wish we could say the same about the long list of directives which have been passed to the Council in the past four years that I have been a member of the Committee on the Environment, Public Health and Consumer Protection and one of its vice-chairmen, because there is, as a previous speaker has mentioned, a very firm impression in the minds of some of us that the consumer is not given the right priority in discussions with the Council and the Commission and is treated somewhat as a poor relation in dealings with the Parliament and other Community institutions. The parliamentary committee on consumer affairs should be strengthened, because every citizen of the Community is a consumer: they are all going to have to vote in the next few days and it is crucial that consumers, as voters, should feel they are properly represented before the Community institutions which decide the prices that they pay. It surely must be the duty in future of our Parliament and those who serve on the Committee on the Environment, Public Health and Consumer Protection to represent the people of the Community who will have voted for them at the beginning of June.

Lord Bethell

As for the consumer programme which we have been discussing, I am afraid it is not a particularly happy story. Like Mr Baas, I was also disappointed that Mr Burke was unable to come to Rome a few days ago and outline to us the next consumer programme. I had myself specially gone to Rome to hear this programme and it was only a few hours before the meeting that I heard Mr Burke was not able to be among us. I found that deeply disappointing.

Not only that, Mr President, I have found that the Commission has sometimes come up with unrealistic proposals which have taken up the time of this Parliament and, of course, of workers on Coreper and Council working-parties. The power of initiation which the Commission has in this respect is extremely valuable and one which, of course, lies at the very root of the workings of our Community; but it does seem on occasion that proposals are put forward without full consultation or investigation of the political ramifications which will be entailed. I am thinking in particular of such proposals as the one on the hallmarking of silver, which was before our committee for several years before finally, I believe, being abandoned. It would not have required very much research to show that this proposal really was not on: it cut too closely across the laws of Member States, which are very different in this respect. It was not possible to work out any coherent harmonization plan for the hallmarking of silver. It would not, I think, have been too difficult to establish this at the beginning. A lot of work could have been saved.

Other proposals have brought the Community into ridicule. I remember speaking eloquently three years ago about the most famous consumer directive that I recall: the proposed directive on the harmonization of mayonnaise. I was even interviewed on French television about this, it was considered so amusing. These proposals are very marginal and should, I believe not have been conceived in the first place.

I see an important rôle for consumer affairs, particularly in the next Parliament. The committee concerned should, I believe, become a watchdog on prices in the Community: it should have the power to hold hearings on prices, and indeed it should have equal representation with the Committee on Agriculture when it comes to the fixing of farm-prices. If the Committee on Agriculture makes its views known, taking very much into account, of course, the views of producers in the Community, so, I submit, should the Committee, on the Environment, Public Health and Consumer Protection be responsible for putting forward the views of consumers.

I make these remarks by way of concluding my four years on this committee, having seen what it has done and what it has not done, and in order to outline some of my worries, about the past and some of my hopes for its future in the next Parliament, which, I

hope, will be more favourable to the 250 million consumers in the Community than has been the case in the past.

President. — I call Mrs Squarcialupi to speak on behalf of the Communist and Allies Group.

Mrs Squarcialupi. — (I) Mr President, I wish to announce our Group's support for Mrs Krouwel-Vlam's oral question. We, too, urge the Council to approve this Second Programme, in order to give fresh impetus to Community action for the benefit of consumers.

Inflation has significantly reduced purchasing power, particularly that of the working class, and we must therefore revise our concept of consumption in modern society, particularly as ordinary people have themselves become aware that it is no longer possible to consume as much or in the same way as in the past. Thus consumption must be well regulated and safeguarded not through protectionist measures but through precise regulations laid down by the Community.

As the same time the problem of consumption in general makes necessary a social and cultural renewal. Two years ago there were significant indicators in Mr Brégègère's report of the need for this social and cultural renewal. For example, the question was raised of the waste involved in packaging — a problem which is also linked to protection of the environment — and the same report, which I regard as a milestone in the Community's consumer policy, examined other factors which work against the consumer's interests. One such factor is advertising, which we shall be discussing at the next part-session. Let us not forget that the economic power of advertising is such that it can even directly affect the freedom of the press for, as we know newspapers cannot survive without advertising revenue.

And this advertising is literally at the expense of the consumer.

It is therefore a question of renewing consumer policy, including the cultural dimension, but that policy can in no way be considered in isolation. One cannot discuss consumer policy without also mentioning, for example, agricultural policy, price support, or cyclical stocks — all of which we regard as forms of waste — and it is therefore useless to talk of consumer policy if we continue with the present Community agricultural policy. At the same time consumer policy is linked with the policy of industrial restructuring with opposing protectionism. European consumers must be able to obtain at reasonable prices products from the countries of the Third World, because our industrialized countries have to manufacture high-technology products involving considerable know-how.

Squarcialupi

The Council has spoken of the lengthy and laborious nature of consumer policy. I am not surprised that it is lengthy and laborious, because I understand the difficulty of reconciling consumer policy with contradictory policies which all work against the consumer's interests and lead to waste.

On behalf of my Group I therefore support this oral question, which challenges so many principles of capitalism, such as that of maximum profit, which of course creates great difficulties for all European consumers, whatever their political views.

President. — I call Mr Burke.

Mr Burke, Member of the Commission. — Mr President, it gives me great pleasure on this occasion to be able to participate in the debate and to put on the record of the House the achievements of the last few years in regard to consumer protection. I will take them under the five usual headings.

First, the protection of consumer health and safety. The Council has adopted some 35 directives and is discussing several other proposals, both under the programme to remove technical barriers and under the preliminary consumer protection and information programme. These directives concern foodstuffs, cosmetics and safety in the use of products. In regard to foodstuffs, since 1976 the Council has adopted several directives, including a directive on the labelling of foodstuffs, and directives on the composition of foodstuffs and materials which come into contact with them. In 1976, the Council adopted a directive on the composition, labelling and packaging of cosmetics, listing 361 prohibited substances, and providing for the gradual establishment of positive lists. A directive on the marketing and use of certain dangerous substances was adopted in 1976, and several proposals are being prepared on household products and on toys. We have also sent to the Council a proposal to set up an information system for accidents in the home.

In regard to this work we have, of course, kept in close touch with the specialized committees which have been set up, including the Scientific Committee on Foodstuffs, the Scientific Committee on Feeding-stuffs, the Advisory Committee on Foodstuffs, the Scientific Committee on Cosmetics and the Scientific Committee on Pesticides.

In the second general area, the protection of the consumer's legal and economic interests, proposals for several directives have been sent forward which could have an appreciable effect on the protection of consumer interests. They are at present being discussed by the Council and concern the following subjects: sales negotiations away from business premises, home study courses, misleading or unfair advertising and product liability. The latter two will be the subject of parliamentary debate either at this or the next part session.

In the area of redress, the Commission organized a symposium towards the end of 1975, which examined the possibilities open to consumers for seeking legal remedies, and the means for making it easier for them to bring cases before a court of law. The Commission has continued its study of the various national systems, and it grants financial support to a number of practical experiments in Member States.

In the fourth area of consumer protection — consumer education and information — the Commission has launched a wide range of measures. I will deal first with consumer information on the characteristics of products. A proposal for a directive, already mentioned, on the labelling and presentation of foodstuffs and a proposal for a directive on the consumption of energy have been sent to the Council and several texts, concerning in particular textiles and dangerous products, are now in preparation. Secondly, in the area of consumer information on the formation of prices, a directive on the making and display of foodstuffs was sent to the Council in May 1977 and will shortly be adopted by the Council. I would like to assure the House that various Commission departments have collaborated in a survey on prices and commercial margins, which will be used as the basis for a study of the conditions governing the formation of prices of certain common consumer goods. Thirdly, a symposium on consumer information, held by the Commission in 1977, provided the opportunity for a constructive dialogue between trade organizations and consumer representatives. Fourthly, in the area of general information, the Commission continued to supply information about measures taken in the consumer's interest to Members of Parliament, journalists, radio and television producers, and published several documents and periodicals, including the weekly *Euroforum*. A survey of 10 000 consumers was conducted in order to obtain a better picture of their opinions, behaviour and desires. Fifthly, in this area of education, the Commission is preparing monographs on Member States and arranged a seminar in London which was attended by more than 80 teachers, experts and representatives of consumer organizations. On the basis of the conclusions of this seminar, the Commission established a network of pilot schools in collaboration with the authorities of Member States, and set up a working-group on the training of teachers in consumer protection.

In the fifth area of general interest to consumers, that of consumer representation, the Consumers' Consultative Committee was set up in 1973, and the Commission provides know-how and material aid for its operation. Sixty or so meetings of the full committee or its steering committee, together with around 20 working-groups, have produced 30 opinions which have been sent to the Commission. The Commission has also organized a symposium of national consumer organizations, organizations, and finally it has given substantial subsidies to European consumer organizations which

Burke

have been used to prepare studies and reports. We have collaborated as well as we can with the European Parliament and the Economic and Social Committee, and we have held debates on various subjects at various times. Furthermore, the large number of written and oral questions asked by Members of Parliament over the last few years bears witness to Parliament's support of the Commission's activity in this area. Finally, in this general survey, may I point out that the Commission has closely cooperated with the Council of Europe and with OECD. It has also had occasion to establish useful contacts with the authorities of the United States and of Sweden.

Now, as to the criticism made during the debate of my own activity, I have to say that I did not give an unqualified promise to be in Rome at the April meeting; I did express my wish to attend the committee, but I made it clear in my letter that circumstances might arise which would prevent my visit and in the event, regrettably, this did happen. My reason for not being in Rome was that essential Community business in another field required me to be in Washington. The Council of Transport Ministers had instructed me to consult with the United States and Japanese governments on the Community proposal to accede to the UNCTAD Code of Conduct for Liner Conferences. Now as Members will know, this is an affair of great importance; one, moreover, where urgent deadlines have to be observed. I refer, of course, to Manila. I believe it essential that the Community position be adopted in time for the Fifth UNCTAD Conference in Manila next month. It was necessary for me, therefore, to take the first available dates for my meetings with the United States administration. Very unfortunately indeed, those dates, which were the only feasible ones for our American friends, clashed with the meeting of the Committee on Consumer Protection in Rome. I express my genuine regret that I had to disappoint the committee and that, at rather short notice, it was impossible for me to attend. But I do think it somewhat unreasonable that Parliamentarians should claim that I gave an unqualified commitment to be there; this is simply not true, and I hope they will accept that the consultations with the United States authorities on the Code of Conduct was an engagement which had to take precedence over all other commitments at that time. I would point out that we arranged for a very competent official to take my place before the committee. It would be pleasant if the Commission could solve the problem of bi-location, but short of such a solution I do not see what could have been done in the circumstances to satisfy the very interesting and legitimate requirements of the committee.

I look forward very much indeed to cooperation in this field in the near future with the new Parliament, and I want to express my deep gratitude to all those members of the existing committee who have made the activities of the last few years a relatively great

success, considering first of all the difficulties of our Member States, and also the difficulties of the Commission services, where only nine A-grade officials are working in the particular area. Overall I think that the results are positive and I would like to thank Parliament for the positive support given over the last few years.

President. — Thank you, Mr Burke, for the detailed reply on behalf of the Commission. On behalf of the House, let me say that the reasons you have given for not attending the committee meeting in Rome appear to represent a satisfactory excuse.

However, I take it, in this connection, that after the exchange of views within the Council of Transport Ministers, it was the Commission's decision that you should conduct the negotiations in Washington.

I call Mr Bernard-Reymond.

Mr Bernard-Reymond. — (*F*) Mr President, I will reply very briefly, firstly because modesty is called for in moments of triumph: when the Members of this House — and particularly Mr Baas — for once defend and praise the action of the Council, I believe that such rare moments should be relished in silence. Secondly, because the Commissioner has replied very appositely and in great detail both on consumer problems and on his own timetable, and finally, because I do not intend at this stage to start a discussion — or even an argument — with Mrs Squarcialupi, who has evidently read Herbert Marcuse on the problems of consumption and advertising in the capitalist system. I will therefore simply allay her fears by telling her that an initial examination of the 'advertising' directive took place yesterday within the Council's working party.

Those, Mr President, are the few remarks I wished to make on this problem.

President. — The debate is closed.

8. *Actions in the iron and steel sector and other industries*

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

— the report (Doc. 637/78), drawn up by Mr Spinelli on behalf of the Committee on Economic and Monetary Affairs, on

the proposal from the Commission to the Council for a regulation on Community aid for industrial restructuring and conversion operations;

— the oral questions with debate, tabled by Mr Klepsch on behalf of the Christian-Democratic Group (EPP), to the Commission (Doc. 62/79) and the Council (Doc. 63/79):

Subject: Restructuring in industry

The major problem posed by the restructuring of crisis sectors in industry is undoubtedly the difficulty of creating substitute employment in the regions affected by the modernization of certain undertakings.

President

In June 1978 the Commission presented a memorandum to the European Council entitled 'Report on Some Structural Aspects of Growth', which discusses Community action to make use of opportunities for development so far unexploited in the Community.

Can the Commission and the Council inform the European Parliament what action they have taken to put the ideas contained in this document into practice?

- the oral question with debate (Doc. 64/79), tabled by Mr Pintat on behalf of the Liberal and Democratic Group, to the Commission :

Subject: Actions undertaken by the Commission in the iron and steel sector in the last two years and future prospects

With direct elections in the offing, could the Commission provide an overall balance sheet of its activities in the European iron and steel sector from the point of view of

- the market for iron and steel products
- respect for internal prices and production programmes
- respect for bilateral agreements with third countries
- restructuring
- Commission's general targets for 1985
- reconversion of redundant workers,

quoting the specific achievements in each case?

In view of the unsatisfactory nature of some results, particularly in the restructuring and reconversion fields, what action does the Commission intend to take in the months and years to come?

I call Mr Spinelli.

Mr Spinelli, rapporteur. — (I) Mr President, Article 375 of the budget for the financial years 1978 and 1979 provides for an appropriation — not enormous, but still appreciable — empowering the Commission to grant structural aid in certain sectors, and thus enabling it to carry out an industrial aid policy.

Now, it is an established rule of this Parliament — repeatedly expressed in Committee and in plenary session — that authorization by Parliament is enough, so that strictly speaking the proposed regulation is unnecessary. However, it seemed useful to our committee to base it in this case on Article 375 of the budget, so that the granting of such aids might have a stable legal basis. In this connection there is disagreement between the Committee on Economic and Monetary Affairs, of which I am the rapporteur, and the Committee on Budgets, which in giving its opinion to our Committee stressed the point which I have just explained, and concluded by rejecting the draft regulation precisely on the grounds that it is unnecessary.

As a concession to the views of the Committee on Budgets, while maintaining the position — which we are not authorized to change — of the Committee on Economic and Monetary Affairs, the committee chairman, Mr Pisani, and I have proposed an amendment which reaffirms Parliament's established rule,

while admitting that in this case a regulation would be useful if not absolutely necessary. On the merits of the regulation itself, the starting point is essentially the observation — which I would call almost commonplace — that current changes in the international division of labour, resulting from various causes — among others, the changes in price of some essential raw materials and changes in demand structure throughout the world — have aggravated the situation and even caused production surpluses in some sectors. To recover their competitiveness, these industries must therefore be restructured; in many cases this restructuring can involve a reduction of manpower and in some cases also a drop in production. For this reason conversion measures are also necessary, so as to give workers the opportunity of finding employment in other undertakings. Restructuring and conversion measures, although they are fairly easy at times of economic growth when there is greater mobility of labour and it is easier to find capital, are rather difficult at times of stagnation or recession, under the terrible threat of unemployment and when it is more difficult to find investment capital precisely when it is required for financing restructuring measures. That is why all the member countries, to a greater or lesser, more or less legitimate, but still significant extent, follow a policy of state aids to promote and facilitate the necessary restructuring and conversion measures. Obviously a policy of this kind is not in itself sufficient. Such a policy is meaningful only if accompanied by a general policy of reviving the economy and stimulating new growth. This must be the final aim — although it is not the specific theme of this report — since otherwise very little would be achieved by a policy of mere restructuring.

In view of the existing level of interdependence among the Member States, the degree of harmonization in their policies, including their policy towards the rest of the world, the commitment of the Community to further integration of economic policies, and finally the need for these structural measures, an additional Community policy is necessary to prevent these measures from having an ultimately disintegrative effect on the economic system, with disastrous consequences for each Member State.

The Community, for its part, must continue to improve the Common Market, remove technical barriers, make public works contracts completely open and implement all the measures envisaged by the Treaty of Rome which have not yet been completely realized. But financial aid is also necessary to facilitate the convergence of the various policies on certain conversion and restructuring measures. To this end, it is useful — though not, I repeat, necessary — that the Community should have a permanent legal basis for these aids. The formula suggested by the Commission in its proposal is a budget item enabling it to grant interest rebates and investment premiums. This method seems suitable precisely because it mobilizes a

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certain amount of capital by the incentive which these rebates and investment premiums provide.

The Commission was right to vary the rates of the rebates. However, it seems to us that the rates it has fixed — normally 3 %, and 5 % for aids to especially disadvantaged regions or to small and medium-sized undertakings, is not the best formula, because it has the paradoxical effect that in the countries and situations and at the times when it is possible to obtain capital at low interest rates, a rebate of 3 % or 5 % is given, which in practice reduces to almost nothing or very little the rate of interest payable, whereas when there is a shortage of capital and interest rates are therefore high, the 3 % rebate makes virtually no difference.

We therefore think the regulation should be amended so as to provide equitable conditions for industries which have to pay higher interest rates because their situation makes it more difficult for them to find capital. Otherwise we would be giving aids precisely to those whose need is less rather than those whose need is greater. The Commission, in its draft regulation, envisages that the sectors to benefit from aids should be chosen by the Council on a proposal from the Commission. We ask that the opinion of Parliament and of the Economic and Social Committee should also be sought.

Finally, the Commission proposes that an Advisory Committee be set up. We must acknowledge that this time the Commission has taken a small step in the direction demanded by Parliament since it proposes to consult the Advisory Committee on requests for rebates. If the Advisory Committee does not agree, the Commission is obliged to reconsider its decision. The practical role of an Advisory Committee is precisely this — to ring a warning bell, and advise further consideration.

On this aspect the Commission has at long last made the right proposal which we have long been awaiting. But when it comes to the measures to implement these guidelines, the Commission once more proposes an Advisory Committee which is such only in name, since in fact it has a veto. Indeed, the Committee can not only block the Commission's decision, but can even take it out of the Commission's hands by transferring the decision-making power to the Council. Parliament cannot accept this, and we therefore propose an amendment along the lines I have indicated.

We are pleased that the Commission is obliged to submit a report every year to the Council and Parliament. We think this report should not confine itself to indicating the extent of Community aids, but should contain a description and assessment of the size and type of structural projects carried out by Member States and the Community, so that in the light of these figures Parliament can work out the policy to be followed.

I should like to add that we think it necessary — and American and Japanese experience confirms this —

to entrust the task of long-term analysis and research on restructuring problems to a technological forecasting unit — perhaps the European Communities Institute for Economic Analysis & Research, which has not yet come into being because of the Council's dilatoriness. In order to carry out restructuring properly, the Community and especially the Commission need to have such a research unit at their disposal.

We therefore urge the Commission to adopt the two fundamental amendments which I have put forward, and with this reservation we approve the Commission proposal.

(Applause)

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

Mr Schwörer. — *(D)* The Christian-Democratic Group has asked me to give its reasons for tabling Oral Question Doc. 62/79 and to state its position with regard to the Spinelli Report, Doc. 637/78. I should like to do both at once, because both documents cover the same ground and in this way we shall save time.

Mr President, in commenting on our question on the adoption of the draft regulation, I should like to raise a few more points concerning the structural policy. But before doing this, I wish to extend my warmest thanks to the Commission, and in particular to Mr Davignon, for their persistent efforts in sectors in which structural crises have occurred, namely textiles, steel, the chemical industry, shipbuilding and footwear. Mr Davignon has shown remarkable vigour in tackling the pressing problems in these areas, and his imaginative approach is particularly worthy of recognition since he has tried to find an appropriate solution to each problem. He has not followed a rigid plan in doing this, but has sought a suitable solution for each set of difficulties, Parliament therefore has every reason to thank the Commission, and in particular Mr Davignon, for their good work.

I should also like to express my thanks for the draft regulation submitted today. The Committee on Budgets has voiced certain misgivings, but for my part I am pleased that the draft regulation is now before this House. These matters must be open to public scrutiny. Parliament must play an active part in these affairs, and it is clearly worthwhile for us to discuss them here and reach a decision on them. The general improvement in the economic climate has undoubtedly played a decisive part in restoring full employment in the textile industry, in creating a more balanced relationship between orders and production in the steel industry, in improving the results achieved by the steel industry, and in radically improving offtake and employment in other problem sectors. I repeat, but for the determination and vigour of the Commission, this rapid improvement would clearly have been impossible.

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However, Mr Davignon, I should like to raise a number of matters arising from my Group's question. These do not necessarily have to be answered today — you can in fact give the answers later in writing.

First of all, textiles. The Community has concluded voluntary restraint agreements to counter distortions in competition from low-price countries. This was a wise move, as these are now having a positive effect, particularly on employment. But we should not allow internal distortions in competition to arise within the Community, least of all as a result of restructuring. I believe that all undertakings should be able to benefit equally from restructuring measures. The textile industry consists predominantly of small and medium-sized undertakings, and funds should in no event be made available to large corporations or organizations involved solely in buying or selling textiles. Help and encouragement should be given to carry out restructuring for all small and medium-sized textile firms, spread evenly over the entire Community. It makes no difference whether restructuring is carried out in Britain, France, Germany or Italy. The same financial and economic problems apply everywhere. I would therefore ask Mr Davignon to see to it that no further distortions in competition arise here, and in particular to ensure that such distortions are not the result of funds being made available to big business or to state undertakings. In addition I would ask the Commission to be perfectly frank in presenting its measures to the House; in other words, it should state publicly who is to receive aid.

To turn to the steel industry, I am pleased that the situation in this sector is improving, but certain questions remain unanswered. Firstly, will the voluntary restraint measures be extended with respect to quantities or abolished if prices continue to rise? I would remind Mr Davignon of the promise to this effect which he made to this House in October last year.

Secondly, how transparent are subsidies in this sector? Mr Davignon knows how difficult it is to extend this agreement to stabilize prices in the steel industry. We were told that by 1 April an agreement would have been reached on how transparency was to be achieved, in particular for the nationalized steel industries. What progress has been reached?

I do not believe that transparency was achieved by 1 April. Thirdly, what is the position with regard to inefficient undertakings? Will we continue to maintain them, although they have no long-term future because things have improved and the order books are full again? I believe this would be very short-sighted, for a further slump would ensue and we would have to draw on public funds to get them back on their feet. Restructuring is made easier by a favourable economic climate — a point which the rapporteur made very clear in his report. Although I think we should do our utmost to avoid social hardship, we should not insist on applying the kind of exceptional financial arrange-

ments which appear to have been drawn up for the coal and steel sector if other means of improving employment can be found. Assistance spread over two years is all very well if a worker cannot find another job. But I believe it is always preferable to reintegrate people into the work process as work provides not only financial rewards but also the personal satisfaction — indeed the sense of achievement — which the individual needs. This is a problem which cannot be overcome merely by providing generous unemployment benefits.

Fourthly, how long will the favourable economic climate in the steel industry last? Will the present situation be maintained once public programmes, which now play an important part in maintaining this climate, are discontinued? We should make every effort to achieve lasting economic benefits on the basis of a sensible structural policy, in particular in investment, a sector on which the steel industry depends.

To turn to the structural policy as a whole, we Christian-Democrats believe that the structural policy cannot be viewed in isolation, as it must be founded upon sound economic, social and financial policies. In brief, we believe that a prerequisite for a sound structural policy is the maintenance of the free market economy.

This has produced the finest results since the war. Our difficulties only began when the free market economy became overburdened and disorientated and was overtaken by inflation and consequently by unemployment, which then threatened all the other institutions in this system, as well as pensions and the social security system. This resulted in enormous national debts, which became necessary to avoid further and bigger recessions.

We believe, therefore, that the structural policy is complementary to and a component of the free market economy. We feel that the soundest industrial structures are many-sided. We need large undertakings, but we also need — and this need is extremely pressing — small and medium-sized ones. All those who are willing and able to become independent should be given the opportunity to gain their independence. We should, wherever possible, provide state aids for those who wish to become self-employed, and thereby create as many opportunities for the self-employed as possible. Of course, these firms should also be helped in the early stages. They should be given assistance in purchasing, development research and all the very costly activities which large industries can much more easily afford than small and medium-sized undertakings.

I repeat, every competent worker who feels willing and able to secure his independence should be given the opportunity to pursue his goal. The Commission says that restructuring will be achieved more easily

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when our growth rates improve. We agree wholeheartedly. In our view, we can best improve our growth rates by creating greater opportunities for private investment. Here again, small and medium-sized undertakings should be given greater opportunities to modernize their equipment. This can doubtless be achieved by means of interest rebates, which we shall be discussing today. This is one possibility, though not the only one. I think it would be better to reduce the financial burdens of small and medium-sized undertakings, in particular their taxes and other dues.

Because of this overburdening, the incentive to become self-employed has been greatly weakened. The most effective solution to this problem would therefore be to cut taxes. I believe that company funds which are retained for modernization or for improving competitiveness should be subject to favourable rates of tax.

Particular reference has been made to the subject of depreciation. Unfortunately, the Member States' national legislations differ widely on this question. I feel that we should — and I am including the Commission in this — take measures to improve the general situation in this field. Those who persist in saying that the state should provide handouts should be told that improved depreciation does not imply a loss of funds to the national government but at worst a loss in interest, and therefore not an irretrievable loss in taxes. In most countries depreciation opportunities cease once depreciation reaches 100 %.

However, in certain countries, for example Great Britain, depreciation may go beyond 100 %. I must say I approve of this, because rapid technological progress now makes it necessary to exceed the 100 % margin, but that is a subject which we shall have to discuss in detail some other time.

Mr Davignon may perhaps be thinking that all this is of no concern to us.

I am well aware that we are unable to table tax proposals at Community level. That is a matter for the national governments, but if you intend to devise a structural policy for Europe, you should at least offer suggestions which can be taken up in the national parliaments or governments. You should give us some ideas to work on. You should coordinate our activities and above all ensure — as advocated in the draft regulation — that Member States do not adopt conflicting or even irreconcilable measures, as this is not the purpose of a structural policy. Paragraph 8 of Mr Spinelli's report calls for the coordination of the external economic policy. You are responsible in Brussels for putting out fires but with the present instrument you are creating a means of influencing structures over the long term. We welcome the opportunities now open to you, because a sound structural policy encourages and supports private initiative, and because it is an economic policy which gives equal

opportunities to all undertakings, whether large or small. This is a condition of our support. Two years ago, Mr Davignon, this House adopted the Notenboom report on small and medium-sized undertakings. Many fine speeches were made at that time, but nothing much has come of it, although I must concede that you have taken this problem into account in the draft regulation before us. Article 3 stipulates that a higher rate of interest rebates is possible for small and medium-sized enterprises, a fact which I find gratifying. It is a start, but it is still not enough. We devote more attention to Mr Notenboom's report and be guided to a greater extent by its findings. I repeat, more small and medium-sized firms mean greater competitiveness, profitability and flexibility, and I am sure I shall not offend you when I say that the hard work and ideas of the millions employed in small and medium-sized firms will do more for growth than all the great plans drawn up in the offices of a few large undertakings.

Improved growth among small and medium-sized firms is also the surest remedy for unemployment. This fact was proved by my own country's success in solving the problem of the shortage of openings in training. The trades created a remarkable number of new openings and thus removed the great difficulties which had arisen for young people.

Mr Davignon, we call upon you to reply in concrete terms to our question concerning our unexploited opportunities for growth. We shall approve the draft regulation on participation in the structural measures. The Christian-Democratic Group supports this measure and hopes that it will be a valuable contribution towards improving structures in Europe.

(Applause)

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

Mr Pintat. — *(F)* Mr President, Mr Davignon, ladies and gentlemen, since November 1978, when Mr Davignon made his statement to the House, we have regularly discussed the various industrial and social aspects of the policy which the Commission has been pursuing in the iron and steel industry for nearly two years.

This debate might therefore be regarded as superfluous since the reports by Mr Ansquer and Mr Laurain were discussed by this House in January and February. However, I feel that the oral question which I have tabled on behalf of the Liberal and Democratic Group follows on logically from the debates which preceded it. With under two months to go before direct elections, we need to make an overall assessment of the Community's measures in the steel industry, as this will be an important issue in the weeks to come. In my own country in particular — as Mr Davignon is well aware, since his actions have been questioned by a Member of this House — a

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violent campaign has been instigated by certain groups who claim that the Davignon plan is the cause of all the ills confronting the steel industry. We Liberals say that no effort must be spared to refute the suggestion that Germany is responsible for the situation in the French steel industry. Those who are rekindling this antagonism, claiming that our German partners are responsible for the closure of the Longwy or Denain works, are playing with fire.

At the same time, however, we appreciate the legitimate desire of the people of northern France and Lorraine to fight for the survival of their regions. If this desire were no more than a cry of despair and anger, it would offer no real hope for these regions, which form the historical and geographical heart of Europe and which the Community should henceforth regard as its main areas of concern. It has never been possible to influence the future by clinging to the past, and the future is founded not on speeches or verbal assurances but on concrete achievements. Europe must join in this process, otherwise it will no longer be capable of proving that it can achieve positive solutions to problems which are beyond the scope and resources of the national authorities. The Commission's plan to combat the crisis, which was introduced — rather belatedly, we feel — in December 1977, is one such positive solution. It has been undeniably successful in certain fields, for the decline in prices and competition in the steel industry has been halted.

Problems do remain, however. Although the system applied to production is now operating fairly satisfactorily, minimum and guide prices have reached a very disturbing level. Since 1974 selling prices on the European market have increased by nearly 25 % in the case of guide prices and by an average of 15 % in the case of actual prices. In view of the fact that in the same period average production costs nearly doubled, it will be realized that European undertakings have experienced real difficulties. Now that there appears to have been an revival in the demand for what might be described as 'raw' products we should lose no time in fixing guide prices to enable undertakings to restore their financial positions, especially since the increase scheduled by the Commission for the end of 1978 has not been applied. The aim of Mr Davignon's programme is to put a stop to the anarchy which has developed in the European market in trade both inside and outside the Community and to return to more realistic prices. How can we achieve this without solidarity? It is impossible.

What does solidarity mean? It means that the strong do not ride roughshod over the weak and that we all try to weather the storm together. As you know, the regulations on prices have been circumvented by those offering concealed reductions or passing off first-grade as second-grade goods. The Commission tries to ensure that Community discipline is respected, but

how many fines have been paid as a result of legal proceedings? Were the concrete reinforcement bar producers at Brescia — the notorious 'Bresciani' — penalized as they deserved to be? Let us make no mistake, danger still exists and is looming all about us; the Bresciani are no longer a threat to the European market because they have found other outlets in third countries, but Community discipline must not be relaxed.

Those, Mr Davignon, are the comments which I wanted to make on what we have agreed to refer to as the internal aspect of your plan.

As far as the external aspect is concerned, I would just like to ask you why you abandoned the completely satisfactory system of basic import prices in April 1978 in favour of bilateral agreements, the non-observance of which only becomes apparent after several months. Now that a year has elapsed it is useless to threaten to penalize the offending parties. Spain, for example, does not appear to have observed the agreement it concluded with the Community. What was done when the violations became apparent?

As regards trade, we should be concerned about the resurgence of protectionism in the United States, which is threatening European exports in the short and medium terms. This has a direct effect on employment, since in 1978 the US accounted for 24 % of Europe's expenditure in third countries. The setting-up of a system whereby a rapid anti-dumping procedure is triggered off when prices fall below a certain level is gradually building up an insurmountable barrier to our steel exports, as the levels concerned are now higher than those on the internal American market.

Fortunately, US demand at present exceeds the supply capacity of American producers, otherwise the situation would have been even worse. But the introduction of such barriers is not enough for some American firms: recently, one of them even lodged a complaint against the Community for dumping. The damage done appears to be absolutely trifling if we consider that in 1978 this firm achieved record profits and that the orders in question represent a tiny fraction of American consumption. This is a disturbing trend in that the future of Europe's steel industry depends to a large extent on the level of its exports, since the prospects of a significant increase in Community consumption appear bleak.

Mr President, the measures I have just been referring to will provide the basis which is needed for restructuring. The aim of the plan to combat the crisis is to create the conditions required for an exhaustive restructuring policy, which should enable the European steel industry to compete once again with its main rivals, America and Japan. I repeat, these protective measures will be futile on their own, for applied in isolation they cannot relieve the fears and anxieties

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of the thousands of workers in this sector. The Community can play a key role here ; it should begin by defining our needs, taking economic, political and social aspects into account. The Commission has presented to us its general objectives for 1985. What facts have emerged? A sluggish trend in steel consumption and the anticipated external trade balance have convinced the Community that it is essential to cut production capacity in order to make the necessary adjustments in supply and demand.

I should now like to point out the basic principles on which, in my Group's view, restructuring and its implementation should be based.

First, restructuring should embrace the whole of Europe's steel industry. In other words, production capacity must be reduced as equitably as possible. Only then will these measures be accepted. However, restructuring should not lead to the eclipse of the Community as a steel producer. A balance has to be struck between the need for competitiveness and the production capacity to be maintained to ensure that the Community does not ultimately become dependent on third countries. To maintain a sufficiently good trade balance we must increase our exports of capital goods, and we can achieve this by selling our steel. We should not be afraid of setting ambitious targets for external trade, as this will enable us to mobilise Europe's commercial dynamism.

With this in mind, the Commission should see to it — and this is now its major role — that the essential requirement of coordinating the national programmes and the plans for restructuring is met and that these are drawn up in accordance with the objectives decided upon. We should not stifle the initiative associated with national policy-making but should ensure that our policies are consistent at European level, for only genuine solidarity between the Member States can get us out of this unprecedented crisis.

So we see that we must make an all-out effort to consult with both the Member States' industries and their governments. I would ask the Commission to tell us the consultation arrangements for the difficult task of restructuring our industries. We are therefore committing an act of faith with respect to the future of the Community's steel industry, a future which is unattainable without restructuring ; but a set of accompanying social measures should be drawn up to make restructuring acceptable.

How can the Community forget the social and regional consequences of restructuring in the steel industry? This clearly a major human problem. As we know, it is planned to create 100 000 jobs between now and 1985 to compensate for the losses to the steel industry. We fully approve of this plan, and point out that Articles 54, 55 and 56 empower the Commission to take effective measures.

However, we still have to find the necessary financial resources, and my closing remarks will be concerned

with this key issue. The new measures advocated by the ECSC Consultative Committee — changes in the organization of shifts, early retirement, and cuts in overtime and in the working week — have already been dealt with in the Laurain Report and are now being examined by the Commission. Clearly, they will entail very considerable budgetary expenditure and will place an unusually heavy burden on the ECSC budget. I would ask the Commission what progress has been achieved in examining these measures and whether it has arrived at any figures for this section of the social aspect of the ECSC budget. Our own figures are as follows : 120 million units of account in 1979, and 88 million in 1980, to cover expenditure on 80 000 workers for the two years in question.

But exceptional problems call for exceptional solutions ; we must all shoulder our responsibilities : the Commission, we can be sure, will shoulder its own, and we shall shoulder ours by urging the Member States to give the Community the financial resources to carry out these measures. We believe that extra resources can be found. To begin with, the Council could be asked to accept the transfer of the revenue from the ECSC customs duties to the ECSC budget. This would not be enough, however. The Community should also be able to draw on other resources, in particular through the European Investment Bank, the Regional Fund, the Social Fund, and the Community's new financial instrument.

In the report which he has just presented to us, Mr Spinelli emphasizes the need for the Community to have adequate resources at its disposal to finance the national restructuring and conversion programmes.

In conclusion, Mr President, it cannot be said that the Community is wholly to blame for the crisis in Europe's steel industry. Here as elsewhere, it has all too often been used as a scapegoat. Let us be realistic ! How can it be accused of inaction, if, as I suggested a moment ago, it was not given the means to act? We are now eagerly awaiting the outcome of the Commission's proposal on Community intervention in industrial restructuring and conversion. Emphasis should here be placed on the essential role of small and medium-sized enterprises. Indeed, since the industry's beginnings, small and medium-sized enterprises have been its industrial and commercial backbone. In every crisis we are forced to admit that they are best able to withstand structural and economic difficulties and are most imaginative in employment. By supporting small and medium-sized enterprises we stimulate growth : this is preferable to a policy of constantly handing out subsidies. The effectiveness of Europe and of the Community we are building will be judged on 10 June in the light of issues such as this which touch at the very heart of our countries.

(Applause)

President. — I call Mr Bernard-Reymond.

Mr Bernard-Reymond, *President-in-Office of the Council.* — (F) Mr President, the European Council, when it met in Copenhagen in April 1978, instructed that a common strategy be evolved to overcome the unsatisfactory tendency of economic and social developments in the Community. On the basis of preparatory work carried out by various bodies, the European Council, which met in Bremen on 6 and 7 July 1978, determined the essential features of the common approach aimed at achieving a considerably higher rate of economic growth in Europe, thus reducing the level of unemployment while establishing a greater measure of monetary stability and expanding international trade.

The report on certain structural aspects of growth, which the Commission submitted to the Council at the end of June 1978, was used in preparing the European Council's discussions on the common strategy to be worked out at Community level.

One of the principal merits of this report is that it provided food for thought for the European Council, whose general conclusions were essentially the same as those of the Commission.

With regard both to the overall and sectoral aspects, the fundamental lines of the growth strategy advocated are based on the same principles. In the medium and longer terms, the Commission document provides a valuable source of reference and guidance for the many types of action which, as part of the common action thus defined, the Community will continue to take to implement all the Community's development potential, thereby helping to reduce the level of unemployment and encourage the adaptation of European industry to new world market conditions.

The Commission memorandum does not constitute a proposal in the formal sense of the word, but is submitted for discussion and guidance: it assesses the situation and outlines prospects for action by business undertakings, national authorities and Community bodies.

The action undertaken by the Council is thus in accordance with the Commission memorandum. By way of example I shall mention four areas of concern. On the subject of the general conditions essential for the development of a growth policy, the need to maintain a single market has again been stressed by the Commission. The Council has accordingly continued to work on the elimination of barriers to the setting up of a genuinely and perfectly single market in the fields of competition, company law, customs, tax and technical regulations. In the iron and steel sector, where major projects on restructuring and redeployment have been initiated, the Council defined, in the conclusions adopted last December, the general lines along which such projects should be implemented in the Member

States, taking account of the social and employment situations.

On economic and monetary affairs, the need to create conditions of greater monetary stability in order to foster an upturn of investment and to encourage planning by companies has been rightly emphasized. The recent creation of the European Monetary System is a measure in keeping with this concern. Finally, this common strategy must be part of an overall strategy to revive growth in order gradually to absorb unemployment and create the necessary new jobs to accommodate young people on the labour market. Youth employment was a major concern of the Community in 1978, and in December of that year the Council adopted legislation granting new aid from the European Social Fund for young people under the age of 25.

The search for ways of influencing employment was also a central issue at the Tripartite Conference held in November 1978. This Conference, which agreed on the common strategy evolved in Bremen and based its work on the Commission communication, instructed the Commission to examine certain questions such as possible ways of encouraging investment, reducing working hours and providing access for young people to training and employment. Specific action has thus been undertaken, in accordance with the approach evolved by the European Council, in all areas where it is possible to increase employment, but it must be borne in mind that the positive effects of action of a more general scope cannot make themselves felt very rapidly.

(*Applause*)

Mr Pisani, *chairman of the Committee on Economic and Monetary Affairs.* — (F) Mr President, the Members of this House must be capable of performing miracles, because they asked to deal in five minutes with the entire industrial policy of a Community as vast as ours. But don't worry, I have no intention of performing a miracle, I just want to make a few comments on behalf of the Socialist Group.

The initial outlines of an industrial policy appear to have been taking shape during this morning's debate. I feel it is important to approach this question in this way, for we believe that a consistent and embracing policy is essential. It is essential and is in line with the decisions of the Council. We in the Socialist Group hope that the policy will be concerned initially with the restoration of satisfactory employment, that is full employment, even if the definition of full employment, as we have already said, has to be modified.

We feel that this industrial policy should include certain features which I should now like to outline. As Mr Davignon pointed out a moment ago, it must be founded on solidarity among the Community countries, and that national industrial policies should not hinder the Community's efforts to achieve a harmonized and mutually complementary policy.

Pisani

I would add, however, that a specific economic objective should be pursued when applying this industrial policy. Public intervention, either at Community or national level, should not stimulate or re-create conditions favourable for isolationism and protectionism: the purpose of Community intervention, as of national intervention, should be to re-establish external competitiveness.

Indeed — and this is a fallacy of traditional economic analysis — all forms of economic intervention do not pursue the same goal: some are aimed at making economies introspective, while others aim at making them permanently open to the outside world. It is essential for the Community, despite all its crises, to consider its energy deficits and try to remain an exporter of energy, and thus retain its competitiveness. The aim of the industrial policy should therefore be to maintain the competitive capacity of the European economy on the world market in spite of the critical and tense situation.

As I am unable to comment on the industrial policy analytically, I would like simply to list some of the features of intervention.

Firstly, intervention should be selective and should stimulate the economy. I would even go so far as to say that it should be non-egalitarian. It should be selective in that not everyone should be effected by it; help should only be given to those who need it to get back on their feet. It should stimulate the economy in the sense that public intervention should mobilize private capital, otherwise the burden on the public would soon become too great. And it should be non-egalitarian: long-term equality implies short-term inequality. It must be possible to intervene in different ways, but without upsetting the internal balance of industrial sectors. Ultimately, we should continue to analyse what I would call the 'threshold' theory. Economic intervention and economic growth do not follow a linear progression. There are times when the situation is reversed and when there is all the more reason to intervene because intervention changes the direction of economic trends.

Secondly, intervention should form part of the consistent European system. It would be highly dangerous if, amid the confusion prevailing in a given country or region, inconsistent intervention had the effect of renewing a crisis or simply delaying it by transferring it from one sector to another. We are very anxious to emphasize the need for consistency on a European scale, as we feel this to be one of the most important features of such a system.

But above all we would like to stress the global nature of intervention, because it seems that not enough has been said on this point. Providing technical assistance for undertakings in difficulty does not mean that all the ways in which its difficulties affect an entire region and, on a smaller scale, an entire category of

workers have been taken into account. The social phenomenon of training or movement from one job to another should be allowed for in a general assessment of interventions and of restructuring and conversion efforts. There is too great a tendency to consider conversion as part of the internal affairs of an undertaking, or even of a department, whereas in fact conversion implies the reinstatement of a section of industry, a set of infrastructures and the jobs and labour of an entire region; that is why we feel that the amendments put forward by the Committee on Social Affairs, Employment and Education are so important. Restructuring and conversion should always be geared to the overall problems of a region.

Finally, the Community should be able to forecast small-scale and large-scale developments. On the small scale it should be able to carry out micro-economic analyses to forecast possible crises and difficulties to be encountered soon. Large-scale forecasts, on the other hand, cover general trends and should prepare industry and the European economy to adjust to the developments predicted. In this connection the rapporteur, speaking on behalf of the Committee on Economic and Monetary Affairs, drew attention to our dissatisfaction at the fact that the planned forecasting body has not been set up, and described the experience of the USA and Japan. When will the Community have such a body to enable it to forecast events and avoid crises, for at present we seem to be floundering in the wake of catastrophes which have already struck.

Forgive me for this rather schematic presentation and for not commenting on all the findings of our analysis, but the agenda was very tight and I wanted to observe your rulings, Mr President. The Socialist Group will therefore be voting for the draft resolution and for the amendments tabled by the Committee on Social Affairs, Employment and Education, but not for the amendments proposed by the Committee on Budgets, as these would delay the implementation of a policy which, although not perfect, is nonetheless urgent.

(Applause)

President. — I call Mr Davignon.

Mr Davignon, Member of the Commission. — *(F)* Mr President, since I have been given the opportunity to comment both on the excellent report on the Commission's proposal concerning Community aid to industry, submitted by the Committee on Economic and Monetary Affairs, and on the question tabled by the Christian-Democratic Group concerning the broader problem of present industrial trends and the highly specific and delicate area of application referred to by Mr Pintat, I feel in a position to adopt a more general approach to the problem of Community industry in 1979.

Davignon

I feel this is an opportune moment to do this since, now that Parliament is about to be elected by direct universal suffrage future economic, industrial and social problems are bound to be a key issue, and it will be interesting to see what kind of future we will be choosing for the Community. Will the Community be fatalistic, in other words will we be applying our powerful intellects to wondering why certain measures are not possible, or will the Community try to influence the future and refuse to accept that it is powerless? This question is of fundamental importance. If we follow the latter course, as indeed we must, and opt for free will in Europe, what form will this free-will take? Will national rivalries and the selfishness of social classes make it impossible to implement wide-ranging, liberal and common policies? There are no easy answers to this question.

I would merely point out that we should not confine ourselves to discussing ideas while there are six and a half million unemployed in the Community, as this is not the time to hold academic debates on the soundness of a given theory or arrangement. Political honesty demands that we speak in concrete terms, and the Commission's utterances should be clear and straightforward: it should say precisely what measures are likely to produce the result I eluded to just now and reconcile the constraints present in all joint action. There is no joint action without constraints, but these must be reconciled with the kind of economic efficiency which can rid us of this persistent uncertainty, for without economic efficiency it is impossible to eliminate uncertainty and achieve social and political cohesion. With this in mind, I would now like to turn to the three subjects of today's debate.

As we have heard, Mr Schwörer raised the fundamental question of the general context in which the Community will develop. This is a difficult question, for in the present crisis we cannot be content merely to comment on events: we have to take specific and definite action. The first question which arises when we mention intervention of this kind is: does it promote equality or lead to distortion? This is the first problem posed by any industrial policy, whether national, regional or Community. I feel it is essential to stress that it cannot in principle create any fundamental distortion. But what do we mean by an absence of fundamental distortion?

Does it mean that everyone should always receive exactly the same treatment at the same time? Should a given measure applied to the iron and steel industry be automatically followed by a similar measure in the textiles or footwear sector, in order to eliminate difficulties? If a measure is applied to a given region, are all other regions automatically entitled to receive the same benefits? The answer to these questions is clearly 'No'. Freedom from distortion does not mean

that the same measures are automatically applied to all parts of the Community at the same time. That is why the objective pursued, and the methods and instruments applied in pursuing it are all linked. That is how distortion is eliminated. If it is not eliminated, we end up creating different categories. With a whole series of difficulties concerning the location of industry, types of industrial activity or differences between large and small undertakings, it is easier to take concerted action with a few giant companies than to consider the whole industrial scene, although this is more important to Europe's economy. Therefore my first reply to Mr Schwörer is quite clear: industrial policies should aim at preventing lasting distortions. For this reason it is impossible to consider problems of industrial policy without taking into account all the procedures for the granting of subsidies and aid for sector or regions in difficulty, otherwise distortion will ensue.

The second main question was on the means available to the Commission to promote its industrial programme. I think we must be quite clear on this point and distinguish between means which result from regulations and means which are the outcome of our deliberations, advice and opinions. A moment ago the President-in-Office of the Council referred to the report on industrial growth in the Community which we submitted to the European Council. He stated that the document was, if I may quote him, a valuable source of reference and guidance for the many types of action which the Community has to undertake. It is clearly the Commission's responsibility to make known the results of its economic analysis and to point out to the Member States and their industries the types of action which are likely to promote the growth we desire. In this situation Mr Schwörer, we have to consider tax problems, whether these are related to depreciation or other questions, as these are restraints on which we shall have to state our views, so that we can identify successful measures adopted in a given country or region. This aspect of our Community instruments is not regulatory but calls for joint deliberations at Community level to ensure the success of the experiment. Next autumn the Commission intends once again to make a very serious effort to deal with the whole problem of the inclusion of small and medium-sized undertakings in Community development and, as I have promised the House, it will assess the situation on the basis of the report submitted to the House nearly two years ago by Mr Notenboom. This is clearly established, but I would like to point out — and this is the only point on which Mr Schwörer and I may disagree somewhat, that there is a very close link between what goes on in the Community's largest undertakings and in its medium and small-sized ones.

What is this link? Who creates the most advanced technology? Who creates the major conditions

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governing industrial change? The large undertakings. Who creates the most jobs? The small and medium-sized undertakings. Would the small and medium sized undertakings be in a position to create these jobs if, at the same time, the large undertakings did not carry out their own work in areas most beneficial to them? This is an extremely delicate point; it is difficult to sort this matter out, and there is clearly some interaction.

On examining the situation in the data processing industry, for example — and this is a point which I shall be touching upon in a moment when referring to certain growth areas — we find that while data processing has had a negative effect on employment in certain large undertakings because of technological improvements, it has been highly beneficial for employment in a whole range of undertakings which either act as subcontractors to the large concerns or which fill the gaps left open by them. This is the interaction I have just alluded to — and I am sure that this applies to data processing and to energy and that there are a large number of new ideas to be considered here. So we must continue to move ahead.

The creation of this new mechanism enabling us to deal with sectors where restructuring poses the greatest problems and where economic and industrial crises are the greatest barriers to change was one way of trying to achieve progress. This was what prompted us to submit to the Council and Parliament this new budgetary item enabling us to give aid to restructuring.

I can be quite brief on this point because the report submitted by Mr Spinelli on behalf of the Committee on Economic and Monetary Affairs following the debate in which I was privileged to take part outlines very concisely — like his speech this morning — our hopes and aims with regard to this mechanism, which covers only a limited area, but which supplements the other Community instruments. The report illustrates clearly our wishes concerning Community restructuring, and I think presents our aims admirably. Mr Spinelli has drawn attention to the reason why, although certain misgivings were expressed as to the advisability of regulatory mechanisms, the Commission was in favour of introducing a regulation, and I thank him for that. We were thus able to demonstrate the political importance which we attach to this innovation and to new methods made necessary by changing circumstances. He also stated why one of the methods of operating the system was not acceptable to Parliament, for he argued that the Commission would lose some of its powers, and he therefore proposed that the Commission's draft regulation should be amended.

I should now like to repeat briefly what I said in committee: I fully appreciate Parliament's position. It is understandable and seems to have a very sound legal basis and to be consistent with Parliament's normal budgetary position on these matters. However, the Commission is faced with a practical problem in

that it has already encountered difficulties with the Council concerning the regulation as it now stands. I have to shoulder a heavy responsibility — I make no bones about it — and ask myself whether we should forgo these 35 million units of account, which we need in order to take specific measures in shipbuilding and textiles, because we have not reached an agreement with the Council in the appropriate manner. I am faced with the same difficulty in industrial restructuring and in steel — I shall come back to this in a moment — in which we have serious commitments. For this reason we thought it preferable to meet in the near future without yielding any points of principle as regards the Council in order to devote these funds to measures required on the economic and social fronts in 1979 while limiting the period of validity of this regulation. We can thus re-examine all these budgetary problems during the debates which we shall be holding with Parliament from next autumn, because we find ourselves in a peculiar situation on this matter.

What are we supposed to do when, in the case of non-obligatory expenditure, Parliament approves a budget committed to specific measures but in which the Commission is in certain cases unable to use funds earmarked for specific measures because it has failed to reach an agreement with the Council? You will agree that this is a nonsensical and ludicrous situation. If we do not solve this problem, we shall find it difficult to apply effectively and consistently policies on which everyone has agreed since the budgetary procedure has made it possible to identify the needs and fix the appropriations. If these appropriations cannot ultimately be put to use, the Commission could be justifiably reproached for not accepting its responsibilities and for being unable to implement a policy which it has proposed. We shall clearly have to overcome this difficulty one way or another. In the immediate future I hope to avoid any difficulties with Article 375, because from 1979 onwards specific measures must be taken which will answer the questions raised by Mr Schwörer. Who will benefit from the system? How will it operate? How can we ensure that distortions in the use of a Community mechanism are eliminated? To demonstrate all this we must be able to use the mechanism, and that is why, although we respect the proposed amendments and fully understand why they have been put forward, it is our responsibility to do our utmost, without jeopardizing the principles involved, to make this financial mechanism available from 1979 onwards.

Mr President, to conclude this point I shall refer briefly to steel. Why briefly? Because, if I may say so, Mr Pintat, you have outlined the problem most knowledgeably and accurately. I would also like to thank you for your moderate approach, as I know only too well that this is a highly emotional — at times excessively emotional — subject and that the play of emotions sometimes gives a misleading impression of what we are trying to accomplish.

Davignon

It is perfectly understandable that the Commission should be used as a scapegoat when its policies are difficult to accept. If the Commission was never anyone's scapegoat, it would mean that it served no useful purpose. There would be no point in politically attacking the Commission if it was a permanent state of somnolence. I believe that in this field the fact that our proposals do not please everyone does not prove we are right, but that our activity is affecting the situation.

So, what's the position? When the Community was confronted with the steel crisis, it had no policy. This was a mistake which we do not intend to repeat.

That is why our recent debate on the Commission's new financial mechanisms and on industrial restructuring should help us to avoid such catastrophic situations in the future.

Very briefly, what has happened in the past two years? You said that we have increased the prices of products on which losses were greatest, i.e. long products, by 20% to 25%, and in the case of flat products, by 10% to 15%. This means that we are approaching the level of prices in Japan and the United States. The reason I refer to the prices in Japan and the United States is not that I have any particular esteem for these countries, but that they are our two main industrial competitors.

Obviously, being competitive does not mean that we should be able to apply the prices of any country in the world, but we should be able to apply those of our main competitors. We were therefore in an absurd situation: although costs in the Community were higher than those of our competitors and although our conditions of production were less favourable than theirs, Community prices were lower than theirs. We therefore put our prices up to our competitors' levels. Should they be further strengthened?

This is an extremely difficult and delicate question which is now being examined by the Commission. We should see to it that Community prices are not distorted; when prices fall below the level which is tolerable for the most efficient undertakings, we should intervene, otherwise chaos will persist. However, we should also ensure that if this measure succeeds we do not create artificial prices in the Community, as this would lead to difficulties for the processing industries, such as the car industry, metalworking, the manufacture of capital goods, etc. This is a very important point, because we increased our exports by 21% in 1978 — which clearly illustrates the feasibility of this ambitious policy which you have been calling for at the same time as the Commission — and prices played a part in this. We shall have to examine the question of prices on a product-by-product basis

Because of the disorderly state of the market certain prices are still lower than they should be. Other

prices, however, can and will improve under the influence of normal market forces. This will be proof that as far as those products are concerned the crisis is over. Prices will rise to a higher level than we recommend, which means that the law of supply and demand will have restored a certain degree of balance and that the period of uncertainty which we have been going through will slowly come to an end. But one condition has to be met before this happens. You asked me if the system we discussed with 120 undertakings and which seems to ensure a balance between supply and demand is working properly. My answer is simply this; previously the variations in production from the figures suggested or agreed by us with the undertakings were + 15% or even + 20%, the first quarter of 1979 shows a variation of 1% in relation to the agreed crude steel production. In other words, the solidarity uniting Community producers means that their sacrifices are being shared equitably, in other words, the system is working, and that we are recovering price equilibrium. The Commission stands ready to intervene, if necessary.

With regard to external trade, you asked me why we replaced basic prices with a system of bilateral agreements. We did this because a unilateral system never works as well in the long term as a contractual system. Unilateral systems are possible over a short period because they alone make it possible to deal with a given situation. After a while, people lose faith in such a system, so it has to be replaced by a bilateral system, provided it is as effective as the unilateral one. We have indeed made certain miscalculations, as in the case of Spain, and in another country we were unable to keep as close a check on the situation as we would have liked; but we have concluded a further agreement with Spain for 1979 in which we deducted from the 1979 figures part of the 'surplus' exports for 1978. We have thus restored the situation to normal by including a number of other products and by introducing certain other procedures, so that we are now in a position to say that the bilateral system works better than the old unilateral system. It is now in the interests of exporting countries that this system should work properly, because they receive a better export price and are not completely tied to a very low export price in order to sell their goods on the Community market. If we consider that our exports have risen by 21% and our imports have dropped by 13% and that the Community is a net exporter of steel, you will agree that the steel policy we are pursuing is what you asked for, a policy which also ensures that from the point of view of the Community's independence and from the industrial standpoint the Community's production capacity is adequate.

However, we now have to achieve our most difficult objective — that of ensuring that undertakings which were unprofitable but which were able to continue to

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operate at lower cost thanks to the Community system and because everyone cooperated, will be able to maintain their improvement and return to a healthy and normal situation. We have to intervene at three levels — at the industrial and social levels and at the level of job creation.

There is disagreement between the Commission and Council over the funds for Community assistance ; I hope this will be settled by the end of the year. I repeat, the Commission feels that this disagreement with the Council should be resolved as a matter of priority. We do not accept a situation whereby because of the refusal to grant us the 60 million units of account we will be unable to carry out the industrial promotion policy and the social policy which we need.

Secondly, it is clear that by the holidays — and certain circumstances prevented us from doing this by 1 April — we will have settled the problem of discipline with regard to subsidies in the iron and steel industry. Mr Pintat pointed out quite correctly that a Community policy must apply to all of the Community countries, and the rules must be the same for everyone. I am sure that this problem will be sorted out, and recently I have had some very detailed conversations on this point with my colleague, Mr Vouel.

Thirdly, there is, of course, an interval between the loss and creation of jobs, but it is important that this should not last long. Some months ago I stated, in a reply to the House, that measures would be taken in Lorraine to compensate for the loss of jobs by creating other jobs ; I was aware of the plans being discussed, a condition which the Commission had laid down for the acceptance of a Member State's restructuring programme. Member States may not propose restructuring programmes for the steel industry which do not enable certain regions to maintain their level of development even if this poses problems for them. We cannot accept or answer for policies which destroy industrial activities or make the development of a region impossible. Europe is a symbol of hope, not of despair. The Member States call on us when national measures are no longer effective, but we cannot be used as a scapegoat for certain measures.

We are optimistic, and we shall make an all-out effort in the second half of this year to determine how we can implement a dynamic job creation policy on the basis of concerted action. We were unable to do this earlier because it is impossible to create conditions favourable for development while the internal situation is disorderly and uncertain. From June to the end of the year we shall therefore be concentrating on the computer processing of data on major investments, with a view to determining, sometimes on a general level, as I pointed out a moment ago to Mr Schwörer, and sometimes in greater detail, future common policies which could involve certain Member States, and

to assessing the Community's future. The Community's future, Mr President, will depend on whether we have as much faith in our steel industry as the Japanese and Americans have in theirs, that is it must remain an essential vehicle for Europe's development. We should be equally confident that by cooperation and rejecting inequality, prejudice, chauvinism and national or class selfishness, we have within our grasp a means of achieving this goal. This is the Community, and if we do not act in this way, we — and not industry — will be to blame.

(Applause)

President. — As the reaction of the House indicates, Mr Davignon, Parliament is grateful to you for presenting the Commission's views so convincingly and lucidly.

I now ask the House to allow Mr Pisani, the chairman of the Committee on Economic and Monetary Affairs, to speak now although we are running late, as he has to leave us immediately. He is unable to attend this afternoon's debate and wishes to speak on behalf of his Group. He has told me that he will be speaking for five or six minutes, and I take it you will allow him this amount of time.

Mr Pisani, chairman of the Committee on Economic and Monetary Affairs. — *(F)* Mr President, the Members of this House are apparently expected to perform miracles, because they are asked to deal in five minutes with the entire industrial policy of a Community as vast as ours. But don't worry, I have no intention of performing a miracle, I just want to make a few comments on behalf of the Socialist Group. The initial outlines of an industrial policy appear to have been taking shape during this morning's debate. I feel it important to approach this question in this way, for we believe that a consistent and all-embracing policy is essential. It is essential and is in line with the decisions of the Council. We in the Socialist Group hope that the policy will, aim primarily at restoring a satisfactory level of employment, that is full employment, even if the definition of full employment, as we have already said, has to be modified.

We feel that this industrial policy should include certain features which I should now like to outline. As Mr Davignon pointed out a moment ago, it must be founded on solidarity among the Community countries, and national industrial policies must not hinder the Community's efforts to achieve a harmonized and mutually complementary policy.

I would add, however, that a specific economic objective should be pursued when applying this industrial policy. Public aid, either at Community or national level, should not stimulate or re-create conditions favourable to isolationism and protectionism: the purpose of Community intervention, as of national

Pisani

intervention, should be to re-establish external competitiveness.

Indeed — and this is a fallacy of traditional economic analysis — not all forms of economic intervention pursue the same goal: some are aimed at making economies more inward-looking while others aim at making them permanently open to the outside world. It is essential for the Community, despite all its crises, to consider its energy deficits and try to remain an exporter of energy, and thus retain its competitiveness. The aim of the industrial policy should therefore be to maintain the competitive capacity of the European economy on the world market in spite of the various crises and tensions.

Rather than try to analyse them, I would now like simply to attempt to list some of the criteria for intervention in this industrial policy. Firstly, intervention should be selective and should stimulate the economy. I would even go so far as to say that it should be non-egalitarian. It should be selective in that not everyone should be affected by it; help should only be given to those who need it to get back on their feet. It should stimulate the economy in the sense that public aid should mobilize private capital, otherwise the burden on the public will soon become too great. And it should be non-egalitarian: longterm equality implies short-term inequality. It must be possible to intervene in different ways, but without upsetting the internal balance of industrial sectors. Ultimately, we should continue to analyse what I would call the 'threshold' theory. Economic intervention and economic growth do not follow a linear progression. There are times when the situation is reversed and when there is all the more reason to intervene because intervention changes the course of economic trends. Secondly, intervention should form part of a consistent European system. It would be highly dangerous if, amid the confusion prevailing in a given country or region, inconsistent granting of aid had the effect of renewing a crisis or simply of delaying it by transferring it from one sector to another. We stress the need for consistency on a European scale, as we feel this to be one of the most important features of such a system.

But above all we stress the comprehensive nature of intervention, because it seems that not enough has been said on this point. Mere provisions of technical assistance for undertakings in difficulty fails to take account of all the ways in which such difficulties can affect an entire region and, on a smaller scale, an entire category of workers. Training, and movement from one job to another must be allowed for in a general assessment of possible assistance and restructuring and conversion efforts. There is too great a tendency to consider conversion as merely internal to an undertaking, or even a department whereas in fact conversion implies the reinstatement of a section of

industry, a set of infrastructures and the jobs and labour of an entire region. That is why we feel that the amendments put forward by the Committee on Social Affairs, Employment and Education are so important. Restructuring and conversion should always be geared to the overall problems of a region.

Finally, the Community should be able to anticipate and forecast developments. The difference between anticipation and forecasting is one of scale. Anticipation is the ability to carry out micro-economic analyses permitting the identification of possible crises and difficulties soon to be encountered. Forecasting, on the other hand, covers general trends and should help industry and the European economy adapt to the developments predicted. In this connection the rapporteur, speaking on behalf of the Committee on Economic and Monetary Affairs, drew attention to our dissatisfaction at the fact that the planned forecasting body has not been set up, and described the experience of the USA and Japan. When will the Community have such a body to enable it to forecast events and avoid crises, for at present we seem to be floundering in the wake of catastrophes which have already affected us?

Forgive me for this rather abstract presentation and for not commenting on all the findings of our analysis, but the agenda is very tight and I wanted to observe your rulings, Mr President. The Socialist Group will therefore be voting for the draft resolution and for the amendments tabled by the Committee on Social Affairs, Employment and Education, but not for the amendments proposed by the Committee on Budgets, as these would delay the implementation of a policy which, although not perfect, is nonetheless urgently required.

(Applause)

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

The House will rise.

(The sitting was suspended at 1.20 p. m. and resumed at 3.10 p. m.)

IN THE CHAIR : MR COLOMBO

President

President. — The sitting is resumed.

9. Urgent procedure

President. — I have received from Mr Deschamps, on behalf of the Committee on Development and Cooperation, a motion for a resolution (Doc. 123/79) with request for urgent debate, pursuant to Rule 14 of the Rules of Procedure, on preparations for the Fifth

President

United Nations Conference on Trade and Development. The reasons supporting the request for urgent procedure are contained in the document itself.

The vote on this request will be held at the beginning of tomorrow's sitting.

10. Question Time

President. — The next item is the first part of Question Time (doc. 52/79).

We begin with the questions addressed to the Council.

I call Question No 1 by Sir Geoffrey de Freitas :

What are the Governments doing to encourage the teaching in schools of the official languages of the Community ?

Mr Bernard-Reymond, President-in-Office of the Council. — (F) The Council has no details of the measures taken by the individual Member States to encourage the teaching of the official Community languages in schools, since each Member State is responsible for any question relating to the content of curricula. However, the Council would draw the honourable Member's attention to the fact that, in their Resolution of 9 February 1976 comprising an action programme in the field of education, the Council and the Ministers of Education meeting within the Council undertook to encourage, among other things, the attainment of the following two objectives: Offering all pupils the opportunity of learning at least one other Community language and the principle that before qualifying as a foreign-language teacher a student should have spent a period in a country or region where the language he is to teach is spoken.

With this end in view, the Commission submitted a communication to the Council in June 1978 on the teaching of languages in the Community. This communication was given thorough study by the Education Committee which made considerable progress on it. Nonetheless, a number of basic problems remained unsolved, and it is therefore impossible to tell what action might be taken on the Commission proposals at ministerial level, or when.

Sir Geoffrey de Freitas. — Is the President-in-Office aware that many of us are very disappointed indeed with what seems the lack of progress since the 1976 Council resolution three years ago? What can the Council do to ensure that we do make some progress by the time we have Greek, Portuguese and Spanish added to our official languages?

Mr Bernard-Reymond. — (F) I should like to remind the honourable Member of all the work done since the date which you have just mentioned, i.e.

1976 — or 9 February of that year to be more precise — which marked the setting up of the Education Committee. As you know, this Committee drew up an action programme which dealt particularly with the training of migrant workers, the harmonization of educational systems, documentation and statistics, cooperation in the field of higher education, foreign language teaching and equal opportunities in education. The Commission sent a communication to the Council on 20 June 1978 regarding language teaching within the Community, and it was on the basis of this communication that the Education Committee prepared a draft report and a motion for a resolution proposing a seven-point programme with which I know you are familiar and which deals particularly with the basic and further training of language teachers, the teaching of modern languages to the 16-25 years age group, for example, and measures to promote the languages less commonly used. I should like to inform you that there is now very broad agreement at Community level on this programme as a whole, and that only a number of procedural matters still need to be settled.

I can fully understand your impatience and can assure you that I will act as your spokesman in the Council and draw the attention of the representatives of the Member States to the advantages of solving the outstanding problems as quickly as we can — and I think this could be in the fairly near future.

Lord Bethell. — I wonder whether the President-in-Office is aware that the Commission is at present considering, at my suggestion a scheme for the award of a number of prizes for literary works into and out of various languages of the Community. And I wonder whether the Council understands that its consent will be required before any such scheme could be put into operation and whether it will look sympathetically on such a scheme.

Mr Bernard-Reymond. — (F) As far as I know, this proposal has not as yet been put before the Council.

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

Does the Council agree that ratification of the UN Treaty on liner traffic by the individual Member States would be in contravention of the EEC Treaty, and will it therefore adopt a common policy on liner traffic as soon as possible in cooperation with the other OECD countries, as proposed by the Commission and the European Parliament?

Mr Bernard-Reymond, President-in-Office of the Council. — (F) In his capacity as President-in-Office of the Council, Mr Joël Le Theule told your Committee on Regional Policy, Regional Planning and Transport on 3 April that the Council was currently examining the Commission proposal to which the honorable Member refers.

Bernard-Reymond

This examination, which is being carried out in the light of the Opinion of the European Parliament of 10 May 1978, has made considerable progress, and the Council intends to iron out the remaining difficulties and to take a decision on the matter as soon as possible.

Mr Stetter. — (DK) Mr President, I am in a slightly difficult situation since the President of the Council has not in fact answered my question. I realize that this is because we are currently going through a critical phase, but I should nevertheless like to put a supplementary question. Is the President of the Council aware that the European Parliament supports the Commission's proposal regarding liner traffic and assumes that we will find an arrangement to include the other OECD countries. I should like to ask the President of the Council, in the light of this, whether the Council can accept the view that we will be faced with a new political situation if the United States and/or Japan are not prepared to cooperate in finding a solution which is vital for certain of our Member States, and if this proves to be the case, will the Council consider resubmitting the question to the European Parliament?

Mr Bernard-Reymond. — (F) I do not think one can adopt a position at this stage on what the reaction of the United States and Japan might be. To reply to your specific question, I do not think it would be a good idea to submit this matter to Parliament since, as we all surely realize, it is vital that this question be settled as soon as possible, since the Manila meeting will, as you know, be held in May, and it is important that the Community should be able to adopt a common position at the fifth UNCTAD talks. Consequently, I do not think it would be advisable to resubmit this question to Parliament.

President. — Since its author is absent, Question No 3 will receive a written reply¹.

I call Question No 4 by Mr Seefeld²:

As the European Community becomes increasingly integrated, citizens of one Member State driving in another frequently find that as foreigners they are punished more severely for comparatively minor traffic offences than would be nationals of the Member State they are visiting. Equally, citizens of one Member State often escape punishment for more serious traffic offences committed in another Member State because there is no means of enforcing a foreign judicial decision.

- (1) How many Member States have ratified and incorporated into national legislation the European Convention on the Punishment of Road Traffic Offences of 30 November 1964?
- (2) What possibilities does the Council see of achieving the early ratification of this Convention and its incorporation into national legislation in all Member States?

(3) What other possibilities does it see of achieving harmonization of the legislation in the Community relating to traffic offences at the earliest opportunity?

(4) Finally, what possibilities does it see of preventing any discrimination in the punishment of foreign nationals for traffic offences in the Member States?

Mr Bernard-Reymond, President-in-Office of the Council. — (F) Mr President, the Council would point out that, in matters covered by the Treaty, all discrimination on the grounds of nationality is prohibited. The Council has no information leading it to conclude, as regards punishment for traffic offences, that this provision is not being observed.

It is, however, well aware of the difficulties raised by the honourable Member with regard to the enforcement of the decisions of one Member State in another. According to the Council's information, the European Convention on the Punishment of Road Traffic Offences which was adopted by the Council of Europe on 30 November 1964, has been signed by seven Member States and ratified by two. Before ratifying this Convention, the Contracting Parties are obliged to incorporate these provisions into their national legislation.

Mr Seefeld. — (D) May I assume from your answer that you share my view that the harmonization of transport policy should not only concern such matters as the height of mudguards or the sound levels produced by motor horns, but that the people of Europe should also know that they receive the same treatment throughout the Community. I should like to ask you in this connection whether you can assure us that France, during its term of office, Council, will do all it can to promote the ratification of the Convention you have just mentioned, so that the same penalties for traffic offences will in fact apply throughout all the Member States as soon as possible?

Mr Bernard-Reymond. — (F) I fully understand your concern, and this is a good opportunity to reiterate that any discrimination on grounds of nationality is prohibited. Nevertheless, I might add that it is also vital that the courts should continue to have the right to judge each particular case on its own merits when deciding on the penalty to be imposed. Furthermore, in my view, the only way we can achieve harmonization of the penalties for road traffic offences would be through exchanges of information at conferences of magistrates and judges.

As regards progress on the signing and ratification of the European Convention, I can inform you, in my capacity as French Secretary of State, that my country has in fact signed and ratified this Convention. This is yet another reason why I can assure you that I share

¹ See Annex.

² Former oral question without debate (0-148/78), converted into a question for Question Time.

Bernard-Reymond

your view and that we will do all we can to encourage the other Member States to move in this direction.

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

Bearing in mind the urgency of the matter, can the Council state what progress has been made in the execution of the 'Special Action' decided on by the Conference on International Economic cooperation (CIEC) in Paris, with particular regard to the European side which is committed to contributing a sum of 385 million dollars to this action ?

Mr Bernard-Reymond, President-in-Office of the Council. — (F) The agreement negotiated by the Community and its Member States with the IDA on the implementation of the Community contribution to the Special Action, which was signed on 2 May 1978, entered into force on 1 January 1979 following the completion of ratification and approval procedures.

Under this agreement, the first tranche of at least 45 % of each contribution was paid by all the Member States by 31 January 1979 — some countries paying their entire contribution at that time. It was agreed with the IDA that the second tranche would be paid by 1 May 1979. I would remind you that it was the IDA's intention that 70 % of the Community contribution should be committed by the end of June 1979. All the other donor countries have already fulfilled their commitments and have made considerable progress in the execution of the action.

Mr Dewulf. — (NL) It is always nice for the questioner, and perhaps even more for the persons answering the questions, if the answers give full satisfaction. However, the Paris Conference was held three years ago and we are on the eve of the UNCTAD meeting. Can the President of the Council tell us, under the heading of monetary and financial affairs, what sort of commitment the Council intends to enter into at UNCTAD V in Manila as regards the 0.70 % of the GNP and the large-scale transfer of resources to the developing countries ?

Mr Bernard Reymond. — (F) First of all, I should like to make the general point that we are pursuing two objectives in our work.

Firstly, in the short-term, there is the preparation of a Community position for the next conference in Manila. The Council will discuss this matter on 8 May and cannot, therefore, put a common Community position before you at this stage.

We are also working, in the longer term, on drawing up the second strategy for the third decade of development. As regards the specific question you put regarding the 0.70 % of the GNP for development aid, it has certainly not, generally speaking, been able to realise this objective, particularly in view of the

major economic difficulties currently facing the industrialized countries. As regards the idea of a large-scale transfer this is one of the things we are examining as part of our work on drawing up a second strategy. Here again, it is too early to state a common Community position, but I have taken due note of your wishes in this matter and I can assure you that the Council will take account of them in its deliberations.

Mr Broeks. — (NL) The President of the Council has said that it is too early to say what the Community intends to do at the Manila Conference. When, however, does the President-in-Office think that it will in fact be possible to reach a decision, since the Manila Conference is practically upon us, and if no decision has been reached by now, is there really still a chance that something may be decided in time ? That is the question. Can the Minister tell us when such a decision will be taken ?

Mr Bernard-Reymond. — (F) You know how large international conferences which last virtually a month are conducted, and will be aware of the fact that the first few days are taken up almost entirely by speeches. Negotiations do not take place until a second stage so that the fact that the Nine will not adopt a common position before 8 May does not strike me as a major obstacle to the smooth running and success of this conference.

The Council has recently had a very full programme of extremely important work to deal with, which is why it was not able to adopt a definitive position in April, in spite of the fact that this question had already been brought up. I am fully prepared to give you the information you require after 8 May — as far as this is possible — as there will not be a common position before this date.

President. — Since their authors are absent, Questions Nos 6, 7 and 8 will receive written replies¹.

I call Question No 9 by Mr Dondelinger :

Does not the Council consider that the sexual mutilation inflicted on 30 million African women, which has aroused the justified indignation of feminist movements in Europe, makes it even more essential to include provisions on the protection of basic human rights in the new Convention of Lomé ?

Mr Bernard-Reymond, President-in-Office of the Council. — (F) Whatever a European may think about the practices mentioned by the honourable Member, he cannot deny that they are regarded in a different light here in Europe and in Africa, so that the controversies over these practices have less to do with the judgement — generally severe — passed on them in Europe, than with the question of the right to pass judgement at all.

¹ See Annex.

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The international organizations involved are currently taking steps in connection therewith with with dignity and discretion, and it is vital that these steps should not be jeopardized by over-impulsive actions.

Mr Dondelinger. — (*F*) A few weeks ago, the World Health Organization held a conference in Khartoum in the Sudan on the thorny problem of the sexual mutilation of African women. While fully realizing that the Council has no direct links with the WHO, I should nevertheless like to ask what it has done or what it intends to do to promote the ideas developed by this international organization and to support the steps it is taking against these practices which constitute undoubted violations of African women's rights.

Mr Bernard-Reymond. — (*F*) The Council has not been asked to take any such action. This does not mean that, individually, the Members of the Council are indifferent to problems of this nature, but we must respect the procedures. Consequently, the Council as such has not had occasion to discuss this matter or to take any specific action on it.

Mrs Squarcialupi. — (*I*) Although I agree with the representative of the Council that we must respect the peculiarities of particular cultures, I cannot — like all women in Europe — fail to be deeply disturbed by these facts. However, does the Council not think that these problems should be approached as part of a general effort to promote the interests of women in the countries of the third world, which would also include matters such as the high infantile mortality rate, health in general, and the position of women within the family?

Mr Bernard-Reymond. — (*F*) I think, Mrs Squarcialupi, that you have put the problem in its correct context. This is a question of dialogue between different cultures, but at the same time it is a question of promoting the interests of women and of promoting economic development in these regions. I agree that this is the context in which we should consider the problem before us.

Mr Broeks. — (*NL*) I should like to come back for a moment to the questions of the Lomé Convention and respect for human rights in the context of the renewing of this convention.

Can the President-in-Office tell us how things stand as regards the question of human rights in connection with the new Lomé Convention?

Mr Bernard-Reymond. — (*F*) The Council has not as yet adopted a common position on the question of human rights in connection with the Lomé Convention, since some countries wish to incorporate a reference to human rights in the preamble, whereas others think we should go further and include clause on human rights in the Convention itself. Therefore, I

cannot speak at this stage on behalf of the nine, since they have not adopted a common position.

I might add that the ACP countries generally speaking show considerable coolness with regard to this question being brought up, at least if more than a simple reference in the preamble is to be involved.

Mr Patijn. — (*NL*) I should like ask the President-in-Office of the Council whether he agrees that the suppression of the sexual mutilation of African women, cannot merely be regarded as a question of changing local or regional customs, and whether he agrees with me that it should be an element in the protection of the fundamental human rights which should be maintained throughout the world.

Mr Bernard-Reymond. — (*F*) I think we should exercise a certain caution in this matter. Perhaps African women will in a few years meet at a congress aimed at defending European women who undergo face lifting perhaps certain practices which we regard as perfectly normal in our civilization are regarded by other civilizations as particularly absurd or degrading. Consequently, I think we should be wary of viewing this matter entirely in the term of our own culture.

Having said this, I realize that this is a particularly difficult and delicate situation and that we should not, out of respect for other cultures and civilizations, close our eyes to practices which might indeed strike us as particularly unfortunate.

As regards the question of whether this is really a matter of human rights, this too is an extremely difficult problem. As I see it, I think it is, but certainly not in the sense in which this phrase is generally used, and, more particularly, not in the sense in which used within the context of the Lomé Convention it is much more a question of the rights of the individual vis-à-vis the State, i.e., when it comes down to it, questions of imprisonment or killings. I do not think we can really expect this aspect of human rights to be foremost in the minds of either the African or the European parties to the Lomé Convention when we are discussing the problem of human rights in this context.

President. — Since its author is absent, Question No 10 will receive a written reply¹.

I call Question No 11 by Mr Ryan :

As Ireland is suffering serious damage to agricultural and industrial production and employment by reason of an acute shortage of petrol, diesel and fuel oils, what steps are being taken to implement Community obligations for Member States to come to one another's aid in the event of an oil shortage?

Mr Bernard-Reymond, President-in-Office of the Council. — (*F*) The supply problems to which Mr

¹ See Annex.

Bernard-Reymond

Ryan refers, which as far as I know mainly concern heating oil, are due to local circumstances and can be assumed to be only temporary. For this reason, the Irish Government has quite rightly not asked the Commission to take specific measures on the basis of the Council Decision of 7 November 1977 which is aimed at safeguarding the unity of the market in the case of supply problems in one or more Member States and guaranteeing that all energy users within the Community bear an equal share of the burden.

Mr Ryan. — First of all, what machinery exists to implement the touching declarations of brotherly solidarity and mutual help in the field of energy supplies? Secondly, what steps must be taken by a Member State experiencing a shortage of essential oil supplies to set the machinery in motion and to trigger off help from Member States who are not experiencing similar difficulties? And do I correctly understand the written reply to mean that the Council of Ministers, the governments of the Member States, and the Commission did not receive any appeal for aid from the Irish Government? Finally, I would ask whether the Council of Ministers appreciates that the confidence of the people of Ireland in the European institutions has been damaged, because, notwithstanding the profession of readiness to provide mutual aid, essential spring seasonal activities on farms in Ireland have been delayed for several weeks, many industries have had to reduce production and many hospitals, schools and homes have been without heating, all because of some extraordinary shortage of oil which applied only, apparently, to Ireland.

Mr Bernard-Reymond. — (*F*) The fact that this shortage, as you have just said, has only affected Ireland shows clearly that the causes are not such as to warrant the initiation of the procedures provided for by the Community with a view to dealing with any general shortage with which Europe might unfortunately be faced. It is not the Community's intention to have a mechanism to cover any case of shortage arising, for one reason or another, I do not think I need go into details here — in one particular country. It would only be if a genuine oil shortage threatened to arise in the world as a whole and in Europe in particular, as a result of further deterioration in the international economic situation, that the measures to which I have just referred could be put into operation, but it is not the Community's intention to use measures of this kind to solve the problems peculiar to the individual Member States. We do not think that this system is suited to the particular situation in individual countries but that it should be reserved for the purpose of finding a general solution to a crisis in Europe. I can assure you that this must also have been the view of your own government too, since it did not ask that this machinery be set in motion when this crisis arose in your country and, if I am to believe the information at my disposal, this problem is currently

being solved and may in fact already be a thing of the past.

Mr Nolan. — The President of the Council in his original reply stated that it was a local problem. Could he explain to the House what he means by a local problem as far as the oil shortage in Ireland is concerned? I would like to see him develop that point.

Mr Bernard-Reymond. arose in (*F*) It is not for the Council to pass judgement on, or even to analyse, the reasons for which Ireland was faced with a shortage for a few days or weeks very recently. We have no wish to interfere in the internal affairs of Member States, but nevertheless we can point out that this shortage is peculiar to Ireland, and that we cannot therefore conclude that it was a question of a general shortage — which is the only case in which the measures I have just mentioned could be set in motion.

Mr McDonald. — Surely the Secretary of State must agree that if, as in the case of the Republic of Ireland, for the last four or five weeks absolutely no diesel fuel has been available for agricultural tractors, and the transport sector, the ordinary movement of goods out of the country to the market, has also been seriously slowed down, it must surely be of interest to the Community as a whole when a peripheral area is left without necessary services. I find it rather strange that the President of the Council should consider it of no interest to the Community when activity comes to halt in one part of the Community. Where is the Community spirit?

Mr Bernard-Reymond. — (*F*) One must not confuse the indifference to Ireland which you are attributing to the Council and failure to implement measures designed to deal with clearly defined situations, and consequently, we are not claiming that Ireland has not had difficulties in the matter, but the situation in which it found itself was not of the kind for which the Community has provided for this system of generalised aid. In other words, even if one of the reasons for the shortage in Ireland was undoubtedly the general problem of the oil shortage or at least the current prices for petroleum products, the fact nevertheless remains that according to the information at our disposal and in view of the fact that your government did not appeal to the Community, the real causes of this shortage are not to be found exclusively in the international crisis, but also lay in purely national short-term economic problems which, moreover, have by now ceased to exist.

Mr Broeks. — (*NL*) I was rather surprised at this question which I found somewhat nationalistic, but I should nevertheless like to know whether or not it is true that the Irish Government failed to observe the agreement concluded between the Member States to keep enough oil for a few months supplies.

Broeksz

If it failed to do this, the fault lies with the Irish Government, and it is then understandable that the Irish Government did not appeal to the Community for help. I should like to know whether or not this is in fact the reason.

Mr Bernard-Reymond. — (*F*) This is certainly not a question which the Presidency of the Council needs to answer. It should be put to the Irish Government, since it is only Ireland which can answer it.

Mr Noé. — (*I*) As we all know various American airlines have cancelled a large number of flights in recent weeks. Should this not encourage the Council to take a more responsible and serious look at the problem of alternative energy sources and, in particular, nuclear policy.

Mr Bernard-Reymond. — (*F*) The Council is by no means indifferent to the current world energy situation. Indeed, at its last meeting, the European Council recommended that studies should be carried out in the near future both into energy saving — and, I might add, it proposed more than just studies in this field — and into new energy sources. This means that the Community is extremely interested in this question, but this was not what the question concerning Ireland was about. Clearly, you should not conclude from the fact that the Community did not take action in this specific case that it is indifferent to world energy problems.

President. — We continue with questions addressed to the Foreign Ministers meeting in political cooperation.

At the request of its author, Question No 12 will receive a written reply¹.

I call Question No 13 Sir Geoffrey de Freitas :

What plans do the governments of the Community have for encouraging the celebration of 5 May as Europe Day in accordance with the decision of all nine governments of the Community taken at the Council of Europe on 31 October ?

Mr Bernard-Reymond, President-in-Office of the Foreign Ministers — (*F*) The honourable Member's question has not been discussed under political cooperation. As he reminds us, it was the Council of Europe which, on 31 October 1964, adopted Resolution 16 fixing a Europe Day. In this Resolution the Committee of Ministers of that organization calls upon the governments of the Member States of the Council of Europe, firstly, to set aside, if possible, 5 May for Europe Day, as this date marks the anniversary of the setting up of the Council of Europe, and secondly, to celebrate and encourage the celebration of Europe Day in an appropriate fashion and to decorate public buildings with the European flag. 5 May this year will coincide with the 30th anniversary

of the Council of Europe, and the Ministers' representatives are currently discussing ways of celebrating this day in a particularly memorable fashion. The nine governments of the Community will not fail to join in the efforts of the 12 other Member States of the Council of Europe in preparing this celebration, the main events of which will take place in Strasbourg.

Sir Geoffrey de Freitas. — Is the Secretary of State aware that many of us will be very disappointed to hear that this has never been discussed by the Governments of the Nine? The fact that all our countries, coming together some years ago in another institution but here in Strasbourg, agreed that the fifth of May was the most suitable date — surely that was something on which the Governments of the Nine should be able to build. I am grateful to the Secretary of State for what he has said is going to happen during the next year, but really it is about time.

Mr Bernard-Reymond. — (*F*) Firstly, it is not next year but this year and secondly, since the Member States were fully aware of the fact that the Council of Europe had gone into this question and that as a result the thirtieth anniversary of the Council of Europe would be celebrated with the appropriate dignity, this question was not included on the agenda for the Ministers meeting in political co-operation. This is by no means evidence of indifference on the part of the Ministers of the Nine since they themselves will urge that this day should be celebrated in an appropriate manner in their individual countries.

Mr Dewulf. — (*NL*) Does not the President of the Council think that flying flags on 5 May, while the election campaign is in full swing might lead the people of Europe to think that we have made enormous progress in European matters whereas quite the reverse is true ?

Mr Bernard-Reymond. — (*F*) We must make a distinction between the outward celebration of an idea which, I think is still as valid as ever, and everyday reality. I do not think that one could do much more in one day than celebrate in this way, particularly by flying the of European flag on public buildings. Moreover, I think this is a tradition common to all the Member States and it is thus natural that Europe should join in with this tradition on this occasion.

Mr Spénale. — (*F*) I am probably going to put a cat among the pigeons but I liked this question but, as I see it, it was not the setting up of the Council of Europe which marked the beginning of Europe. These questions of the date are currently the subject of considered debate, and 8 May in particular has been put forward by many people as a day for celebration, since it marked the end of the war, liberation and the

¹ See Annex.

Spénale

opening of the concentration camps. 9 May is the anniversary of the Schuman Declaration. I was very moved to learn that Willy Brandt himself was in favour of celebrating 8 May as the day of peace between Europeans. I would ask the Council to give some thought to this idea. Could we not celebrate 8 May, since the two most important things are peace between the peoples of Europe and the construction of Europe by Europeans? If, we were to celebrate 8 May as the day of peace between the peoples of Europe, and 9 May as the day which marked the beginning of the construction of Europe, would this not be an excellent symbol, since we would not be celebrating the date which marked the setting up of the Council of Europe or of the European Parliament, but the dates which marked the beginning of peace between the peoples of Europe and the construction of Europe. Could the Council of Ministers, either as the Foreign Ministers meeting in political cooperation or in another context, discuss this question?

Mr Bernard-Reymond. — (*F*) I see that Europe is having as much difficulty today in choosing a single date for celebration as it is in choosing a single seat. This question has not been put before the Council nor the Foreign Ministers meeting in political cooperation, and it has consequently not been examined. Unfortunately, therefore, I cannot answer your question or give you any assurance on this point. Nevertheless, you have put forward an idea which I think will be considered together with all the other ideas which will be examined when this question of the celebration of a Europe Day arises again.

Mr Broeks. — (*NL*) If the President-in-Office thinks that it is difficult to find a seat for Parliament, we as Parliament would be glad to help him and would not have the slightest difficulty!

Mr Bernard-Reymond. — (*F*) I have had the pleasure of replying to all your questions for several months now, and not an afternoon has gone by without your questioning me on the seat of Parliament. As you appeared to have forgotten that this afternoon, I thought it natural to bring up the question again myself. But joking apart, you are familiar with the problem, and I do not think we should go into this very complex question — to which I have replied about twenty times already — again today.

President. — Since its author is absent, Question No 14 will receive a written reply¹.

I call Question No 14a, by Mr Power:

In view of the European Council declaration on democratic freedom and human rights, and in view of the concern shown by the Community institutions for human rights universally, why has the Community neglected to apply the same standards to violation of human rights within its frontiers, particularly in Northern Ireland?

Mr Bernard-Reymond, President-in-Office of the Foreign Ministers. — (*F*) The honourable Member's

question is not a matter for the Foreign Ministers meeting in political cooperation and therefore I cannot reply to it.

Mr Power. — Does the President-in-Office not agree that we should put our own house in order before we act as the watchdog of human rights all over the globe and that the greatest good we can do is to show by our example that we practise what we preach in the Member States and that blatant brutalities in Northern Ireland are not swept under the Community carpet? Might I remind the President-in-Office that with regard to oil a few moments ago he did mention that only Ireland could answer this question? Might I suggest to him that with regard to this particular question only Britain can supply the answer?

Mr Bernard-Reymond. — (*F*) Notwithstanding my wish to be courteous and pleasant to the honourable Member, I am forbidden by the Rules of Procedure to answer a question of this kind and, in support of what I have just said, I should like to quote a paragraph of the letter of 10 June 1976 from Mr Thorn to Mr Spénale regarding questions in Parliament in which he said 'I must, however, draw your attention to the fact that in spite of the efforts which will be made by the Presidency and the Member States to provide answers as far as at all possible, there will be some difficulties arising from the very nature of political cooperation. Thus, it will not be possible to give an approved answer to questions regarding problems which have not been discussed under political cooperation or on which it has not yet been possible to reach a common position. Cooperation in matters of foreign policy is, under the terms of the Luxembourg and Copenhagen reports, entirely subject to unanimity between all the Member States'.

Mr Christensen. — (*DK*) I should like to thank the President of the Council for his clear answer to this question, and I should like to ask, as a supplementary question, whether he therefore agrees that the Council cannot support the Commission's wish that the European Community should become party to the European Convention on Human Rights, which involves a field which is not covered by the Treaties in any way whatsoever? I hope the President of the Council's answer to this question is in the affirmative.

Mr Bernard-Reymond. — (*F*) The Council has not yet been able to discuss this proposal. I cannot, therefore, give you an answer to this question since I must speak on behalf of the Nine during Question Time. Nevertheless, I have taken due note of your wish and will bring it to the attention of my colleagues when we come to discuss this matter.

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

¹ See Annex

11. *Actions in the iron and steel sector and other industries (resumption)*

President. — The next item is the resumption of the joint debate on the Spinelli report (Doc. 637/78), the oral questions (Docs. 62/79 and 63/79) by Mr Klepsch and the oral question (Doc. 64/79) by Mr Pintat.

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

Mr Veronesi. — (*I*) Mr President, ladies and gentlemen, the Italian Communists are in agreement with Mr Spinelli's report and with what Mr Spinelli said this morning in presenting it. If this document alone were now being debated, we would perhaps not have felt it necessary to speak since in our view Mr Spinelli has already made the essential points on this subject, expressing an opinion which we share. However, the two oral questions have considerably broadened the scope of the debate, as has the concluding speech this morning by Mr Davignon. The range of problems has been widened and we now think further investigation is needed.

In this, we are departing from paragraph 7 of the motion for a resolution tabled by the Committee on Economic and Monetary Affairs, which recommended that our debate should concentrate on the regulation providing for aid for industrial restructuring. But I think we are right to do this because it is impossible to talk now of a partial measure in this sector, however substantial, without taking account of a rather more complex economic situation. I believe there is a widespread mood of pessimism in the world. One of the speakers this morning mentioned great successes. It seems to me that what we are witnessing on a world scale is not a brilliant sunrise but the gathering storm-clouds of a disturbing economic decline.

I wish to follow Mr Davignon's advice and stick to hard facts, since, particularly on this occasion, I do not think we should digress into academic discussion. However, I think that some more general observations should be made, particularly as this economic debate is being carried on quite intensively on an international scale. For an idea of the scale of the problems involved, I would refer you to views published in the countries where these problems are being tackled in greater depth and with better cultural and technical preparation.

A good deal of theoretical rethinking is being done, economists are digging furiously in every corner and exhuming old economic theories — such as that of large cyclical swings — which were buried about 50 years ago, while on the other hand short shrift is being given to other economic theories which were recently in vogue. The current atmosphere is therefore one of difficulty uncertainty and concern. The specialized press has never produced such a wealth of comments and analyses, but the proposals put forward are dubious and the practical alternatives for the future are very unsound.

In this context, I think that the Committee on Economic and Monetary Affairs was right to call, in one of the paragraphs of its motion for a resolution for the rapid setting up of the European Communities Institute for Economic Analysis and Research, although I do not want to exaggerate the importance of such a body. Other extremely worthy bodies exist in other countries, but they have not succeeded in finding a solution to the enormous international economic problems. An institute of this kind, which would enrich our debates by giving them basic information and assessments going beyond the day-to-day problems which we are obliged to solve as they arise, is in my view an essential, indeed indispensable, adjunct to the European Community.

We are now witnessing the collapse of the myth that continuous spontaneous growth is possible. And I would stress the two adjectives 'continuous' and 'spontaneous'. The hypothesis of continuous growth is totally devoid of scientific foundation. No economic, physical or biological system can stand up to exponential growth. At some point it must come back into equilibrium and stabilize itself, otherwise it explodes. This applies to all physical phenomena, and it cannot fail to apply to economic phenomena. How can one conceive of continuous growth of the gross national product of the most highly industrialized countries for a further 50 years? What levels would we reach, and what would be the raw materials and energy requirements? Surely even more serious imbalances would arise on a world scale, given that all this could only happen at the expense of huge masses of people who would remain condemned to an uncertain and difficult life in conditions of under development.

If it is therefore necessary to analyze the situation in greater depth. The problem must be tackled using a number of scenarios for the future. Some have already tried to do this — think for example of the work of the Club of Rome and others, which is an attempt to predict the future of society — of mankind — over the next fifty years. No one is trying to make prophesies or claiming magical powers. Moreover, all the variables which are implicit in and which determine these assessments, are capricious, difficult to control, and progress not in a continuous line but by fits and starts. There are hidden variables which emerge suddenly and unexpectedly and have a decisive influence on economic development — such as the recent oil crisis.

We must therefore seek a new approach. May I make the point that, when we consider the present crisis on a European scale, we have to take account of two distinct problems. The first, which — using economic jargon — I would call 'soft' is that of aids for modernizing structures, i.e. for restructuring. In this case the prospect is one of adapting to a situation still conditioned by external forces, for the sake of survival. On the other hand there are 'hard' aids — those for

Veronesi

conversion — which cannot be left to the free enterprise of others. I know that in saying this I am reviving the old argument about state planning versus free enterprise, but I do not mean my remarks to have an ideological significance. The fact is that the Community — and not only the Community — merely reacts to events instead of controlling them.

Mr Pisani was right when he said this morning that at some stage a frame of reference would have to be established. Is the *laissez-faire* approach to consumption and production to be continued, or are these factors to be incorporated into a framework of decisions and wider long-term aims so as to ensure more harmonious development? I do not think we can confine ourselves to correcting the effects of *laissez-faire*, while claiming that we are unable to tackle the problems. We must try to create instruments, know-how and policies which can to some extent guide development.

That is why we think that these observations are not abstract but consistent with the practical approach which Mr Davignon recommended this morning. Some guidance is necessary in order to release us from the tyranny of frequent cyclical crises which we fail to control and which therefore prevent us from having a cohesive policy. Free initiative and enterprise must operate within the framework of overall long-term objectives, but consumption and production must be guided on the basis of a political assessment taking account not merely of the problems of running the individual undertaking, although this is important, but also of a wider perspective.

We regard it as important that the Commission should set up the Institute which has been mentioned and provide Parliament with scenarios and frames of reference on which to base an economic policy, which will make integration possible under these conditions. Otherwise, as Mr Davignon said this morning, national rivalries and narrow class interests will continue to prevail.

It is in this spirit that we support the initiative by the Committee on Economic and Monetary Affairs, its motion for a resolution and the action of the Commission, since we believe that the explanation we have been given, although by no means dazzling, is useful for identifying the best way of tackling the problems which preoccupy us.

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

Mr Ansquer. — (*F*) At a time of economic crisis requiring a profound reappraisal and the adjustment of our economic structures, the report of the Committee on Economic and Monetary Affairs is particularly welcome. The rapporteur, Mr Spinelli, must be congratulated: his study, though concise, is nonetheless extremely valuable.

Until recent years the most characteristic feature of industrial society was the close collaboration between producers and consumers to maintain the rapid development of the economy.

However, the quadrupling of oil prices in October 1973 threw traditional growth factors into disarray.

Economic policy had to be altered to find the resources to offset the transfers of capital imposed by the producing countries.

There followed a process of readjustment, where necessary accompanied by strategic reorganization of the productive apparatus, viz. groupings, amalgamations, multinational agreements, support for certain industrial structures, etc. Furthermore, the distribution of the various stages of the production process over a larger economic area led to increased specialization of productive structures and of the zones in which they were located.

Under these circumstances, instead of the rapid and continuous change which the degree of maturity of the European economic structure made necessary the required industrial reorganization is taking place in a context of spasmodic change, caused to a large extent by the dislocation of the world economy since 1970-71. The objective must therefore be gradual to readapt the European industrial system, both as regards the outside world and in its internal structures, to these profound changes and their consequences. What this implies is the disposition of the forms and means of international economic participation and at the same time the reorganization of the productive forces, whether these depend on capital or labour, and whether they concern production, commercial or financial policy.

Of course, industrial policy cannot be dissociated from general economic policy and in particular from its objectives which are and will undoubtedly long continue to be a return to full employment, control of inflation, and the restoration of equilibrium on the balance of payments.

However, in view of the difficulties facing industry on several fronts, the need for an authentic Community industrial policy is particularly urgent as the abolition of customs duties and the creation of the customs union within the external frontiers of our Community have not yet, it must be emphasized, led to the emergence of a European industrial system. Other obstacles such as the existence of major unknown facts, radical technological demands or too harsh social consequences have demonstrated the need for a common industrial policy which is something other than a framework in which producers operate or consumers choose. Our industrial activity must thus be directed according to original European concepts.

First of all Europe must strengthen the general factors governing the competitiveness of its undertaking.

Ansquer

The industrial policy pursued in Europe has sought, successfully, it must be said, to set up large groups capable of dealing on an equal footing with their foreign counterparts on the world markets. Today, the crisis has indicated that our efforts should be directed mainly at improving the basic fabric of industry, namely the network of viable small and medium-sized undertakings. Undertakings of this type, as we said during a recent debate, are flexible entities capable of adapting rapidly to cyclical fluctuations and of quickly seizing opportunities when they arise. However, small and medium-sized undertakings must also be given the means of gaining access to international markets. While it is incumbent on the Community to encourage productive investments and to create all the European legal instruments needed to promote a common industrial policy, we must also reorganize that there are variations in the performance of sectors enjoying sustained growth. A sectoral policy, which is perhaps more complex and more costly to implement than an overall policy, is nonetheless necessary.

Community industrial policy cannot just concentrate on some industries in difficulty or some growth industries. It must also enhance sectors as varied as the aeronautical, the atomic and the nuclear industries, data processing, the oil industry, the energy industry in the broadest sense, the steel and textile industries and so on.

As regards the steel industry, which we have talked about so often and which is up for discussion again today, an exhaustive debate on the Commission's activities cannot pass over in silence the serious problems raised by United States protectionism in the steel sector, or the action which the Commission intends to take to combat this.

Any increase in United States protectionism threatens European exports in the short or medium term, and has a direct impact on employment in our steel industry in view of the fact that, in 1978, the USA accounted for 24 % of total European sales to third countries.

Three examples will illustrate the reasons for our concern: the first concerns the application of quota restrictions to special steels. Since June 1976 quantitative restrictions have applied to special steel imports. This quota, fixed for the EEC as a whole, is contrary to the principles of GATT. Furthermore, it has only increased by 3 % per annum whereas internal consumption in the same period has increased by 20 %.

The second example concerns the system of trigger prices. This system of minimum prices, introduced in March 1978, which triggers an accelerated anti-dumping procedure against imported steel when prices fall below a certain level, is based mainly on Japanese production costs expressed in yen. Revised quarterly and taking into account the appreciation of

the yen, these prices have risen considerably since March 1978. There is therefore a risk that these trigger prices will gradually become an insurmountable barrier to European steel exports on the United States market. That would in fact already be the case were it not that US domestic demand exceeds the supply possibilities of American undertakings.

The third example concerns anti-dumping charges. It was supposed that on the introduction of the trigger prices and once they were adhered to by the Europeans, no more proceedings would be taken against these latter for dumping. But no: now the American concern Luken Steel has brought an action for dumping against European iron and steel companies. The claim would appear to have no basis, however, when one considers that the concern in question made record profits in 1978, and that the challenged relate to an absolute infinitesimal proportion of American consumption!

Finally, certain measures are at present being taken to reserve public markets for American steel companies.

In view of these instances of protectionism, the Commission must state its attitude clearly: what has it achieved in the past two years? In particular should not the OECD Steel Committee of which it considers itself to be the motive force, be the first to be notified of such restrictive practices. Finally, Mr President, ladies and gentlemen, I should like to emphasize that the Community institutions must also pursue a trade policy *vis-à-vis* the outside world, since this has a considerable influence on the structure of industrial sectors. This is true as regards negotiations with the developing countries or Eastern bloc countries and agreements with Japan and the United States. It is particularly worth noting that, for some time now, the trade policies of these two countries have appeared to show more concern than the European policy about protecting the interests of their national industries.

With the above reservations, we approve most of the guidelines contained in Mr Spinelli's report, which appear to us to be not only justified but feasible. It would indeed be fine if they could be put into practice.

Unless there is successful structural reorganization, Europe will experience, in the coming years, the consequences of a return to false ambitions. It will be neither peaceful nor coherent, and will not even be among the advanced nations in a world which is developing more rapidly than it can cope with.

(Applause)

President. — I call Mr Schreiber to present the opinion of the Committee on Budgets.

Mr Schreiber, draftsman of an opinion. — (D) Mr President, I shall try to be brief. The Committee on Budgets has rejected the Commission's proposal for a

Schreiber

regulation. It must be said in this context, however, that the content is not a matter for the Committee on Budgets. The adverse opinion which I have to present here is motivated by considerations of budgetary policy and budgetary law. The reasoning behind the opinion adopted unanimously by the Committee on Budgets is reflected in the amendments which I have tabled, and I should just like to say a few words about these. The Committee on Budgets and Mr Shaw — the rapporteur for the 1978 budget — have already frequently criticized the Commission's slowness spending the resources already made available in the budget — and in this context I would mention Article 375.

Nonetheless, time and again the Commission believes that it must submit proposals for Council regulations in the case of certain expenditure provided for in the budget. Now we have yet another example of this, I should like to demonstrate, with a brief description of the envisaged procedure, that this proposal in no way improves the flexibility and effectiveness of Community policy.

The outline regulation under discussion here is to be supplemented by further regulations, guidelines, aid criteria and implementing regulations; there is to be a Council regulation on the industrial sectors eligible for aid, and in respect of which the Commission has not yet even provided for consultation with Parliament. Also envisaged are Commission guidelines and aid criteria, an examination of the projects by the Advisory Committee and finally, in the case of questions concerning the guidelines and aid criteria, the final decision by the Council where the Commission and the Advisory Committee are unable to agree.

It is true that some of these points of criticism have been eliminated through amendments introduced by the responsible Committee. Nonetheless, the Committee on Budgets considers this time-consuming procedure superfluous. It has stressed time and again that the general policy guidelines should be issued by the Council, so that the Commission can then spend the available resources accordingly. Should the Commission consider it necessary to have an outline regulation for its own internal purposes, then it should issue one itself. This continuous running to the Council simply shows that the Commission does not have the courage of its own convictions. Our rejection is a renewed appeal to the Commission to use the resources already entered in the budget on its own responsibility in accordance with Article 205 of the EEC Treaty.

12. *Votes*

President. — The next item is the vote on the motions for resolutions contained in the reports on which the debate is closed.

We start with the vote on the *Draft Amending and Supplementary Budget No 1 of the European Communities for the Financial Year 1979 (Doc. 67/79)*.

The Committee on Agriculture has withdrawn Draft Amendments Nos 1 to 17.

There remain the Draft Amendments Nos 18 and 19, tabled by the Committee on Social Affairs, Employment and Education. The Committee on Budgets has expressed a negative opinion on these amendments.

Mr Van der Gun, do you wish to continue with these amendments?

Mr Van der Gun, chairman of the Committee on Social Affairs, Employment and Education — (NL) Mr President, our committee wishes to withdraw these two amendments.

President. — I note that the two amendments are withdrawn.

I call Mrs Dahlerup.

Mrs Dahlerup. — (DK) Mr President, I should like to ask for the motion to be voted on paragraph by paragraph. I find myself unable to vote in favour of paragraph 2 of the Bangemann report, since I feel it is inconsistent. My view is that paragraph 2 of this report should refer to compulsory expenditure and not non-compulsory expenditure, since we must ensure that those countries that have reached agreement with the Council and the Commission can be certain that the resources they have been promised are available, and there can be no such certainty if the expenditure involved is non-compulsory. I am therefore unable to support paragraph 2, and I propose that the motion be put to the vote paragraph by paragraph.

President. — Mrs Dahlerup, your request for a vote paragraph by paragraph refers to the motion for a resolution and not to the budget. We shall consider your request at the appropriate moment.

I put to the vote the draft amending and supplementary budget No 1 of the European Communities for the financial year 1979.

The draft amending and supplementary budget No 1 of the European Communities for the financial year 1979 is adopted.

Pursuant to the provisions of paragraph 7 of Article 78 ECSC, Article 203 EEC and Article 117 EAEC, the procedure has been completed and the amending and supplementary budget No 1 of the European Communities for the financial year 1979 has been adopted.

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President. — We shall now consider the motion for a resolution contained in the *Bangemann report (Doc. 119/79): Draft amending and supplementary budget*

President

No 1 of the European Communities for the financial year 1979.

There has been a corrigendum to this motion for a resolution.

Mrs Dahlerup has requested that the motion be put to the vote paragraph by paragraph.

I call Mr Spénale.

Mr Spénale. — (*F*) Mr President, before we decide how we are going to vote, there is something I should like to explain for the benefit of Mrs Dahlerup.

From what she said a few moments ago, she apparently thinks that compulsory expenditure is expenditure which has to be disbursed and that non-compulsory expenditure is expenditure which does not have to be disbursed. It is not like that at all. Compulsory expenditure is expenditure for which the ultimate responsibility lies with the Council, whereas non-compulsory expenditure is expenditure on which, under certain circumstances, Parliament has the last word. But both forms of expenditure are dealt with in the same way once they are part of the budget. It does not matter whether expenditure is compulsory or non-compulsory; the Commission treats it in the same way as soon as it is part of the budget. Consequently, in view of the fact that Mrs Dahlerup's concern is based on a misunderstanding of compulsory and non-compulsory expenditure, I ask her to withdraw her request for a vote paragraph by paragraph, because she has not fully understood the problem.

If she persists with her request — which she is perfectly entitled to do — we shall vote on the motion paragraph by paragraph.

President. — Mrs Dahlerup, are you persuaded by Mr Spénale's explanation, which is sound in my view, to withdraw your request?

Mrs Dahlerup. — (*DK*) No, Mr President, we have had this discussion before, and I want to reassure Ireland and Italy, which have reached agreement with the Council and the Commission, that the funds for financing interest subsidies and compensating the United Kingdom will always be entered in the budget, and this is why I should like the three paragraphs in the Bangemann report to be put to the vote separately. In this way, I can record my concern by voting against paragraph 2. After that, I shall be voting in favour of the motion as a whole. With your leave, Mr President, I therefore ask for this procedure to be adopted.

President. — We shall therefore vote on the motion as requested by Mrs Dahlerup.

I put to the vote the preamble of the motion for a resolution.

The preamble is adopted.

I put paragraph 1 to the vote.

Paragraph 1 is adopted.

I put paragraph 2 to the vote.

Paragraph 2 is adopted.

I put paragraph 3 to the vote.

Paragraph 3 is adopted.

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

The resolution is adopted.¹

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President. — We shall now consider the *Notenboom* report (*Doc. 84/79*): *Regulation concerning interest debates for loans with a structural objective.*

On Article 3, Mr Ripamonti has tabled Amendment No 1 seeking to amend the article as follows:

The interest rate subsidies provided for in this regulation shall be granted only for loans primarily devoted to financing projects and programmes relating to technical, economic and social infrastructure and the services required for development, provided such loans... (rest unchanged).

What is Mr Notenboom's position?

Mr Notenboom, rapporteur. — (*NL*) Mr President, as rapporteur and on the basis of our discussions in committee, I can accept Mr Ripamonti's amendment, provided he is prepared to delete the words *and the services required for development.*

As rapporteur, I could accept the rest of the amendment. Since Mr Ripamonti is in the Chamber, he can reply to my request himself, Mr President.

President. — Mr Ripamonti, do you agree to the proposed alteration to your amendment?

Mr Ripamonti. — (*I*) Mr President, I accept the rapporteur's proposal to delete the words *and the services required for development.*

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

Mr Yeats. — Mr President, I should like to say that our group proposes to vote against this amendment. It is not that we do not understand the reasoning which led Mr Ripamonti to table it, but our view is that its actual effect is to limit rather than expand the scope of the spending of this money; that if the Commission's text is left unchanged there is wider scope for using this money; and that this amendment has the effect of limiting it. Because of that we propose to vote against it.

¹ OJ C 127 of 21. 5. 1979.

President. — I put to the vote the amended version of Amendment No 1, in which the words *and the services required for development* have been deleted.

Amendment No 1 is adopted.

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

The resolution is adopted.¹

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President. — I put to the vote the motion for a resolution contained in the *Spinelli report (Doc. 45/79): Decision empowering the Commission to contract loans for promoting investment.*

The resolution is adopted.¹

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President. — I put to the vote the motion for a resolution contained in the *Cointat report (Doc. 37/79): Regulation amending the Staff Regulations of officials of the Communities.*

The resolution is adopted.¹

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President. — I put to the vote the motion for a resolution contained in the *Cointat report (Doc. 102/79): Administrative expenditure of the European Parliament for the financial year 1978.*

The resolution is adopted.¹

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President. — I put to the vote the motion for a resolution contained in the *Ibrügger report (Doc. 69/79): Decision on coal and coke for the iron and steel industry.*

The resolution is adopted.¹

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President. — I put to the vote the motion for a resolution contained in the *Ripamonti report (Doc. 2/79): Community participation in space research.*

The resolution is adopted.¹

President. — We shall now consider the motion for a resolution contained in the *Mitchell report (Doc. 3/79): Operation of the Euratom inspectorate in respect of the inspection of fissile materials in the EAEC.*

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

The preamble and paragraphs 1 to 3 are adopted.

On paragraph 4, Mr Ripamonti has tabled Amendment No 1 seeking to reword the paragraph as follows :

Believes that the proliferation of nuclear weapons can be prevented by increased political action designed to promote further accessions to the Non-Proliferation Treaty and by ensuring that it is strictly applied.

What is Mr Flämig's position ?

Mr Flämig, deputy rapporteur. — (D) I recommend that the amendment be adopted.

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

On paragraph 5, I have Amendment No 2, tabled by Mr Ansquer, Mr Liogier, Mr Power and Mr Krieg on behalf of the Group of European Progressive Democrats, seeking to reword the paragraph as follows :

Points out that, as demonstrated by the present nuclear policy of the United States Government, refusal by a nuclear weapon State to supply equipment, materials and scientific and technical information for the peaceful uses of nuclear energy to non-nuclear States party to the Non-Proliferation Treaty would constitute a breach of Article IV of that treaty.

What is Mr Flämig's position ?

Mr Flämig, deputy rapporteur. — (D) The rapporteur recommends rejection.

President. — I put Amendment No 2 to the vote. Amendment No 2 is rejected.

I put paragraph 5 to the vote.

Paragraph 5 is adopted.

On paragraph 6, I have Amendment No 3, tabled by Mr Ansquer, Mr Liogier, Mr Power and Mr Krieg on behalf of the Group of European Progressive Democrats, seeking to reword the paragraph as follows :

Recognizes the role that the inspection systems of Euratom and the International Atomic Energy Agency (IAEA) can play in the prevention of possible diversion of nuclear materials.

What is Mr Flämig's position ?

Mr Flämig, deputy rapporteur. — (D) The rapporteur recommends rejection.

¹ OJ C 127 of 21. 5. 1979.

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.

On paragraph 7, I have Amendment No 4, tabled by Mr Ansquer, Mr Liogier, Mr Power and Mr Krieg on behalf of the Group of European Progressive Democrats, seeking to delete the paragraph.

What is Mr Flämig's position?

Mr Flämig, deputy rapporteur. — (D) The rapporteur recommends rejection.

President. — I put Amendment No 4 to the vote. Amendment No 4 is rejected.

I put paragraph 7 to the vote.

Paragraph 7 is adopted.

On paragraph 8, I have Amendment No 5, tabled by Mr Ansquer, Mr Liogier, Mr Power and Mr Krieg on behalf of the Group of European Progressive Democrats, seeking to delete the paragraph.

What is Mr Flämig's position?

Mr Flämig, deputy rapporteur. — (D) The rapporteur recommends rejection.

President. — I put Amendment No 5 to the vote. Amendment No 5 is rejected.

I put paragraph 8 to the vote.

Paragraph 8 is adopted.

I put to the vote paragraphs 9 to 11.

Paragraphs 9 to 11 are adopted.

On paragraph 12, I have Amendment No 6, tabled by Mr Ansquer, Mr Liogier, Mr Power and Mr Krieg on behalf of the Group of European Progressive Democrats, seeking to delete the paragraph.

What is Mr Flämig's position?

Mr Flämig, deputy rapporteur. — (D) The rapporteur recommends rejection.

President. — I put Amendment No 6 to the vote. Amendment No 6 is rejected.

I put paragraph 2 to the vote.

Paragraph 12 is adopted.

After paragraph 12, I have Amendment No 7, tabled by Mr Ansquer and Mr Liogier on behalf of the Group of European Progressive Democrats, seeking to insert the following new paragraph:

12a Hopes that the Commission will propose amendments to the provisions of the Euratom Treaty to adapt it to the new realities of the energy and science policies of the Member States.

What is Mr Flämig's position?

Mr Flämig, deputy rapporteur. — (D) The rapporteur is against and recommends rejection.

President. — I put Amendment No 7 to the vote. Amendment No 7 is rejected.

I put paragraph 13 to the vote.

Paragraph 13 is adopted.

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

The resolution is adopted.¹

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President. — I now put to the vote the motion for a resolution contained in the *Walz and Flämig report (Doc. 81/79): Accident at the Three Mile Island nuclear power station.*

The resolution is adopted.¹

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13. *Actions in the iron and steel sector and other industries (resumption)*

President. — The next item is the resumption of the joint debate on the Spinelli report (Doc. 637/78), the oral questions (Docs. 62/79 and 63/79) by Mr Klepsch and the oral question (Doc. 64/79) by Mr Pintat.

I call Mr van der Gun.

Mr van der Gun. — (NL) Mr President, I should like to make a few remarks regarding the proposal on industrial restructuring and conversion. Mr Davignon said that, in view of the forthcoming direct elections to the European Parliament, the Commission's proposed employment policy must be made clear.

Mr President, I was extremely pleased to hear this as I sometimes get the impression that we are only talking about restructuring and other measures aimed at improving efficiency and competitiveness etc. In itself, of course, this is quite right — indeed essential if we are to have a healthy economic, and hence social, development. However, Mr President, I think we should also bear in mind when we are involved in activities of this kind that our prime concern is with human beings. Things are not as simple as people try to make out when they say, 'we will restructure, we will grant financial aid to certain undertakings and certain sectors and in so doing create new jobs'. Yes Mr President, that is very easy to say, but I should like to remind you that we once carried out other restructuring operations at a time when there was still more than full employment. I am thinking particularly of the problems we experienced in the Netherlands, in Limburg, when the mines were to be rationalized. On that occasion too it was said that the mines would not be closed before alternative jobs had been created in Limburg.

¹ OJ C 127 of 21. 5. 1979.

Van der Gun

Mr President, as we know, even in that period of prosperity, the Netherlands Government did not succeed, in spite of its political make-up, in creating these alternative jobs, and this is why I think we should take statements of this kind with pinch of salt, particularly as the current economic situation is so much worse. The measures the Commission proposes can undoubtedly be regarded as a stimulus to investment and employment, but what concerns me just as much as the possibilities for investment is the willingness to invest. We will have to wait and see whether the investors will in fact be prepared to take advantage of the possibilities for creating new jobs. And if there is talk of alternative jobs in this context, I wonder where and how we intend to create them since, as we have frequently seen, particularly in Limburg, industries setting up works in a particular area after the mines have been closed down have been unable to find the labour they required in spite of the unemployment for the simple reason that there was no correspondence between labour supply and demand. It is therefore essential, in our view, that just as much attention be paid to social as to economic aspects when considering questions of restructuring. If we do not achieve a greater degree of correspondence between supply and demand by means of training, further training and retraining etc., we should not cherish too many illusions regarding the success of measures of this kind.

In addition, whatever we do we will be faced with the problem of the redistribution of the available jobs. This is another social aspect which is currently a central issue and which must receive the necessary attention. Other problems we must consider are early retirement and shift work etc. We cannot simply decide to change over to certain activities unless it is reasonably certain that suitable and alternative work will be found for the workers. For this reason, Mr President, we also propose that account be taken of the views of the trade unions. Very little is in fact said in the entire document about the trade unions or the social aspect in general but we are deluding ourselves if we think that it is possible to make a success of a policy of this kind without seriously involving the workers' representatives, particularly the trade unions to a considerable extent.

The gist of all this, Mr President? What I am saying is that if we are serious about restructuring, we must stop thinking that it will be primarily an economic matter with these social aspects possibly taking second place. In our view, these two sides of the question cannot be divorced from each other, and I should therefore like to make it quite clear that the participation of the Christian-Democratic Group in restructuring operations will be dependent upon the extent to which the necessary attention is paid to the social aspects.

Mr President, Mr Davignon spoke about clarity this morning, and I should like some clarity on this point too, since he has stated publicly on more than one

occasion that it is indeed impossible to consider the economic and social aspects in isolation. I should be grateful if Mr Cheysson would tell us whether or not the Commission also shares this view. This point must be clear too. It is true that Mr Davignon spoke this morning about difficulties between the Commission and the Council, but it is vital that we should know whether the position adopted by Mr Davignon — which we regard as correct — is also that of the European Commission as a whole since, I repeat, the view that this is primarily or almost exclusively an economic matter is one which we Christian-Democrats reject, which is why we would be pleased if the Commission would make its views on this matter clear.

Finally, Mr President, I should like to take off my Christian-Democratic hat and put on my chairman-of-the-Social-Affairs-Committee hat. Mr Meintz has tabled a number of amendments to the report of the Committee on Economic and Monetary Affairs, whose views he does not share. These amendments were tabled by the Committee on Social Affairs after having been unanimously adopted in committee. This is one of the reasons why I should like to thank my colleague, the Chairman of the Committee on Economic and Monetary Affairs for the support he gave us in advance by saying this morning that, in his view, these amendments were essential if we were to approach this matter in a responsible manner in all respects. I urge Parliament to support these amendments as tabled by the Committee on Social Affairs as unanimously as possible.

President. — I call Lord Bruce.

Lord Bruce of Donington. — Mr President, the proposal we are considering this afternoon is for a regulation on Community aid for industrial restructuring and conversion operations, which is dealt with, very adequately in my group's view, by Mr Spinelli in his report, Doc. 637/78. It is a very important proposal indeed.

It is not important in size, because the expenditure envisaged by the proposal varies from the order of 17m up to 27m units of account per annum, spread over the next five or six years. Mr President, you will appreciate that those sums are very small. They amount to one fifteenth of the total expenditure on storing beef and veal in any one year; they amount to about one six-hundredth of total expenditure on the agricultural policy. So we are not dealing with world-shaking amounts, but we are dealing with an important principle, because this proposal invokes Article 235 of the Treaty says this, and I make no apologies for reading it:

If action by the Community should prove necessary to attain, in the course of the operation of the common market, one of the objectives of the Community and this

Lord Bruce

Treaty has not provided the necessary powers, the Council shall, acting unanimously on a proposal from the Commission and after consulting the Assembly, take the appropriate measures.

Now that means that the Commission have had to come to Council and to Parliament saying that the things they want to do cannot be accomplished within the Treaty. This is a very important admission indeed because the proposals themselves, as discussed by Mr Spinelli in his report, deal with the whole problem of trying to effect restructuring within certain important branches of European industry.

According to the philosophy on which the Treaty is based, providing for free competition, free movement of labour and free movement of capital, this necessity should not occur; because on that basis, industrial restructuring should be accomplished as a normal part of the working of free competition, within the conditions laid down by the Treaty. In other words, it should not be necessary to go outside the Treaty if the philosophy expressed in it is so sublimely correct that everything is taken care of. Now clearly this has not been so.

As my colleague, Mr Pisani, said this morning, one of the most challenging problems facing the whole of the Community lies in the fact that there are over six million unemployed in Europe today. We in the United Kingdom know this, We have a large unemployment problem, and it is no comfort to us to consider that the unemployment rate, for example in Germany, would be greater than ours if the whole question of migrant labour were taken into account. This is an enormous problem facing the Community, because there can be no freedom for people that are permanently unemployed. There is no freedom where the liberty of the individual is circumscribed by conditions of unemployment, with all his perspectives narrowed and with all his real cultural liberties restricted. Moreover, on the question of human rights, to which we pay much tribute, one of the most important human rights which are denied to millions of our citizens is the right to work. So this is a very grave problem.

Now, what the Commission now proposes and what it needs to go outside the Treaty for, is to obtain public intervention and assistance for certain sections of industry, because this is not provided for in the Treaty. Under the Treaty, the conditions of the free movement of labour, free competition, free movement of capital, take care of all these things, but the Commission's report makes it quite clear that this has not happened, and this is underlined by Mr Spinelli.

This is not the fault of the European Community itself. Not a bit of it. It is the fault of the way in which matters have been conducted in the Member States, considerably aggravated by the quadrupling of the prices of oil in the world over the last four or five

years and a number of other international trading matters which are not specifically the Community's responsibility. But we are here in a position where corrective action has to be taken. And though the amount is small, there is the beginning of a public acknowledgement by the Community and by the Commission that public intervention is in fact necessary in certain circumstances, and this marks a watershed in the whole attitude of the Community towards industrial policy.

Mr President, in my more hilarious moments I often imagine the Community trying to adapt the common agricultural policy to industrial policy so that industry could produce for intervention instead of for sale, so that we could accumulate mountains of cars instead of mountains of milk powder; that would be the logic of the common agricultural policy if applied to industry.

But that is a hilarious thought. What is important is that there is now the public acknowledgement that something has got to be done at a public level, minuscule thought it may be. And therefore I must advise my colleagues to support this proposal, which is significant in principle. But here, Parliament, Council and Commission are operating very largely in the dark. There is a dawning realization that something is wrong and that public intervention at Community level therefore becomes necessary, yes and also public intervention at national level on a much greater scale in order to accomplish the same purpose. But they are not quite sure, nor are Parliamentarians sure, how far we should go.

I observe in the preamble to the proposal a reference to the opinion of the Economic and Social Committee. It would have been very nice indeed if this Parliament had been able to obtain the views of that other Community body, composed as it is of representatives of international trade unionism and international industrialists, as well as of academics and other independent persons. One of the weaknesses of Parliament's position *vis-à-vis* the Economic and Social Committee is that it so very rarely calls it into consultation, and it would have been a good thing if we could have had further enlightenment from that body.

I cannot blame the Commission overmuch for their present lack of knowledge as to what is likely to happen in industry, because in 1976, in the course of the preliminary draft budget for 1977, they did suggest, and the point is made very well by Mr Spinelli in his resolution, that there should be founded a European Communities' Institute for Economic Analysis and Research. Mr Cheysson, who, I am pleased to see, will be answering for the Commission this afternoon, will recall that suggestion. Parliament endorsed it, it was put into the budget, the budget was adopted and nothing was done about it at all. Council squashed it because Council does not

Lord Bruce

want to know. Council does not want to have analysed the economic projections that enable constructive effort to be made in the restructuring of industry in Europe or to have assessed the variants of its economies, of which it remains blissfully ignorant. Council has suppressed this despite the fact that it was adopted officially by this Parliament in the budget for 1977.

So I welcome that part of the resolution which draws attention once again to this aspect of the matter. Because Parliament cannot proceed, and the Commission cannot proceed, on the basis of hallowed traditions within a treaty; it cannot proceed on the basis of its past folklore; it cannot proceed on the basis of its prejudices. It should consult those authorities that are now in a position to give the Member States some more constructive idea as to how the economies of Europe, whilst preserving free competition, can nevertheless play a constructive social and regional function and make an impact on unemployment.

These are the things that ought to be done, and there is one other thing that Members of Parliament can do. They should at all costs read a document produced by Mr Mascagni, PE 57.475 of 2 March 1979, which represents one of the best and most constructive efforts of economic analysis that has been laid before Parliament over these last four years of my experience. It was suppressed by the filibuster organized by the Christian-Democratic Group and by the European Conservative Group inside the Committee on Regional Policy because they are afraid, like the Council, that Members of Parliament will at last get to know some kind of factual analysis.

IN THE CHAIR : MR SPÉNALE*Vice-President*

President. — I call Mr Hoffmann.

Mr Hoffmann. — (*D*) That the topic before us — industrial restructuring and conversion operations — is urgent must be evident to all. Its urgency can be deduced from the unemployment figures, from the growth indicators, from the state of technology, all of which prove that industrial restructuring is amongst the most serious issues facing us. Who in this room or amongst those members with whom we are to hold discussions is likely to better research, the provision of more detailed information, improved training and more judicious marketing? On this point we are all agreed. But while it is undoubtedly true that this is a matter of common concern, it is certainly not the main problem to be discussed here today.

The main problem is this: can the objective of restructuring and the creation of alternative employment be achieved by a system of incentives? My answer to this is no. There is no need here to repeat the reason why, for example, such measures alone, why the instrument of the market alone, cannot succeed. We have had this discussion often enough. I do not want to bring it

up again here, but I do think that we have fought rather shy of some other issues and comments and I should like to raise some of these issues now.

One point has just been mentioned by Lord Bruce. What surprised me greatly, when we were in a position to discuss the connection between industrial policy, structural policy and regional policy, to really work it out in committee, was that the very groundwork, the report presented by Mr Mascagni, was simply cast aside by a majority decision of the committee. With that it was out of the way and so obviously this connection need no longer be discussed here in Parliament before the direct elections. How crafty; it is of course one way of doing things, but certainly not one which does the problem justice.

Now I am sure that when we vote tomorrow there will be a majority in favour of Mr Spinelli's report. Let me quote from this point 11 of the motion for a resolution which states: Believes the granting of interest rebates and investment premiums to be a satisfactory procedure for attaining the goals laid down. However, point 9 of the motion for a resolution qualifies this, stating namely that the possibilities offered by the Treaty are not sufficient to achieve this objective, while the explanatory statement contains a passage which says that all this does not represent a genuine industrial programme. Nevertheless, we are scarcely prepared to point out these limitations and to draw the obvious conclusions.

For example, far too little has been said about the risk inherent in such a system of incentives. Firstly where are the clearly definable criteria for granting these funds? What about the requirements imposed and the corresponding possibilities of supervision. I assure you that such requirements, even if they could be defined, could scarcely be monitored. I will relate briefly our experience at national level with such programmes. We introduced just such incentive schemes, the result in my region being in general as follows: a portion of these funds goes to undertakings which do not in fact need it and which wait for such schemes to be introduced — in other words 'investment hunting' — and then simply take the money with them, the effect being purely that of handout. Finally, the third group to receive the money invest mainly, as previous experience shows, in the following areas: firstly, in the area of 'extended work-benches'. These are sectors which are needed in a time of boom and which are cast away in a time of depression. Secondly, in those sectors which are in danger structurally, as for example the textile industry or some other weak sectors because here there is less readiness to take risks which is why risk-taking has to be encouraged by means of such investments in the first place. The third area is that of undertakings whose productivity has long since outstripped their capacity. These are all experiences which simply have to be taken into consideration at some time. The remainder of the undertakings which actually take this money and use it exactly as it was in fact intended in the programme, represent, according to my estimate, at most 20 %.

Hoffmann

In other words 80 % of these funds go down the drain, 80 % ! 20 % are used more or less as they should be ; we must therefore consider whether this steering system is appropriate in the long term. Moreover, we know that these plans contain a number of unsolved problems. For example how can Parliament participate effectively ? What about the cumulation of national and international subsidies and financial aids ? What will be the criteria for interest rebates ? And finally, what is the position as regards financing preferences ? In this context I should very much like to know where lies the hitch as regards the ECSC duties ? Which States say no, which say yes and which have reservations ?

Now I know of course that all I have said here, the demand for a wider industrial policy, must fail because of the situation as regards powers vested in Parliament and in the Commission. That is clear. I cannot therefore accuse us of not exercising our powers here. But it would be a mistake if, firstly, we did not say and point out again and again that these powers are lacking and secondly, were we to draw no conclusions from this. These may be summed up in two statements which lead me to a final conclusion. The first fact is this : international cooperation at private enterprise level far outstrips all political decisions. In other words economic integration is far advanced at the level of private enterprise, political decision-making capacity lags far behind. That is the first fact. The second fact is : we have Council decisions which can scarcely be controlled by Parliament and which indeed in many areas even lie outside the European Parliament's possibilities of control. The conclusion to be drawn from these two facts is very simple, though some members in the House will undoubtedly have objections to raise. It is simply this : every increase in the European Parliament's and the Commission's powers in the area of industrial policy is progressive and democratic and anyone who opposes such extension of their powers is, basically, standing in the way of democracy and of progress.

(Applause)

President. — I call Mr Christensen.

Mr Christensen. — *(DK)* Mr President, a policy aimed at promoting economic growth is the only way of seriously helping the sensitive sectors in question. Mr Spinelli made this point when presenting his report, but admitted at the same time that it did not occupy a very prominent place in the report — indeed it was hardly mentioned.

A GATT study has shown that the sensitive sectors, particularly the textiles industry, would not currently have been faced with major difficulties if the

economic growth had continued. In view of this, we should, I think, give some thought to the appropriateness of embarking on an increased aid policy. As the report acknowledges, restructuring aid can lead to unemployment since it is difficult to say when restructuring will lead to a capacity corresponding to current needs, or when it will result in overcapacity. For this reason, a restructuring policy of this kind — and this was also clear from the report — can in certain cases actually increase unemployment, which was not exactly what we had in mind.

In addition, it can lead to a distortion of competition at the expense of those undertakings not receiving aid. We have seen cases of inefficient shipyards receiving massive subsidies with the result that the efficient ones could no longer compete, so that they in turn had to receive aid — and this became a vicious circle. There are two ways, therefore, in which a restructuring of this kind can lead to increased unemployment.

And then there are the various conflicts. As is pointed out in the report, there is a possible conflict between sectoral aid and regional aid. There is also the question of which sectors should receive such aid. We know from the case of agriculture how, generally speaking, nothing has come of the talk about restructuring aid, although money has continued to be pumped directly or indirectly into agriculture. Now it is proposed that this principle should be extended to cover those industries which already receive substantial aid, i.e. presumably shipbuilding, iron and steel and textiles.

Nor are the amounts involved negligible. As we can see from page 27 of the report, in the opinion of the Committee on Budgets, the iron and steel industry received a total of 3 000 million u.a. in credit from the Community between 1975 and 1977, and it is still in considerable difficulty.

Last December, Denmark, together with some other countries stated that it could not agree to the extension of the steel agreement unless a regulation prohibiting State aid was introduced before 1 April. I do not think Mr Davignon's answer was very clear.

He said that he hoped a regulation of this kind would be introduced before summer, but to be quite honest I do not think there is much chance of this promise being kept, which means that the conditions under which Denmark would have gone along with the proposal will not have been fulfilled. It would be asking a lot of Danish industry to expect them to accept price increases — as mentioned by Mr Davignon — such as those which have already been introduced, i.e. 20-25 % for certain iron and steel goods and 10-15 % for cold-rolled products. I also think that Mr

Christensen

Davignon failed to respond to the point made by both Lord Bethell and Mrs Squarcialupi, i.e. that a free trade policy is also an essential element in promoting the restructuring we need. Unfortunately, however, we have moved in the opposite direction in various sectors, including the textiles and iron and steel industries, with the result that the necessary restructuring is being held up. One can therefore say that, by granting aid, the European Community is with one hand working against what it is trying to achieve with the other, or to put it the other way round, is using protectionism to work against what it is trying to achieve by means of aids.

I also think that Mr Davignon is taking a somewhat one-sided view when he points out that there was a 21 % increase in steel exports in 1978, since this was presumably a result of the enormous subsidies which the industry had received from the taxpayers, and steel consumers in the European Community. Thus, the Community has embarked on a policy which other countries are — quite rightly — attacked for conducting in this field, but which the European Community — as a net steel exporter which, as Mr Davignon stressed, the Community continues to be, — and as the biggest trading bloc in the world — should be the first to refrain from.

I therefore regard these proposals as extremely reprehensible and must therefore urge you to oppose the report and the motion for a resolution.

President. — I call Mr Cheysson.

Mr Cheysson, Member of the Commission. — (F) Mr President, I will refrain from presenting a general survey of the policy of restructuring, and from summarizing the desirable reactions to the present crisis on the part of the Community and of the public authorities at national and Community level. First of all — I make this point to Mr van der Gun — I am neither Mr Davignon, nor commissioner for industry, nor the competent authority. However, my colleague Mr Davignon made a very full statement this morning on this topic and will continue to make detailed comments. I simply want to assure this assembly that when I speak, it is on behalf of the Commission and not as a commissioner or as an individual, which is moreover likewise true when the commissioner for industry expresses his views; obviously, Mr van der Gun, the commissioners are bound jointly and severally by the views of the Commission.

First of all, on a general level, I should like to say how impressed I was by the serious tone of the debate, a seriousness which reflects and matches the gravity of the situation. Also, Mr President, I should like to comment on some of the general remarks made.

First of all, Mr van der Gun's remark was very moving, but quite fundamental. We cannot deal with such

complex problems on the basis of statistics and reports as if only machines and balance sheets were involved. We are concerned about people who are victims, whom this crisis has plunged into sometimes insurmountable personal, psychological and social difficulties. And here again let me assure both Mr van der Gun and Lord Bruce that all the commissioners are aware of this. If there were any exception to this, then let us be rid of that commissioner! He would not be worthy of this position!

I should also like to say, in reference to a remark made by Mr Veronesi, that our ambition is in fact that the Community should be able to lay down guidelines in this market of traders which makes up Europe today, i.e. react to market fluctuations and not just try to paper over the cracks. What we want is to make it possible for policies to be drawn up. Unquestionably this implies an improvement of the means of analysis at our disposal.

I shall always remember the astonishment of my colleague for industry, who, when tackling the subject of industrial policies, noticed that his files contained only polished, intelligent reports in a style similar to that of the United Nations Organization or UNESCO, but which were not based on any serious analysis of the real facts because these are not recorded at Community level. What we therefore need are instruments for analysis, and in particular we need that European institute for economic analysis and research, the delay in the setting up of which was quite rightly deplored by three members today, Messrs Pisani and Veronesi and Lord Bruce. However, I welcome occasional reminders from Parliament that the Council must turn out its desks; we the Commission are quite willing to do this but, also, without success. Let us hope that you will be more successful.

Still in the realm of general remarks, Mr President, I should also like to refer to Mr Ansquer's comments. He expresses the view that the Community should not be content to concern itself with only a few sectors in difficulty, but, whenever the European dimension is necessary for analysing an industrial sector accurately, should deliver an opinion and make recommendations, irrespective of whether what are involved are depressed industries, growth industries or advanced technology industries. However, where the Commission is concerned, I think it must be stated quite clearly that we do not intend to cover all the industrial sectors as that would be madness! There are numerous sectors which Europe has no reason to concern itself with at Community level; let us not become obsessed with intervention, but deal rather with those few sectors where the national dimension appears too reduced in scope.

Mr President, more specific issues were also raised by Mr Ansquer concerning American protectionism. You know that this has been a matter of great concern for

Cheysson

us in recent months and that we had intended to take advantage of the negotiations on the MTM in the Tokyo Round to improve our position. Rightly or wrongly, we feel that progress has been made in these negotiations, not without difficulty, not without pain, not without blows below the belt from time to time; indeed, experience has shown that between industrialized countries, in discussions on commercial issues, any blow above the belt is of no avail. So below it has to be and, having used these all-in techniques extensively ourselves, we feel that we have obtained some more convincing results in the case of the United States than in that of Japan.

For example, as regards the anti-dumping action referred to by Mr Ansquer, we believe that the new mandatory reference to proof of damage represents an important improvement. We are also pleased, in principle, that the trigger prices system is now organized more consistently, more rationally, although I must admit that for some time we benefited from the trigger prices, in that they related mainly to the yen and the constant rise in that currency gave us a price reference in American dollars which itself rose constantly. Might I point out that our exports to the United States, which had fallen to 2.9 million tonnes in 1975, indeed to 2.7 million in 1976, have now increased — I am speaking of course of steel — to 6.2 million tonnes in 1977 and even to 6.7 million in 1978, almost three times the lowest levels we had recorded previously, and substantially higher than our 1973 figures. However, it is obvious that we must constantly be on our guard against indirect protectionism, protectionism which is, I was going to say, 'crooked', but that is not a word to be used in an assembly, i.e. concealed protectionism in all non-tariff forms.

Mr President, Mr van der Gun mentioned Mr Meintz's No 1/Rev. Let me say only that the Commission fully supports it.

Let us come now to the financial aspects of our proposals and to their application.

Mr Hoffmann asked a difficult question: will the loans which the public authorities may give for restructuring undertakings, be effective? Mr Hoffmann has, in our view, expressed the problem very well. I am not convinced that the answer which he proposes, namely controls, is entirely convincing. Controls exist of course: a restructuring loan can only be granted if the undertaking agrees to comply with the Community's conversion objectives, if there is parallel assistance by the Member State and if the loans take the form of investment premiums and interest rate subsidies, i.e. when there is a personal commitment on the part of the undertaking. We can of course be counted on to carry out all the necessary controls. Thus, these loans will be used as we intended; but will they be effective? Will they make a recovery possible? If they do, can one be sure that, had we not intervened, the

undertaking would not have obtained loans elsewhere? I have no specific answer to that question. I believe that the Commission's willingness to define precise intervention criteria, as Mr Hoffmann recommends, must bring results. I also believe that the decision, which Mr Davignon outlined to you, to base its aid on opinions of the Consultative Committee which has highly competent people, as competent as, perhaps even more competent than, and in any event more involved in the operation than we are ourselves, is a reassuring factor. But we cannot give an absolute guarantee, that is certain. Should we therefore, on that basis, do as one of the speakers appeared to suggest? I am not very sure what he said, since he reproached Mr Davignon for replying to a question which he had not been asked, but he appeared to imply that we should do nothing at all. I do not think we should do nothing. I do think so mainly because of the people involved and because of the chances of improvement. It is sometimes better to finance one measure which would otherwise have been paid for by the undertaking than to risk not intervening to save ten undertakings which might otherwise have failed and to put them on their feet.

Mr President, when can we act? This poses the problem raised by Mr Schreiber, by Lord Bruce, that of the mobilization of the appropriations of Article 375 of the budget. Let me remind you that at present these appropriations are quite substantial, since 20 million units of account were entered in the 1978 budget, five of which have already been carried forward automatically, fifteen of which will, I am quite sure, be carried forward when the Council adopts the decision which is now pending. In addition to this amount of 20 million units of account which has thus already been carried forward or which will be carried forward there are the appropriations entered in Chapter 100 of the 1979 budget, namely 20 million, of which we will reserve, as the Parliament requested us, 5 million for Article 512. We should therefore have about 35 million units of account available under this Article 375. Since they are entered under Article 375, Parliament knows the Commission's position: we have a commitment authorization, but it is a specific authorization relating to a single appropriation. This does not mean, however, that we can pursue a policy without its first being defined by a regulation. Now what the Commission wants to do here, and the same is true of Parliament, is not to spend 35 million, it is above all to establish a policy of restructuring, to which the Community will contribute the 35 million. It is this policy which we want to institute, with an eye to the future: it is the possibility of supporting but also guiding the undertakings which interests us. And this policy, excuse me for saying so, will not be instituted by the fact of spending money if there is no guarantee of a follow-up: it is the adoption of a regulation by the competent Community authorities that will get it under way. We therefore think that every-

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thing possible must be done to have the regulation adopted as rapidly as possible. Amendments have been put forward. Mr Davignon has outlined the Commission's reactions: we hope to be able to call upon the goodwill of the Council to obtain a regulation, that is the definition of a policy, rather than just have to implement the budget pursuant to Article 205 without any assurance of the follow-up, without being able to define any policy.

Those, Mr President, are the replies to specific questions which I wish to make on behalf of my colleague Mr Davignon, whose apologies I once again convey to the assembly: he had to be in Paris this afternoon for a long-standing appointment and would therefore have preferred the debate to have taken place this morning.

President. — I note that no one else wishes to speak.

The motion for a resolution and the amendments which have been tabled will be put to the vote during voting time tomorrow.

The debate is closed.

14. *Code of conduct for Community companies with subsidiaries in South Africa*

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

— the report (Doc. 70/79), drawn up Mr Lagorce on behalf of the Committee on Development and Cooperation, on

the form, status, context and application of the Code of Conduct for Community companies with subsidiaries, branches or representation in South Africa;

— the oral question with debate (Doc. 653/78), tabled by Mr Fellermaier on behalf of the Socialist Group, to the Foreign Ministers meeting in political cooperation:

Subject: Compliance with the Community's code of conduct for companies with subsidiaries, branches or representation in South Africa

1. Which companies from Member States of the European Community with subsidiaries, branches or representation in South Africa have published an annual report, as required under Point 7 of the Community's code of conduct, and which have not?
2. What steps have the individual governments of the Community's Member States taken to ascertain by what means and in what ways they can work for the attainment of the declared objectives of the code of conduct through companies from Member States of the European Community operating in South Africa?
3. Do the governments of the individual Member States also have general information on the conduct of those European companies in South Africa which have so far failed to publish a report?

I call Mr Lagorce.

Mr Lagorce, rapporteur — (F) Mr President, ladies and gentlemen, the Code of Conduct which is the subject of the report I have the honour of presenting to you — a report which, at my request, was referred back to the Committee at the last part session to be corrected, clarified and amended — can only be appreciated in its proper context.

We must therefore, I think, not lose sight of the fact that South Africa has become a dangerous international trouble spot, being in a part of world where decolonization has not gone smoothly, and the major Western powers have become involved in ideological and economic confrontation. And it is precisely in this hostile environment that the White minority governing South Africa is insisting on trying to maintain a system of separate development — apartheid — which threatens to give rise to serious internal disturbances, perhaps leading eventually to an international conflict. Remember that when we speak of separate development we are using a euphemism. What it means is development of 4.5 million Whites thanks to the under-development of 19 million Non-Whites — Blacks, Indians, Coloureds — who are consciously kept in an inferior position in social, cultural and economic terms and are deprived of most of their rights.

This state of affairs, in which the non-white population can be considered as practically in slavery, is further accentuated by the system of Bantustans, the 'homelands' whose spurious independence we have refused to recognize and on which I do not need to dwell. What I would stress is that the Afrikaners sincerely believe — and this is the serious thing — that they are right and that there can be no better or fairer system than apartheid.

Everything points, therefore, to a monumental dialogue of the deaf between Whites and Blacks. The white population of South Africa has clearly remained impervious to the changing spirit which has characterized the second half of this century. It has the mentality of a backward society in which it seems difficult to make the voice of reason heard. Moreover, who is going to take on this task? The European Community would seem to have a privileged part to play in this field since it is the leading trade partner of the Republic of South Africa. Indeed, for some years now it has had a position on this point and has on several occasions condemned the policy of apartheid. But none of the declarations on this subject were followed by effective action, as they did not involve any sort of coercion towards South Africa. It was not until 12 January 1977 that the principle of a Code of Conduct was adopted by the Foreign Ministers of the Nine and only on 20 September 1977 was this Code of Conduct, drawn up by the experts the ministers had appointed, adopted within the framework of political cooperation.

Lagorce

But is this really a code? A code is a set of provisions laid down by law or regulation which have the force of law and are binding on pain of explicitly defined sanctions. What we have in this case is provisions not of a legal but of a social kind which are in no way binding. The companies concerned are *invited* to apply this code, that is all. Moreover, these provisions deal only with racial segregation in the field of employment, which reduces their scope.

This Code, which is not really a code at all, can nonetheless contribute in particular to improving the material, social and moral position of non-white workers and constitutes a first step towards solving the problem of apartheid in South-Africa — despite its imperfections and shortcomings which, as called for in the motion for a resolution, need to be corrected. What is unfortunate, in fact, is that this Code of Conduct has been drawn up too hastily by the Foreign Ministers alone — or at least by their appointed experts — without consulting either the Commission of the Communities or our Committee on Development and Cooperation and also without reference to the employers' and workers' organizations in the Community which could have given the authors of the Code the benefit of their experience. They will, it is true, have a chance to do so at some future date if we take up the idea of holding hearings to which the unions, who have useful information to give, could possibly be invited. Similarly, views could have been sought from the ACP countries, whose keen interest in this question is well known.

If the Code of Conduct is to be applied, extensive publicity is therefore likely to be indispensable in order to make it known in the Community.

This publicity will have to involve the Member States, the European Parliament and the national Parliaments. I would add that it should also extend to the Republic of South Africa so as to make the white population realize that they should not stand in the way of the implementation of this Code. It is heart-breaking, for example, to read in the newspapers how on 7 March a general strike was declared in South Africa by White miners determined to protect their privileges *vis-à-vis* the African and Coloured workers. The important thing is that the Code of Conduct should be applied in identical fashion by all the Member States, so that the companies which adhere to it willingly are not penalized in terms of competition with those who apply it incompletely or not at all.

The Code has been drawn up on the initiative of the Community, but the question of enforcement and supervision has been left to the Member States, who will therefore have to agree on common formulae for the partial application of the Code. It is essential, I think, for the Foreign Ministers, the Council or the Commission to explain what measures have been taken to ensure uniform application of the Code in all Community countries.

The question of supervising how the Code of Conduct is put into practice is also of decisive importance. Article 7 of the Code provides — without, I repeat, any obligation — for the companies concerned to publish a detailed annual report on the implementation of the Code. These reports are to be examined by the governments of the Nine. On this point, it is unfortunate that standard forms for the reports from companies were not adopted at the same time as the Code of Conduct itself, as these reports are an essential complement to the Code. That is why the motion for a resolution calls on the Foreign Ministers to provide companies with the necessary documents for them to submit standardized annual reports.

In any case, the ministers are requested to report annually to Parliament on this question of supervising the implementation of the Code of Conduct, thus ensuring that its Community character is maintained. This could, I think, normally be via the Committee on Development and Cooperation which would set up a sub-committee for this purpose. What is essential is for the Commission to centralize the systematic evaluation of these reports in cooperation with the Council and Parliament. It appears that in 1978, the first year of operation of the Code, 120 companies, primarily of British origin, drew up the required reports on their factories in South Africa. Will these reports be transmitted to the European Parliament?

The question of providing for sanctions against European companies to make the Code effective can and must be raised as well. I have three points to make here. Firstly, as we have seen, the Code of Conduct has no legal force. The companies are simply invited to observe it on a voluntary basis. Moreover, it is doubtful whether the Community has adequate means to impose sanctions on companies which do not observe the code. Lastly, in view of the existing disparities in national legislation there are likely to be differences of opinion between the Member States on the amount of supervision that can be imposed on private industry.

If we are considering sanctions against the South African Government, what form could they take? A general economic boycott would indeed be desirable, but it should be remembered firstly that the non-white population would be the first to suffer and secondly that this would be a difficult measure to control, since it would not be applied in the same way by everyone. Look how the ACP countries continue to trade with the Republic of South Africa. A selective boycott would be a possibility, with specific measures — for example the arms embargo which, I see, is being respected and must continue to be, or a ban on supplies of nuclear technology, or again an oil embargo. But in this field it is not the countries of the Community that are in a position to decide. Another

Lagorce

possibility — and this, as I have previously had occasion to say here, would no doubt be the most effective measure — would be a freeze on investment and on the generous financial aid granted to South Africa by banks in the nine Member States. But it is no use hiding from the fact that all this involves the risk of an appreciable increase in unemployment. The same goes for boycotting South African exports, which is of limited effect.

In addition to boycotts, therefore, we must look for other means of making South Africa give up its apartheid policy without affecting precisely those whose rights we want to protect. It is on these lines that we should consider terminating the cultural agreements with Community countries. Similarly, positive steps should be taken to see that the industrialized countries outside the Community also follow the Code of Conduct. Lastly, it would be only right for us not just to maintain but to increase the exceptional financial aid granted to the ACP countries affected by apartheid. I think it is in the framework of the Lomé Convention, with the forthcoming renegotiation, that the fight against apartheid in South Africa can be pursued most effectively, thanks to the cooperation between the Community and the ACP countries.

Remember the declarations by the Joint Committee and the Consultative Committee in Maseru, Granada, Luxembourg and, most recently, Bordeaux. The ACP countries must not be disappointed. After welcoming the adoption of the Code of Conduct, they have high hopes of its implementation. We have reached a point where, looking forward to Lomé II, the Community must choose between two apparently incompatible attitudes: tolerance towards the White governments of Southern Africa and good relations with the ACP countries. Indeed, the situation in South Africa is poisoning international relations and threatens to become an obstacle to the smooth operation of both the present and future Lomé Conventions. A solution must therefore be found to this problem of apartheid if political cooperation between the Community and the ACP countries is to move into a new dimension. Clearly, this is a delicate question. South Africa is the leading supplier of raw materials to the Western nations and in particular to the Community. We should not forget, for example, that this country is one of the major world producers of uranium. It is thus, of course, difficult for Europe to impose economic sanctions on the country on which it depends for its supplies of uranium and many other raw materials. The Community must at all events develop a strategy for solving the problem of apartheid. There is no time to lose. As I said, there is too great a danger of a tragic confrontation between Blacks and Whites which could set the whole African continent ablaze and ruin relations between Europe and Africa. But what strategy? That is the question!

Firstly, we must exert pressure, firm and continued pressure, on the South African Government to improve the situation of the Black community by respecting its rights. The Code of Conduct constitutes a first step in this direction.

While keeping clear of any political involvement with the Republic of South Africa, the Community must, above all by persuasion and by peaceful means, induce that country to behave like a normal civilized nation. We can no longer allow there to be further bloody repression of Blacks engaged in legitimate protest, any more Sowetos, any more killings such as that of the young Black militant Solomon Malongu, who was hanged in Pretoria prison on 6 April despite the representations made in particular by the European countries. But the Community must also, I think, bring home to everyone, and particularly the ACP countries, that South Africa is not a colony like many other African States which are now independent. It is thus not a question purely and simply of getting the Whites out but of how this country can maintain its specific identity as an African nation comprising several ethnic groups, one of which cannot be allowed to develop at the expense of the others. Its neighbours, as well as the Blacks in South Africa, must recognize the rights of all the ethnic groups living together in the country. Of course, this will be difficult.

But the Community, as a signatory to the Lomé Convention, must accept its responsibility as a guardian of peace in Africa and in East-West and North-South relations. It must realize that what it does in South Africa will have a decisive effect on relations with both the ACP countries and all the developing countries. That is why the Code of Conduct, however incomplete and imperfect it may be, could well, if properly applied — and the Community must see that it is implemented under strict supervision — constitute a decisive factor in the fight against apartheid and the preservation of peace in Africa and in the world.

IN THE CHAIR : MR HOLST

Vice-President

President. — I call Mr Patijn to speak in place of Mr Fellermaier.

Mr Patijn. — (NL) Mr President, with your permission I should like not simply to present my Oral Question but at the same time briefly to make my contribution to the debate on behalf of my Group. That way we can kill two birds with one stone. I think it is only fair for me to take the floor just once and not twice.

The Socialist Group has tabled a question to the Foreign Ministers of the Nine because it considers that at present time this Code of Conduct has a comparatively central part to play. What is the situa-

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tion? My Group supports Mr Lagorce's report on behalf of the Committee on Development and Cooperation. My Group believes that apartheid cannot be strongly enough condemned in this House. There is no justification whatever for the policy pursued by the South African Government. Moreover, the recent execution Mr Lagorce mentioned is further clear proof that the South African Government is continuing to pursue the disastrous course it has adopted.

While I am on the subject of the Lagorce report, I should like at the same time to congratulate Mr Lagorce on it and assure him of our Group's support.

Mr President, my Group attaches the greatest importance to this Code. It is the only instrument currently available to the European Community. The Community does not have a sanctions policy, nor does it have any policy regarding a boycott; all we have is a Code. And this Code is not binding. Our Group is therefore greatly concerned that the role of the European Code of Conduct, which was adopted by the Ministers and not by Parliament, should be developed and strengthened and that compliance should be more strictly enforced.

But, of course, there is more to it than that. While we attach the greatest importance to the Code of Conduct at the present time, there are other factors that we must not forget.

The fact is that we must continue our efforts to ensure that the European Community and the individual Member States do everything in their power to bring about the end of apartheid. I shall come back to the question of sanctions, boycotts and Community policy in a moment. First, I should like to make a few introductory remarks about the trade union movement.

It looks splendid, of course, for the Community to draw up a Code and then put it forward as if the course to be followed had been laid down. At the same time, however, you need to know what this is meant to achieve, whether it is to be something that involves no obligation and is presented to the public to save your conscience, or whether you are putting forward something that is to be an instrument of policy, a system that you intend to enforce, so that something actually happens in South Africa. And here the Council and the governments must not be squeamish; any means is permissible to prevent the abominable policy of apartheid from dragging South Africa down the disastrous slope into an even worse situation that we have today. The ministers and the governments must work together with the employers' organizations and the trade unions. What we need is for the international trade union movement, which knows what is in the Code and knows how to handle this sort of thing — and the European trade unions have stated on dozens of occasions, orally and in writing, that they share the principles of the Code — to be involved as well and to be consulted as to how

the Code can be implemented. It is after all the trade unions that sit at the negotiating table with the companies operating in South Africa and with their parent companies in Europe. In the negotiations the trade unions have with these organizations and companies, they can play a part in influencing South African policy and making the Code a success.

Mr President, at present the voluntary aspect of the Code is not, in our view, producing results. It all leaves too much to chance. The expectations aroused by the Ministers in laying down the Code will turn to disappointment if there is no certainty of its being enforced. You must enforce the code if you want to maintain credibility, otherwise you would do better to drop the idea — it would be better to withdraw the Code and admit there is nothing we can do. A voluntary Code, with companies keeping an eye on each other to see whether everyone is keeping exactly the same standards and no one wanting to lead the way, everyone preferring to bring up the rear, is not much use. I think, therefore, there is a real need to give the Code teeth by turning it into a compulsory one which companies operating in South Africa from a base on Community territory would be forced to apply.

On behalf of my Group I should like to ask the governments and the Council for their views on this. And we should like to be given the facts which will enable us to judge just how badly the Code is working. Mr Lagorce has pointed out how important it is — and this is expressly stated in his motion for a resolution — to know how the Code of Conduct is working out in practice, how observance of the Code can be assessed in the light of experience. But the Code is only one aspect, about which I have already said quite enough. In our view, the Code is too weak because it is a voluntary instrument which is not effective. Of greater importance are two other things: sanctions and a boycott.

With regard to sanctions it would, of course, be a very important step if the Community could agree on a single policy. Over the wide area that the Community covers it is very easy to get round sanctions if one Community country applies them and another does not. My question to the President-in-Office of the Council is whether any initiatives have been considered or tried out or any plans drawn up with regard to sanctions — or have sanctions been rejected? Has he done enough to soothe his conscience by laying down the Code and are the social forces now to be left to play their part? On this question we support the somewhat milder but nonetheless reasonably clear paragraph in the resolution prepared by Mr Lagorce on the imposition of legal and financial sanctions. Mr Lagorce has just referred to this.

The second point is a boycott. Boycotting a country is naturally a major decision. But are we still in a position to say that there is any room for reservations or

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reason to doubt the South African Government's intentions in its apartheid policy? Do we have any grounds for saying that some improvement can be detected, so we should keep a watch on the situation for a while longer? I hardly think so. When Mr Lagorce and his Committee state in their motion for a resolution that an economic boycott of South Africa is not realistic at the moment, they are clearly right. But in view of the political situation into which South Africa has manoeuvred itself the question must be whether it can really be long before we resort to some such stronger measure. It may well be unrealistic. Perhaps Mr Lagorce is right in his report, but at the same time we must face the question of how to bring into line a regime which has adopted such a blatantly wrong course. That is the point, and it is an important one from the point of view of the international legal order.

We must try to develop a policy for the Mediterranean countries.

For years we have been talking with Mr Cheysson and others about Mediterranean policy. The question is whether we shall still have a Mediterranean policy after the accession of Greece, Spain and Portugal, or whether we shall not have a fragmented policy with some maintaining links with the Community in one way and others in a different way. We do not have a policy towards Africa, however, and we certainly have no policy towards South Africa. For whatever we may try to achieve in the context of the Lomé Convention, whatever we may try to achieve with regard to human rights when renewing the Lomé Convention, one thing is clear: the credibility of what the European Community contributes to the Lomé Convention will also be measured by the way the Community behaves towards South Africa.

If we pursue a lax policy towards South Africa and do not take the Code or sanctions seriously, how can we then insist on a clear human rights policy in the rest of Africa, in Black Africa or North Africa? Everything is closely interconnected here, and it is thus important for the Community to arrive at a more consistent policy with regard to the whole South African question and for it to know how to react.

Mr President, let me round this off by saying that we are in an unsatisfactory situation. The Socialist Group regards the Code as severely limited, unsatisfactory and inadequate. In our view sanctions are clearly necessary and we would join with the rapporteur in not excluding an economic boycott as a possible means of making the South African Government change its views. We very much hope that we shall get a reasonably consistent answer from the Council, based on the policy the Council itself has applied in adopting the Code. If there were no policy, we should not be able to have this policy discussion here. But there is a policy. A first step has been taken. If this is the last step, then it is totally inadequate. If it is only a first step, we should like to know what else we can expect the Council to do.

There is one other final point I feel I must make, in connection with today's Question Time. I hope that in future — we were talking just now about the sexual maltreatment of African women — the French Secretary of State will refrain from relating his replies to European problems. I found the comparison he made with cosmetic surgery on European women totally out of place. I know I am out of order, Mr President, but I say this here because I was shocked by his answer on that point.

Mr President, we support this report and the motion for a resolution prepared by Mr Lagorce and the Committee on Development and Cooperation. And we hope that the first step taken by the Council with this Code will be followed by others aimed at using the pressure we can apply to help put an end to apartheid.

President. — I call Mr Bernard-Reymond.

Mr Bernard-Reymond, *President-in-Office of the Foreign Ministers.* — (F) Mr President, to start with I should like to confine my reply to the very specific questions raised by Mr Fellermaier, to which Mr Patijn also referred just now. First of all, I should like to remind him that he referred several times to the position of the Council but that in fact the Council has nothing to do with this question, which comes under the heading of Political Cooperation.

Moreover, it is only after all the reports from the companies involved in implementing the Nine's Code of Conduct have been received that the governments will be in a position to carry out, at national level, an assessment of the results of this first year of operation. Not having received all the reports they expect, most of the governments have so far not been able to draw any conclusions or to make a list of the companies that have been willing to submit a report and one of those which, although requested to do so, have not yet produced anything.

However, a number of European countries already have plans to publish these lists as soon as practicable, together with a summary of the results obtained, as the British Government did in its report to Parliament dated 15 February 1979. As those responsible for implementing the Code, the governments of the Nine attach great importance to getting companies to agree to submit detailed reports on the way in which they have followed its recommendations. Accordingly, they have adopted various means of encouraging them to comply and intend to continue this persuasion in the future. They expect the results to be increasingly positive as the companies become more and more aware, that it is in their interest to make a concrete contribution to the economic and social betterment of the African workers their subsidiaries employ in South Africa.

President. — I call Mr Cheysson.

Mr Cheysson, Member of the Commission. — (F) Mr President, the present debate is being held on the basis of the question by Mr Fellermaier, presented by Mr Patijn, the report by Mr Lagorce and the motion for a resolution put forward on his recommendation by the Committee on Development and Cooperation.

Echoing the President-in-Office of the Council, I note that Mr Fellermaier's questions were addressed to the Foreign Ministers of the Nine and that, apart from one point to which I shall return, Mr Lagorce's report and his motion for a resolution are also addressed to the conference of Foreign Ministers or the governments of the Nine — which is only logical since, as you know, the Code of Conduct which forms the main subject of this debate was drawn up and adopted by the nine Foreign Ministers meeting in political cooperation; the negotiations with industry are being conducted by the governments, who are responsible for following them up. Of course, the Commission is in the picture, as it is invited to political cooperation meetings on Africa, but it has no direct responsibility. That is part of what Mr Lagorce calls, in very diplomatic terms, the Commission's delicate position within the framework of political cooperation. In saying this, Mr President-in-Office, I do not mean to complain — as that is the way it is — or to denigrate this Code of Conduct which, if I may say so, I see in a more favourable light than Mr Patijn. As evidence for this, let me merely point out that none of the OECD countries to whom we suggested adopting a similar code was willing to do so, not even the Scandinavian countries, however committed they may be. I am thus in an awkward position with regard to these questions, which are not within our sphere.

Everything would be different, of course, if the Council of Ministers followed the recommendation put forward in the motion for a resolution and made the implementation of the Code a Community matter, which would involve responsibilities for the Commission. That is not the case at present. I shall therefore confine my reply, Mr President, firstly to the specific question raised by the rapporteur and secondly to the overall analysis underlying this Code and this debate. Paragraphs 22 to 24 of the motion for a resolution call for the Community to step up its support for those ACP countries which, because they are close to South Africa, suffer directly or indirectly from of the apartheid policy. Once again, Mr President, I should like to reaffirm before this Assembly the Commission's commitment, in accordance with the spirit of the Lomé Convention, to provide these countries at any time, whatever unexpected circumstances might arise, with the necessary support. Experience shows that this support is useful. You may recall that at one time South Africa thought it could strangle Lesotho by using an administrative device to block off part of its frontiers. In the two weeks following this move we

were able to intervene so that a new route could very quickly be established inside Lesotho to enable the inhabitants of the eastern part of the country to leave by the western frontier.

Let me remind you that Botswana — another country on the borders of South Africa — which is some 75 % dependent on its beef exports, nearly starved to death when the world beef market collapsed. I am not sure that for any other ACP country we would have overstepped the provisions of the Lomé Convention, which did not contain anything about meat prices. We worked out solutions under which we were able to guarantee Botswana a price for this meat, at a cost to us of between 12 and 15 million units of account per year, which is completely outside our normal aid programme.

Let me remind you that we are making an exceptional effort to build a road linking Botswana with Zambia at the point where the two countries meet, so as to provide it with an exit route not subject to Rhodesian or South African control. Lastly, may I remind the House that when what are known as the 'front-line States' decided to close the Rhodesian frontier in 1976 we immediately intervened under Article 59. In various ways, and on an exceptional scale compared with aid to the other ACP countries, we hastened — this is no exaggeration — to the aid of these countries, and I should like to pay tribute to the other ACP countries who have always approved this approach. In addition to the projects I have just mentioned and others aimed at refugees, that represented a second exceptional operation with a total cost to date of 25 million units of account which have been used for special purchases, in addition to which there are the beef subsidies amounting at present to a further 40 or 50 million units of account.

I therefore think we are equipped to act. It may well be that in the next Convention more money will have to be made available for Article 59. But we do have the means to act, as we have demonstrated. And the South Africans are perfectly well aware of this. So much for the specific question.

But I hope, Mr President, that the House will bear with me if I go much further than that, since the motion for a resolution and the speakers in the debate have given great prominence to the fact that this Code is only one element in a policy, one aspect of our condemnation of a certain attitude on the part of the South African Government — a condemnation expressed by the Community in clear and responsible terms on numerous occasions, at the sessions of the United Nations, at the meetings of the Foreign Ministers and when the President-in-Office of the Council represented the Community at the anti-apartheid conference in Lagos in 1977. This condemnation has also been expressed in the clearest of terms by this Parliament and the most remarkable motion, as Mr

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Lagorce recalled, is that adopted in Lusaka. The Commission has taken it upon itself to intervene when individuals have been threatened, particularly on the eve of the execution of the unfortunate Solomon Malongu. And I do not mind admitting to this House that on occasion I have myself used stronger terms on this question. Following the execution of Solomon Malongu, I felt justified in saying in a telegram to the South African Government that we were concerned to see so many men being mercilessly killed around the world and asking what we were to think when a government which professed Christian principles decided in cold blood to put a man, a young man, to death for carrying a gun he had never used. Is it the fact that he was black, is it the colour of his skin that stops judges and ministers from seeing clearly? For that is what it comes down to: the fundamental question of discrimination between individuals on the basis of race. One might think that the last war was a lesson for everyone, but not at all: everywhere racism is emerging again. So, when we talk about codes of conduct or about apartheid we must remember, as your motion for a resolution says, that what we are concerned with is the human individual, ourselves, our society, our children, who are threatened by this violation of elementary human rights. That is why, as you know, in concluding a Convention which is for the moment the only one of its kind in the world, between developing countries and industrial countries we are concerned, to deliver a solemn reminder to both sides that all our efforts, as governments, as different cooperating countries, are intended to serve mankind. The purpose of this is not to threaten sanctions, but to arouse people's consciences and put the problems in their proper perspective. And we shall continue on this course, with the support I am sure the coming Parliament, like the present one, will not fail to give us. The motion for a resolution, therefore — and Mr Patijn stressed this — asks whether, on this basis, there is any prospect of the Community developing a constructive and coherent Africa policy as part of a vigorous, dynamic policy aimed at contributing to equilibrium in the world. Mr President, what is a policy? If it is a matter of intervention, of direct declarations having binding, coercive legal force, then the Community has clearly not reached that stage, the Community is not a State, and there is no question of its laying down a policy or deciding on intervention as a State would.

But if a policy is a matter of creating facts, of taking a very long-term view, then I would say to this House, and to Mr Patijn in particular, that we very clearly do have a policy in Africa. This policy respects the identity of each country, guarantees the stability of relations between these countries and ourselves and provides aid for development in connection with projects adopted independently by the governments. They are particularly interested in that, more than in more or less empty declarations.

Allow me to quote a few examples of this policy.

Guinea-Bissau has just emerged from the tunnel of colonialism, and in its liberation struggle it had only two allies: the Soviet Union and East Germany. One week after the liberation movement was installed in Bissau, the government decided to accede to the Lomé Convention.

Guinea-Conakry is emerging from a long political isolation. Forgive me for saying so, but it decided to accede to our Convention long before receiving visits from European Heads of State or European governments.

Ethiopia, under threat from Somalia and with ambitions which it is not for me to judge, is obliged to rely on countries which are totally opposed to us. Nonetheless it maintains a close link with us.

Uganda, on which there has been so much discussion here — and some people have taken the Commission to task for having maintained its delegation and other contacts there — Uganda is ridding itself of its racist dictatorship. Since we have maintained our presence, though with a very limited operation relating almost exclusively to food aid, we are now the first to help Uganda. The day before yesterday, Mr President, the Foreign Minister of the new Ugandan government headed a delegation to Nairobi to thank the Community for being the first to supply food aid or to take any action.

This policy illustrates very clearly what the Community can be. It is not a sovereign State, it does not have the power to intervene — it is, as Michel Jobert said, a 'political dwarf' without any military power. But it can create links and, while respecting the realities, set out long-term perspectives. That, I think, counts as much as and probably much more than declarations in international conferences. I believe that in Africa the Community represents a political reality, and I challenge anyone to deny it.

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

Mr Vergeer. — (NL) Mr President, ladies and gentlemen, I feel I must start with a word of thanks and congratulation to Mr Lagorce for his report, which I would term a report of outstandingly high quality which is also well-balanced.

Today we once again, alas, have to discuss the apartheid policy in South Africa. I say alas because despite the many condemnations of this policy there is in fact not the slightest sign of a turn for the better. On the contrary, again and again we receive reports that violations of human rights by the white South Africans are continuing unabated. Recently we heard of a request from Amnesty International to the South African Ambassador in The Hague for information

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the fate of black children in internment. Even children! On 6 April the whole world was once again shocked: despite worldwide pressure to refrain from carrying out the death sentence, the 23-year-old black militant Solomon Malongu was hanged shortly after sunrise in Pretoria prison. Together with him four other condemned men, three coloureds and one black, were hanged in the courtyard of the prison. And all that despite the fact that six hours before the time set for the execution even the Security Council of the United Nations had unanimously appealed to the President of South Africa to save the lives of these men.

Personal appeals from the American President, appeals from Western European Governments and from African Governments had also fallen on deaf ears in the South African Government. Though we know that in many other parts of the world people are being whites. just as mercilessly, these crimes shock us all the more because they are committed by whites. As Christian Democrats we are even more deeply shocked by such behaviour because those responsible do not shrink from invoking Christianity as the inspiration for their political actions. We therefore categorically reject the statement issued by the South African Government in Cape Town that the protests in the Western world at these executions can only be described as selective indignation against South Africa. We must make our voice heard whenever human rights are trampled underfoot anywhere in the world, and I am grateful for the fact that the Commission, in the person of Mr Cheysson, has also given prompt expression to its indignation.

Mr President, the decisive factor for South African policy and the whole apartheid system is exclusively the colour of the skin. Being black means being inferior, having no right to a full education, no right to a free choice of jobs, no freedom of expression and so on. To this day the black majority in South Africa has no civil rights whatever, they cannot vote and they are not eligible for election. We must not relent in impressing on the South African leaders that the age of colonialism and racism has passed in Africa too.

We therefore fully agree with paragraph 1 of the motion for a resolution, which unequivocally condemns, on political, humanitarian and moral grounds, the apartheid policy of the Republic of South Africa.

However, Mr President, there is something I should like to add to this: we must equally condemn those who feel obliged to reject the apartheid policy in South Africa while themselves sympathizing with regimes which trample on human rights, but do not want or dare to admit this. It is the duty of all of us to combat and repudiate all violations of human rights in whatever part of the world.

For the Christian Democrats apartheid is a violation of human rights of a special kind. The programme of

the European People's Party accordingly points out in unequivocal fashion that the Christian Democrats want to base their policy on a concept of man which springs from the fundamental Christian values and the dignity, responsibility and the inalienable and inviolable freedom of the human individual.

Mr President, our aim is to see that these rights and freedoms are respected everywhere in the world. For us this also involves protection against discrimination, the right of free movement, the right of access to one's own country and protection against expulsion from that country. These are all rights, Mr President, which are scorned by the South African system and the South African Government. The Christian Democrats also want today to confirm once again Europe's responsibility in the world by making it clear that Europe cannot be content with simply protecting its own interests but must on the contrary fulfil its obligations, by acting above all on the principle of defending human rights, fundamental freedoms and the rights of peoples, without which real peace is in fact impossible.

I would remind you that throughout the world human rights and fundamental freedoms come before the principle of sovereignty. We Christian Democrats are accordingly resolved to make a stand against all forms of tyranny and suppression.

Mr President, in connection with the privileged links we have with Africa under Lomé Convention, which has opened the way to a new form of cooperation between equal partners, we take the view that Europeans must, like the peoples of the ACP countries, feel directly affected by apartheid and the serious threat it constitutes to the dignity and freedom of man in that part of the African continent. In the programme we recently adopted for the elections, we draw attention to our firm determination to build a Europe which will fight for human rights and freedoms in the world and reject all despotic regimes. Respect for the rights of each individual means peace for all. And that applies in particular to South Africa, where racist regimes and the continual, institutionalized betrayal of human dignity pose a serious threat to the freedom and development of the area and favour the intervention of foreign powers which are waiting eagerly for an opportunity to exploit the situation and thereby extend their own sphere of influence.

Mr President, the question is how we can contribute to getting rid of the inhuman system in South Africa. What prospects are there for bringing about a peaceful transition in the Republic of South Africa? Every reasonable means must be used for this end. Not, I would stress, any means but every reasonable means. There is no doubt that the Code of Conduct for Community companies represented in South Africa which was laid down in September 1977 by the Foreign Ministers of

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the Nine. This deals in particular with combating the apartheid laws in the field of employment.

We therefore warmly welcome the initiative taken by the Committee on Development and Cooperation in bringing out a report on the form, status, context and application of this Code. At the start of my speech I clearly stated that human rights were a matter for us all, without exception. That means that this is also a matter for businessmen. They cannot and must not hold aloof of from this discussion. Respect for human rights should be regarded as an important part of the international legal order, and this means that international business also has to take account of this. The businessman who invests in a country with an objectionable regime a regime which oppresses people, supports that regime and in economic terms takes on a share of the responsibility for that oppression.

Anything that is aimed at helping to strengthen and extend the application of the Code of Conduct has our consent. And here the rapporteur has made a number of good suggestions.

Mr President, without wanting to go into details about the report, I should in particular like to express my agreement on the question of ensuring uniform application of the Code of Conduct in each Member State, particularly by means of centralized assessment of reports to be drawn up in accordance with a Community standard and submitted annually to Parliament. In this way Parliament will also have an opportunity of having an open discussion each year on the application of the Code.

As you know, before the Lagorce report and the motion for a resolution were dealt with in the March part-session we had tabled a number of amendments. I am glad that in the renewed discussion on the report at the recent meeting of the Committee in Rome the rapporteur and the Committee agreed to take up all these amendments. I should naturally also like to thank the rapporteur for this.

Why had we tabled these amendments? In particular because in our view it was desirable, in view of our links with the Lomé countries, to refer in the motion for a resolution to the decisions taken with regard to the apartheid policy in South Africa in the Consultative Assembly or the Joint Committee. Our amendments were also intended to make it clear that the Code we are discussing, while it is admittedly not binding, must quite clearly be a test case for the political will of the Nine and that it is necessarily an important element, concentrating on more humane working conditions for the black population, in working out or establishing an overall concept for the fight against apartheid.

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

Mr Jung. — (D) Mr President, the Liberal and Democratic Group welcomes this debate on a question which is of the greatest importance for the European economy but also more particularly for peace in Africa, the reputation of our Community and confidence in moral and humanitarian principles. We should like to thank the rapporteur for his comprehensive report. Basically we approve the motion for a resolution in the report. I should, however, like very briefly to take up a few points in particular which make it clear how important this report is for us in the European Community.

To start with, a few statistics should suffice to bring out the importance of South Africa for our economies. In the non-Communist world, 90 % of the chromium, 85 % of the industrial diamonds and 75 % of the platinum come from South Africa. One third of the Community's uranium supplies and 40 % of our manganese also come from the same source.

All the Member States of the Community have been increasing their trade with South Africa. Community countries' investments in South Africa also show an upward trend. It can thus be seen that we have a large economic interest and involvement — which at the same time, however, also means an increasing political and moral responsibility.

The prevailing situation in South Africa poses a threat to peace in Africa, for the system of apartheid is a provocation to all Africans — and not only all Africans but to the whole Free World and to all democracies which are founded on humanitarian principles. Clearly it would be an illusion to believe — or have others believe — that South Africa was the only country in the continent in which crimes against humanity were committed by those in power. But there is no escaping the fact that there is no other country on Earth in which similar racial laws apply and are enforced. Under this system 82 % of the population — made up of 70 % blacks 9 % coloureds and 3 % Asians — have practically no civil rights.

Since 1948, when the present regime came to power, laws have been adopted and brutally enforced which separate wage earners from the rest of their families who are forced to live, without any prospect of employment, outside the so-called white areas. Every day people are arrested and imprisoned under legislation which is directed solely at the black majority, not at the white minority — legislation which the whole of Africa hopes will soon come to an end.

The Africans therefore have no alternative but to regard the enemies of their enemies as their friends. Can there be any doubt that the Soviet Union will fight to the last Cuban to exploit this situation for its own ends? We already have examples of this policy in Angola, the Ogaden, Eritrea and Zimbabwe. Under these circumstances, who can doubt that South Africa could become a new trouble spot?

Jung

Under these circumstances there is no doubt that what the people of Africa expect from Europe is not just protests but action. This is particularly true of our partners in the Lomé Convention. The Code of Conduct is obviously only a limited measure with a limited objective. Community investments in South Africa are a weapon against apartheid. They do not turn the Community into an accomplice of South Africa. That is something we must make quite clear. We must make sure that the public in Africa properly understands our policy, which is aimed above all at improving working conditions for the Africans, Coloureds and Asians working for European companies.

The Liberal and Democratic Group is convinced that measures of this kind are more likely to succeed than a trade boycott of South Africa. I have had the opportunity of speaking to a large number of people in South Africa, including the editor-in-chief Percy Kobosa, now under a banning order, who agreed with me that a boycott really only hurt the poorest, the black population, and that we must use other means to force the South African Government to give up this thoroughly misguided apartheid policy without delay.

Rhodesia offers an example of how, as I said, a boycott is not working quite as we hoped it would. All the same, if the European Community is to maintain a position of respect in African public opinion, this Code of Conduct we have laid down for European companies and their subsidiaries will really have to work.

My Group has no illusions as to the difficulties involved in implementing these measures, but we believe that the application of these principles will be a necessary and important means of defeating the apartheid policy.

In the interests of the peoples of Africa, in the interests of Europe and in the interests of mankind as a whole this is something we must achieve.

Mr President, ladies and gentlemen, in conclusion I should like once again to thank the rapporteur for his comprehensive and valuable report and thank you all for your attention.

President. — I call Lord Reay to speak on behalf of the European Conservative Group.

Lord Reay. — Mr President, I was glad that Mr Lagorce, in his closing remarks, emphasized that South Africa was not a colony as most other African countries have been colonies, that it is not the last island of colonial Africa administered from some European capital and that therefore there are considerable limits to what Europe and the Community can do to influence fundamentally policies which are pursued in South Africa.

South Africa, of course, has a long history as an independent country. It is a strong country. There are all

sorts of factors which Mr Lagorce himself recognized and which limit the scope that the Community would have to affect events within South Africa. It is important to recognize this quite clearly, because it is only too easy for us to give rise to false expectations if we make grand announcements as to what we shall do in South Africa if South Africa does not take greater heed of what we are recommending: I think we only risk awakening false expectations, and that is a dangerous thing to do.

Mr Patijn said that he did not see how we could draw attention to the oppression, the failure to observe human rights, in Uganda if at the same time we tolerated the situation he said we were tolerating in South Africa. In fact, of course, we deplore them both, but we were not in the end, unfortunately, able to prevent human rights being abused in Uganda, and I think it is therefore only responsible if we recognize that there are bound to be limits as to what the Community can do in this regard.

It is a merit of Mr Lagorce's resolution that it does not actually recommend any further specific action to be taken against South Africa. In paragraph 18 of the resolution, the opinion is stated that a general economic boycott of South Africa would be unrealistic and probably counterproductive. In the Conservative Group we share that opinion and we also believe with Mr Lagorce — and I was glad that he also said this is his speech — that the same thing applies to further partial boycotts: the danger is that these themselves may be counterproductive.

There has been all too much evidence that South Africa, under the pressure of international and particularly Western attack, adopts an attitude of defiance and retreats into a *laager* instead of adapting itself to the criticisms which are made. It is certainly not by means of threats of boycotts and so on that South Africa is induced to adopt changes in its internal policies. We have only to look at the line that South Africa has recently taken in saying that she intends to adopt a neutral position as between East and West to realize the way in which South Africa can react to attack.

We believe it is by maintaining, rather than by breaking, contact that we have some chance — perhaps not a very great chance, but some chance — of exerting influence on South Africa to change its policies of *apartheid*, and it is in this connection that I think the Code of Conduct has its value, because in the case of the Code of Conduct I think it is right that we should take steps to see that companies do not in our name, more than necessary at any rate, join in the exploitation of local conditions which we disapprove of.

I think we need perhaps to give more thought than we sometimes do to the practical difficulties which companies operating in South Africa may have when

Lord Reay

they try to apply the Code, because of course there is always the possibility that they are obliged under the Code to act in a certain way which conflicts with local law, and I do not think that the resolution in Mr Lagorce's report takes sufficient account of problems of that kind. Still, I believe in principle that this is a means by which we can expect or hope to ameliorate somewhat conditions which apply in South Africa, even though we may not be able fundamentally to change the policies of that country in the way we would like.

I certainly think that now we have the Code we should see that it is obeyed. Otherwise there is no point in having the Code. All too often the European countries, or the West as a whole, has made gestures which have turned out to be quite empty and therefore have aggravated the international relations which originally they set out to improve.

Also, of course, the Code must be seen to be applied equally as between the firms of different Member States. I think it is one of the weaknesses of the way in which the whole Code is structured that it is left to the Member States to monitor the performance of their own companies. It is only too easy to imagine that the companies of one Member State will in the beginning, perhaps, have a very sincere intention of following the provisions of the Code while the companies of another Member State will not have the same intention and that finally, to protect themselves, the companies that did have a greater will in the matter will abandon any serious attempt to follow the provisions of the Code because they are losing out to other companies which never intended to take it seriously in the first place.

So it certainly would be better — and this is something Mr Lagorce is asking for — if there was a greater degree of centralization than is provided for under the present arrangements. Mr Lagorce says in paragraph 10 that it is illogical that the Code should have been adopted by a Community decision while the responsibility for its observance and application rests with the Member States.

I also have no doubt that the Code could be improved. As Mr Lagorce said, it was very hastily adopted without proper consultations at all. By that I do not necessarily mean that it should be made more severe for the companies and I would not prejudice the matter one way or the other, but I am sure that it could be looked into and there would be matters in respect of which it could be improved.

What I think we now need above all is a cool and dispassionate account of how the Code has in fact been complied with. Are companies seriously trying to apply it? Are they in fact applying it? Are they finding it possible to apply? What are the effects of their applying it? Could it be improved and could it have greater effect? These are the sort of questions to

which we should like to know the answers and to which I think we should know the answers before we leap further into demanding penal sanctions, as Mr Lagorce, I think, was asking for and certainly Mr Patijn was talking about. We need to know more about this before we go any further in making proposals for turning it into a document with legal enforcement until we know more about its application to date, and that it is irresponsible to do so without making at least some sort of investigation as to how practical it would be to make it legally enforceable.

IN THE CHAIR : MR MEINTZ

Vice-President

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

Mr Sandri. — (*I*) Mr President, we have spent a long time discussing and going over the report by Mr Lagorce, whom I wish to thank both for his hard work and for his willing acceptance — which was mentioned by Mr Vergeer — of suggestions which came from various members of the Committee on Development and Cooperation. His hard work and open-mindedness encouraged participation to a degree which means that we can do without lengthy speeches here today and which, when it comes to voting on the motion which has been tabled, will mean that it gets our unreserved backing.

There are just one or two points I want to make here. Before we take a closer look at the individual articles which make up the code, I feel we ought to look at it from a different angle which spotlights its fundamental soundness in political terms. We want to take a moral stand on apartheid, denouncing it as an evil and barbarous practice, which nevertheless affects some far-off land. The great thing about this code of conduct is that it puts things in perspective and shows that European companies in South Africa may be — and, indeed, are — taking advantage of the evil circumstances we condemn to procure additional benefits.

This, in my opinion, is where the importance of the code lies, because it involves us Europeans directly in something which would seem to be far removed from us. A few moments ago, in fact, I heard someone imply that European companies set up in South Africa in order to help the South African people to develop. That is not the case, Mr Jung. If we take a cool look at things — which is what Lord Reay urged us to do — we can see that the 12 000 million dollars invested by foreign companies in South Africa — of which 70 % comes from Europe and from the nine Member States of the European Community who are South Africa's largest trading partner — are invested there for the reason that apartheid offers these foreign companies all the benefits which come from a cruelly

Sandri

exploited labour force which is underpaid and denied all rights. We read in the Lagorce report that black workers earn a fifth of the white wage in almost all branches of industry and a seventh in mining. This is where apartheid goes beyond its moral dimension, which is nevertheless fundamental, to take on the social and economic dimension which comes through, albeit very tentatively, in this code of conduct. It is still vague, and it was drafted in a hurry. And as the rapporteur and Mr Patijn both pointed out, it is especially limited in the sense that it is in no way compulsory. Nonetheless, it is my belief that before we condemn a measure for being inadequate, we ought to try and make the most of it for the sake of the fight to eliminate apartheid. This is why the code can and must be adopted, at Community as well as at national level, as a means of monitoring the situation. We should make an effort so that we are able to review, at European level as well as in the national parliaments, whatever has been achieved so far.

Secondly, I feel we ought to take a deeper and more careful look at how the European trade unions, who took no part in drawing up this document, could be involved in monitoring the application of the code of conduct. Mr Patijn, in my opinion, took exactly the proper view of this problem. The European trade unions have some bargaining leverage with regard to these firms which have invested around 7 or 8 000 millions dollars in South Africa. What I am saying is that, if we can get the European trade unions to help in monitoring the application of this code of conduct, this can become a significant and democratic means of applying pressure through the large union organizations as well as through the parliaments. In this respect, although there are inevitable limits, we could make this code an important part, even if it is not the lynchpin, of a long-term policy with regard to South Africa.

The rapporteur listed the negative aspects of the code. I go along with him on this and I am not going to dwell on the point here. What I do want to stress is that what this code means in actual fact is that private companies are being asked to show the courage and the political will which those in power do not have. What it boils down to is that we are asking the multinational companies operating in South Africa to do what our own countries should really be doing; and what they lack the courage, or at least the political will, to do. A great deal of courage and political will is needed where southern Africa is concerned because in that part of the world — and none of us can be blind to it — there are more and more indications of a gathering storm. On the one hand, as was properly pointed out, the South African régime is trying to disguise the real situation by doing away with some of the most obnoxious but minor effects of apartheid.

On the other hand, however, it has escalated an aggressive international policy by attacking Angola while claiming — as Lord Reay mentioned — to be adopting a neutral position between East and West. South Africa is using this leverage over the West to stifle any hint of disapproval on the part of our governments or the general public, and it is flaunting this role of neutrality in an attempt to back the West into a corner. In reality, its policy on the international front is becoming more and more aggressive, and it is savaging weaker countries like Angola and murdering young black patriots like Solomon Malongo, who was hanged simply because he had a gun in his pocket. In little more than a year, 109 people have been hanged in South Africa. When you consider this figure and the number of people who die in prison without trial, you have to ask some questions. And if we look at the situation in South Africa in connection with events in Rhodesia, we can see the extent of the crisis which is brewing. Rhodesia is putting on a show of having elections — even though there are one or two European observers who claim that the elections are quite democratic — while at the same time killing and maiming and making murderous forays deep into neighbouring Zambia, as well as attacking border towns in Mozambique and Botswana.

Consequently, we were delighted and encouraged to read the two messages which the Commissioner with responsibility for development, Mr Cheysson, sent to the new Ugandan government, which has emerged after the fall of the evil Idi Amin, and to the government of Zambia, pledging the Community's support for the latter country in combating the threat from the colonialist and racist régimes in southern Africa. However, even if these messages and what Mr Cheysson said earlier would seem to indicate that the Community has a policy on Africa, I should venture to say that the Member States of the Community must strive harder to define a policy vis-à-vis southern Africa, which is a vital zone for the whole of Africa and for the world. I say this because Europe and its nine Member States have not yet worked out any effective policy to follow up the statements condemning Rhodesia and South Africa.

In our view, we have to start by rejecting any proposal for any kind of recognition of Rhodesia or South Africa as a result of the manoeuvring by these two countries and these two régimes. In our view, the nine Member States and the Community — but especially the Member States which are full UN members, whereas the Community has only observer status — are capable of putting forward proposals. In reply to Lord Reay, I should like to say that it is right to support the first part of paragraph 18 in the Lagorce motion — and indeed we all support it — but the second part of this paragraph also has to be consid-

Sandri

ered. Although the motion states that a general economic boycott would be counterproductive and impossible to realize, the nine Member States are nevertheless called upon to propose in the UN a programme of political, diplomatic and economic measures and actions which the entire international community could adopt in order to exert sufficient pressure to dissuade South Africa from its violent and aggressive acts and to convince the South Africans that the only solution is to do away with apartheid. Naturally — and on this point I share Lord Reay's concern — there is still the problem of the four million whites, who are not colonial settlers sent out from their homeland a generation ago, but the descendants of European settlers who went there, in some cases, several centuries ago.

Lastly, we want to draw special attention to paragraph 29 of the Lagorce motion, because the crisis which is brewing in southern Africa is a further example of the current trend towards splitting the continent into opposing camps. The renewed aggression by Rhodesia and South Africa shows that the two régimes feel that, as things are developing in Africa, there is an opportunity to present the West with a *fait accompli* and to force it to tolerate all kinds of violence, by flaunting the threat of switching to another camp.

This is why, ladies and gentlemen, Europe has to do its part, not simply to preempt the arrival of the famous 'last Cuban' but to give Africa the chance to be non-aligned. This is a tremendous opportunity for the nine Member States of the Community to stop the harmful philosophy of opposing camps taking root in Africa, as trends in all parts of Africa, from north to south and from east to west, would seem to threaten. If we are going to help Africa towards a non-aligned role, we have to do our bit, especially as regards the two régimes which are tyrannizing the southern part of the continent.

Consequently, Mr President, we are ready to give our backing to the report which Mr Lagorce has drawn up for us and we intend to vote in favour of the motion for a resolution. It will serve as a pledge and a message from this Parliament to those who, elected by the people of Europe, will meet here in July and who, I believe, will be required to take a keen and immediate interest in further events in Rhodesia and South Africa.

President. — I call Mr Deschamps.

Mr Deschamps. — (F) Mr President, I should like first of all to state my complete agreement with the sentiments expressed so well by my colleague, Mr Vergeer, on behalf of the Christian-Democratic Group, regarding the principle of apartheid and our fundamental opposition to it for all the same reasons as the other groups, as well as for certain reasons of our own.

Secondly, I should like to say to Mr Cheysson how pleased I was that in this debate he extended the scope of our discussion and placed this resolution in the general context in which we ought to consider it, namely that of our Community's policy in Africa. I can assure him that whenever he comes to discuss this policy in Africa with us, he will be able to count on the support of the whole of this House.

Finally, I should like to extend particular thanks to Mr Lagorce, not only for the technical quality of his report but also because he succeeded in avoiding a certain amount of 'side-tracking' which would have led us to bring politics even more into this debate — a thing we do not want. I congratulate him for resisting this temptation and for making a point, through the changes which he made to his report and the inclusion of a number of amendments proposed by both our group and others, of showing that in this debate, in which our words will be heard and read in Africa, he intended to speak on behalf of the whole of the Committee on Development and Cooperation and the whole of this House which, I hope — judging by all that has been said so far —, will give its approval. This would not be the first time that we on the Committee on Development and Cooperation have succeeded in speaking with one voice. I shall have the opportunity tomorrow to express my hope that the Community will do likewise on another forthcoming important occasion — at the UNCTAD —, but in this particular case, Mr Lagorce, I congratulate and thank you.

President. — I call Mr Bernard-Reymond.

Mr Bernard-Reymond, President-in-Office of the Council of Foreign Ministers. — (F) Mr President, I should like merely to say that I find it rather irresponsible to state in this Chamber that we do not have any policy in Africa, in particular with regard to the problems of apartheid. Is it necessary to remind this House, as Mr Cheysson has just done, of the declaration which we made and the stance we took one year later in Geneva? Is it necessary to recall also our opposition to recognition of the independence granted to the Bantustans, and all the steps we took week after week and year after year to assist political prisoners — an attitude which was welcomed by the majority of our friends among the African countries.

This policy finds fundamental and concrete expression in the code which has been the basic issue under discussion in this House this afternoon. Mr Lagorce said that this code had perhaps been drawn up too quickly. I should like to point out to him that at the time we drew up this code, we already had the benefit of the experience acquired by the British who had drawn up a similar code from 1974 onwards.

Bernard-Reymond

I should like to point out also that this code is ultimately much more detailed than certain codes applied in other cases, and finally that, at the time we drew it up, i.e. in 1977, the Nine were in the process of endorsing the Lagos Declaration against apartheid and it was, I believe, necessary to show international public opinion that we translate our words into deeds without delay. That is why this code may have been drawn up without the consultations you would have liked and with the speed at which you express regret; how seldom it is, however, that regret is expressed at the speed with which the Council works! I think that the speed in this case was not undue haste.

As regards the outcome of the application of this code, I think I detected in certain speeches the notion that, as soon as this code was adopted, the Council — or, to be more precise, the Member States — had taken no further interest in it and that it was only an excuse to do nothing else. I should like to assure you that this is not at all the case. One country has already received six replies out of seven. Another — bigger — country has already received 173 reports from companies operating in South Africa, another has only two firms affected, two countries have no firms at all involved in South Africa, and certain others, such as my own, are summoning the heads of companies affected by these problems to individual meetings. I therefore feel that, on the contrary, note should be taken of the extent to which the Member States have been and have felt themselves concerned with these problems and are taking extremely specific and positive steps in this matter. I believe therefore that this positive measure, while not entirely satisfactory, is much more realistic than many others which have been broached or proposed in this House today. It could perhaps give us greater intellectual satisfaction, but that would certainly not be in keeping with the realism which we wish to be a feature of the measures we have taken by adopting this code of conduct. It is in the name of this realism that we are continuing our efforts to bring about, as has always been our declared aim, the total abolition of apartheid in South Africa.

President. — I note that no one else wishes to speak.

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

The debate is closed.

15. *Peace treaty between Egypt and Israel*

President. — The next item is the report (Doc. 82/79), drawn up by Mr Blumenfeld on behalf of the Political Affairs Committee, on the signature of a peace treaty between Egypt and Israel and a Community contribution to a comprehensive peace settlement.

I call Mr Blumenfeld.

Mr Blumenfeld, rapporteur. — (D) Today, in the Sinai Peninsula, the Peace Treaty between Egypt and Israel entered into force with the exchange of the instruments of ratification. In spite of the considerable new tensions and the many other obstacles looming ahead, the two governments have taken a determined step forward now, in the coming weeks, the individual provisions of the Peace Treaty will take their place along the historic road to peace in the Middle East. On 2 April, the Political Affairs Committee of the European Parliament adopted, by a large majority, the motion for a resolution before us.

Since then, new tensions have arisen and it is now an undeniable and inescapable fact that the Egyptian President is becoming increasingly isolated in his own camp. I therefore believe that this motion for a resolution is of paramount importance in encouraging the beleaguered and courageous leaders of Egypt and Israel in the course they have chosen.

Since December 1977, in full awareness of its responsibilities both inside and outside the Communities the European Parliament has repeatedly called for the negotiation of a just and lasting peace. Not only have there been critical and sometimes highly restrained statements and pronouncements, such as these of the Council of Ministers and the Foreign Ministers, there have also been initiatives and suggestions for the period after the successful conclusion of the negotiations, backed by proposals for multilateral cooperation and economic, technological and social development in the Middle East. In the past, therefore, the European Parliament has been more outspoken in supporting the long and difficult path to a comprehensive peace in the Middle East — particularly in lending support to the courageous initiatives and policy of the President Sadat and the Prime Minister Begin — than the declarations of the Governments of the Member States of the European Communities, most recently on 28 March this year. In my opinion, it is the duty of the elected members of the nine national parliaments delegated to the European Parliament to forge ahead with development of political initiatives which the government spokesmen and the Foreign Ministers cannot or will not announce in their political and diplomatic pronouncements.

Peace in the Middle East is also peace in Europe. The Mediterranean links the Community with the entire region. Our economic and political interests coincide — in the broadest sense — with those of the peoples of the Middle East, namely in the achievement of a comprehensive peace at the end of a century of strife.

We have to choose, ladies and gentlemen, between the long and painful road to peace, with its many major obstacles and problems, or political escalation ending in a new and devastating war with unforeseeable consequences for us in Europe. When Europe, and particularly the European Community remains on the sidelines and plays no active role as in the recent

Blumenfeld

past, the Rejectionist Front of Arab States is strengthened. If Europe does take part in these negotiations at the side of the USA — Mr Jahn raised this point this morning in the discussion on the Community's relations with the USA and made it quite clear that fruitful cooperation with the USA, in our own interest also, will depend on the European stance on the Middle East question — the terrorists will also have to cease their shameful and criminal activities, and the moderate political forces in the countries bordering on Egypt and Israel will be encouraged. They do exist, these moderate political forces, and they are waiting for Europe to speak out. Terrorist attacks, as most recently at Brussels airport and in the last few days in Israel, or in South Lebanon followed by the Israeli retaliation, the criminal activities of taking as hostages and murdering innocent people meet the uncompromising opposition of all decent and law-abiding people, combined with the determination to maintain the rule of law in Europe, and not merely the resistance and determination of those who are directly affected.

Mr President, the motion for a resolution tabled by the Political Affairs Committee is intended to lend financial, economic, social and therefore political support to the provisions of the Peace Treaty and to the solution of the many political, economic and social problems still outstanding between Egypt and Israel under the courageous leadership of Sadat and Begin. Europe, I repeat, cannot and must not leave it to President Carter and the United States Government alone to mark out the road to peace and to bear all the financial burdens.

With this declaration we are exhorting the Arab States bordering on Egypt and Israel — and Egypt is now included in the boycott which has been imposed on Israel for several decades now under the declared policy of the Arab States pledged to confrontation with Israel — to set forth on the long road to peace and stabilization via negotiations, as Egypt has done before them, with Israel pledging her goodwill and demonstrating her determination. It is up to us Europeans to show this rejectionist front, with all possible clarity and firmness, but also with patience, that negotiations with the opposite side can indeed be successful, do pay off, and that peace cannot be achieved in any other way. For that reason, Europe must and will offer the same degree of assistance to those States which at present declare themselves to be a Rejectionist Front, just as soon as they take the road to peace, as Egypt and Israel have done.

Mr President, the projects in the economic, technological and social sectors can be successfully carried out if there really is a political will on the part of the European Community to intensify such collaboration. I would ask Mr Cheysson to take very seriously what I now have to say on behalf of the Political Affairs Committee, namely that we expect the Commission,

in line with the example set, *inter alia*, by the ACP — EEC Agreement, to establish a common framework for the economic, technical and other projects in the Middle East, on which a start could be made in the near future, in the case of Egypt and Israel, under the existing bilateral financing arrangements. We expect a report, in the form of a Community solution, to be laid before the directly-elected Parliament this autumn, and we believe that this call to the Commission to put forward concrete proposals in collaboration with Egypt and Israel — even if certain Member States have still not made up their minds — will prompt a large number of waiting firms and financial groups to make the start they have been wanting to make. But they will not go ahead unless the first step is a European one, a Community venture and therefore a European policy.

I would also request Mr Cheysson to consult the Commission and to inform the House when Mr Jenkins will be undertaking his projected visit to Cairo and Jerusalem, because this visit will constitute a solid proof of the Community's determination to commit itself.

I would request the President-in-Office of the Council, Mr Bernard-Reymond, to examine this statement of the problem, which the Political Affairs Committee has laid before Parliament in its motion for a resolution, at the Meeting of Foreign Ministers to be held, I understand, in Cahors on 12/13 May and to discuss whether we — Europe, Egypt and Israel — can enter into trilateral relations with a view to underlining and reinforcing the efforts being made towards peace.

Mr President, on behalf of the Political Affairs Committee, I have the honour to present the motion for a resolution to the House, in the hope that it will be approved unanimously.

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

Mr Patijn. — (NL) Mr President, I shall not speak long. For one thing, the time is not suitable for that and for another, Mr Blumenfeld's report is a kind of an interim nature. As he himself said, it is something we must come back to later, particularly the second part. Nevertheless, I should like to congratulate Mr Blumenfeld on the quality of the report, and for giving us the chance to say a few words on this subject.

My Group goes along with what Mr Blumenfeld said and what is contained in the report, namely the fact that the peace treaty between Egypt and Israel is a very important development. Opinions differ about President Carter's initiative which, thanks to the political will and agreement of President Sadat and Prime Minister Begin, brought his peace treaty in to being.

Patijn

Some people regard the treaty as being counter-productive. My Group believes that it is a good thing, and that the signing of any peace treaty in the Middle East is an important step, whatever one may think of the treaty itself, and despite the resultant isolation of Egypt and the increasing pressure on Israel. This was only to be expected. The important thing, though, was that something had to be done. This peace treaty is the logical outcome of President Sadat's visit to Jerusalem. We could really leave it at that and simply record the conclusion of the treaty as a historical fact. But we all realize only too well that, as Mr Blumenfeld pointed out, this is all taking place in a region where what is needed is a general settlement, over and above this first step in the direction of peace. In this umpteenth — and probably last — debate on the Middle East in this old Parliament, all we can really do is take stock of the position as at the end of April 1979. There will have to be many more reports on the Middle East and on the question of cooperation between Europe and the Middle East countries before a durable peace can at last come about.

Mr President, I first took my seat in this House in 1973, in the year of the oil boycott. I am now leaving it in 1979, in the year of the peace treaty. In these six years, we have seen a move from individual policies pursued by the Member States on the question of political cooperation to a situation in which a Community policy is the rule and individual policies by Member States and their governments the exception. If I were now to ask the Dutch Foreign Minister about his policy regarding the Middle East, the reply, in nine out of ten cases, would be: 'I shall have to ask the other eight first.' The reality of Europe today is that the Nine insist on adopting a common approach to a large number of questions before deciding what steps to take individually. This goes for all the Member States, the big and the small. But we still have to make a start on a Community policy vis-à-vis the Middle East, such as we have with respect to Africa. Let me remind you here of our recent debate on Africa, in which Mr Cheysson stressed the essential elements of the Community's Africa policy. We do not have anything like such a comprehensive and detailed policy on the Middle East.

Mr President, it is high time we started formulating such a policy. The countries in the Middle East have a right to expect that much from Europe, and when I say the Middle East, I mean both Israel and the Arab countries. This is something we have failed to do over the past few years. To begin with, my Group was rather hesitant and secretive in setting out our attitude to reviewing economic, technological and industrial cooperation between Europe and the Middle East. Indeed, the members of our Group abstained at the meeting of the Political Affairs Committee in Rome. At the time, we thought we should leave it at the peace treaty and that the other points could be dealt

with in a much wider context, much more specifically and in much greater detail at a later stage, because we were afraid of arousing expectations which we might not be in a position to fulfil. That is something the Community is sometimes rather good at: arousing expectations which are not fulfilled. That is something we want to avoid, and that is why I would say — that this report is a call to action, but does not arouse any undue expectations.

And yet I feel that, precisely because of the position of the European Community, we should make an effort to give some concrete form to people's expectations, because this, after all, is what they expect of us. It is not enough simply to say that President Carter has got this peace treaty signed and that it must now be left to him to achieve a genuine peace. We cannot play a kind of Carter role in bringing two opposing sides together. Our strength lies elsewhere, and this report deals with these other opportunities too briefly — indeed, perhaps, only in passing.

Mr President, we need to move on now via the peace treaty to genuine peace. This is something which goes far beyond simply putting an end to hostilities. My Group will support this resolution and we hope that in the autumn the new Parliament will go on to develop this policy by making specific proposals, and that the Council of Ministers and the Commission will work together with Parliament to create a policy which will enable us to play our proper part in the Middle East.

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

Mr Vergeer. — *(NL)* Mr President, I should like to begin by thanking Mr Blumenfeld most sincerely for his report, if only because it has given us a chance to say how pleased we are about the peace treaty signed by Israel and Egypt.

We remember only too well how the optimism resulting from the Camp David conference gradually subsided throughout the second half of 1978 as it became increasingly apparent that the two sides would not be in a position to sign the peace treaty by 17 December 1978. I myself was privileged to be a member of the delegation which visited Israel in December, a visit which left a very deep impression on me. Throughout all the discussions we had in Israel, there was always a clear desire to make peace with Egypt, which is why we are so pleased that the peace treaty has now finally been signed.

I should like to thank the rapporteur for acknowledging in his motion for a resolution — quite rightly, in my opinion — the part played by President Carter, and in particular his determination, his perseverance and his dedication, all of which were ultimately crowned with success. In my opinion, this testifies to his great political courage in staking his own personal

Vergeer

prestige for the second time in a relatively short period on such a sensitive and immensely difficult matter.

We realize that this peace treaty cannot of course be regarded as a definitive solution, and is no absolute guarantee of peace in the Middle East, but it is a first step and a very important step at that on the way to a lasting peace in the Middle East. Let me make it quite clear that, in our opinion, such a guarantee can only be given by a general peace settlement in the area. Mr President, in view of the fact that the Political Affairs Committee received a special mandate to draw up a report on the political situation in the Middle East, there are grounds for asking whether it is right and proper to conduct ad hoc debates on the peace treaty and especially the part the Community could — and indeed, must — play in a general peace settlement. There is of course something to be said for caution and reserve, because what we need first of all is a general political debate in this House on the political situation in the Middle East.

Mr Blumenfeld realised this very clearly and took it fully into account Mr President, I should like to conclude by saying that the signing of the peace treaty between Israel and Egypt was a historic act. It brings to an end a century-old state of war in that part of the Middle East, and it is a matter of historic importance — brought about by this treaty — that the biggest and most strongest country in the Middle East should come out in favour of a settlement brought about by peaceful negotiations and not by arms. Let me repeat that, despite my pleasure at this outcome, we still have no definitive solution, although a first step along the road to peace has now clearly been taken. Europe can and must make an important contribution to this process. We should unquestionably return to this subject at another time, as the rapporteur rightly points out in paragraphs 5 and 6 of his motion for a resolution.

In conclusion, I may say on behalf of the Christian-Democratic Group that our support of this motion for a resolution demonstrates our satisfaction with the peace treaty signed by Egypt and Israel. We realize there is still a long way to go, and we believe that Europe can and must make a major contribution to this process. We shall be giving our wholehearted support to the motion for a resolution.

(Applause)

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

Mr Berkhouwer. — *(NL)* Mr President, this debate seems to be in danger of being taken over by the Dutch, as I am the third Dutch speaker in succession. Naturally, my Group is as delighted as the other groups at what has been achieved so far in establishing peace between Israel and Egypt.

Mr President, a vote of thanks is indeed due to President Sadat for his courage in visiting Israel, and also to Prime Minister Begin for his firmness and determination in overcoming the opposition in his own country. I believe I am right in saying that both men were nominated as candidates for a joint Nobel Peace Prize. My colleagues and I think they both thoroughly deserve it. It has been said that Europe was conspicuous by its absence because the peace treaty was brought about thanks to the efforts of President Carter. Of course, Geneva is long since forgotten, but we must realize, whether we like it or not, that the power — and possibly even the military power — of the United States is backing this treaty in order to guarantee peace in that area. It may be a matter of regret or rejoicing, but the painful fact is that Europe does not occupy such a powerful position. We do, however, have something to offer in the economic sphere and I shall return to this point presently.

There is of course a good deal of difference between the external situations of Egypt and Israel. There is now peace between the two countries, and we may say that Egypt is now in a state of peace — militarily — with the rest of the world, although it now has to contend with opposition from the Arab world in the economic sector. Of course, Israel is not yet at peace with all the other countries either. Not only is it still not at peace militarily, it is also subject to an economic boycott and all kinds of other pressures.

As the previous speakers have all pointed out, all this is of course only a start as far as we are concerned. The peace treaty between Israel and Egypt must be a first step towards peace throughout the whole region which, from our point of view, extends from Morocco to Saudi Arabia. I should like to hear what Mr Cheysson thinks about these points. The entire region is in a state of flux, but now — thank heaven — we have some stability at the centre thanks to the peace treaty between Egypt and Israel. We think this must become a nucleus around which the whole region can come to live in peace. This point is made in paragraph 4 of the motion for a resolution, which refers not only to Egypt and Israel, but also to the whole area.

There is no need for you to shake your head, Mr Blumenfeld, I shall go even further than you and ask whether the free world, the Community together with the United States and possibly also Japan, and the rich Arab countries should not be thinking — although it will not be immediately practicable — in terms of a kind of Marshall plan — on the lines of the aid made available by the Americans after the Second World War — in the interests of stability in the Middle East. I find it a fascinating idea that we — the free world — should jointly set out to bring about the kind of balance which I often think should be Europe's function in the world.

Berkhouwer

I think we can thus find ways of fulfilling this stabilizing function and of playing a peace-making role in this turbulent area. We should like to see at least a start made to this process. I am thinking, in passing, of Palestine and the Palestinians. Of course, we hear all kinds of comments to the effect that the Palestinians have a right to land, political recognition and a genuine entity, call it what you will.

However that may be, we Liberals recognize that right but, at the same time, we must condemn all the acts of violence which are still being perpetrated in the name of the Palestinian people. I do not think we can simply sit back and say nothing about all this. We are bound to react with outrage and indignation to the acts of violence perpetrated in the very heart of the Community, and we do so because introducing a reign of terror into our countries will do nothing to further the cause of peace in the Middle East. And peace is something we all want. Peace cannot be achieved, though, by lobbing grenades into the midst of innocent travellers at airports in the Community, as happened recently in Brussels, or by murdering women and children in buses or in market places.

Mr President, this is the Year of the Child, and as such, it is heart-rending to see eight-year-old children in Beirut being trained to use weapons and kill people. We also see orphanages being built to house children whose parents have been killed in similar outbreaks of violence. Of course, of course — this is something I must stress again and again — the rights of the Palestinians must be realized by some means or other, but that can never mean by violence. I hope I speak with the voice of true liberalism — indeed, humanity; perhaps even more than that.

Let me conclude by stressing that the Palestinians too must realize that the PLO must abandon its aim of destroying the State of Israel. As far as I am aware, it is still pursuing this aim, and it must be abandoned. Finally, let me underline what the previous speakers said, namely that we agree that the Community as such, despite the fact that it has made no contribution — either political or military — to the peace treaty, must now do everything in its power — especially from the economic point of view — to transfer a part of our prosperity to all the peoples in the region I have just been talking about, and who desperately need our help.

President. — I call Lord Bethell to speak on behalf of the European Conservative Group.

Lord Bethell. — Mr President, there can have been few events more moving and more historic in the last few years than the visit by President Sadat to Jerusalem. It has provoked several debates in this Chamber, and rightly so. Most of us, I imagine, saw it on the television or read reports of it, and none of us will ever forget it. Its meaning, I predict, will remain with us for decades.

The result of that meeting, though, has not been entirely as many of us hoped and predicted at the time. There was a certain euphoria after the initial meetings between the Israeli and Egyptian leaders, and again after the meeting in Camp David, when there really seemed to be a clear understanding between the two peoples about how peace should be achieved and how they would go forward. It was not, I think, predicted how strong the reaction against the peace would be on the part of other Arab States and even of certain non-Arab Moslem states and even some which, like Iran, have undergone fundamental upheavals since the Camp David meeting. Since that meeting, some have sought to cast doubt on the value of the undertaking and I know people, whose knowledge of the Middle East is deep and whose love of peace is intense, who are firmly of the belief that this accord will not work, that it is counterproductive in terms of a final settlement of the Arab-Israeli dispute and that agreement will only be brought about by a comprehensive peace involving all Arab countries as well as Egypt and Israel — and, of course, the Palestinians into the bargain.

So we have had to make a judgment deciding whether or not to lend our support to this agreement and to place the might and the wealth of Europe behind it; and as has been stated, we have decided not to change our original opinion of what was done. We have decided to make the best of the agreement that was reached, even though it was not perhaps as ideal, or as cleanly worked out, as we originally hoped it would be; and if this report is adopted and if its spirit is accepted by the Nine Governments, we will, I hope, place the full economic and political influence of the Community behind the agreement — behind the leaders of Israel and Egypt, who have, in spite of many difficulties, come to a position where they could sign it.

On the economic plane, there is of course a great deal that can be done. Both countries stand to gain a lot from increased trade with the Community, from the participation of Europe in the development of their industry and agriculture and, of course, from the question of imports into the Community from them. And I would urge the Council, and the Commission as well, to bear this matter very much in mind when it comes to discussions with other countries over the enlargement of the Community. In the next year or two it will become apparent that Israel particularly, but also Egypt, is in a certain amount of economic danger as a result of the imminent accession of Greece to the Community and then, a few years later, of the accession of Spain and Portugal. Other Mediterranean countries stand to lose a lot from the provision of produce from countries that will join the Community and which may take up a very large part of the markets which have hitherto been enjoyed by the Maghreb, Mashreq and Israel. I hope that our consider-

Lord Bethell

ation for Israel and Egypt will prompt us to see that a fair deal is obtained in the context of the enlargement of the Community. I trust that this matter will be equally borne in mind by President Jenkins during his forthcoming visits to the two countries and that while Israel and her problems may be more familiar to him because of the very close links that join Israel and the Community, and the very close links that join the Israeli Parliament and our Parliament, nevertheless it will be found possible by President Jenkins and his staff to develop equally close links with Egypt.

This is something to which I feel from time to time we have not given enough attention since the Sadat initiative. If we are to support this agreement, we must build up the contacts with Egypt, which at the moment are rather slender, until they approach the level of the very good relations that we enjoy with Israel.

Now as for our political influence, here again I believe that we can help to strengthen what has been achieved, both in the context of the Council of Ministers and of the Nine working in political cooperation, because it is a sad fact that what bedevils relations between Israel and the Arab world, inasmuch as they exist at all, is a whole succession of suspicions, which have only to a very small extent been dispelled by the events of recent months. On the Israeli side, as Mr Berkhouwer pointed out, there are deep suspicions that certain Arab countries, certain Arab movements, wish to recover territories that were lost in the 1967 war as a stepping-stone towards the abolition of Israel, towards driving the Israelis into the sea. This is a very real and understandable fear to anyone who is an Israeli, who lives in Israel or even who visits Israel. It is a small country and very difficult to defend, and I understand those fears. Equally, there is a fear on the Arab side that Israel has in the past made use of her need for security and secure frontiers as a pretext for expanding those frontiers. This is very clearly believed in many Arab countries and in various other, sympathetic quarters. Both these suspicions, I think, are exaggerated, they must be reduced, and we can help to reduce them by our diplomatic endeavours. Certain steps, I believe, have been taken from this basic position of hostility, war, suspicion, towards the beginnings of mutual recognition. And it must be a two-tier process. Mr Berkhouwer mentioned that the PLO still have their covenant, in which the existence of the Jewish State is questioned, indeed prohibited. Equally, of course, on the Israeli side it is not recognized that the Palestinians are entitled to a homeland or to a state of their own. I believe — and I hope this is not wishful thinking — that each side is moving a little towards recognition of the other rights. We have indeed hints from certain Palestinian quarters that they might under certain circumstances be willing to recognize Israel. Very often these hints are retracted

the next day, or the same day. Nevertheless they are made, and I believe there are certain Palestinians who recognize that this is the only way in which they are going to obtain their own homeland, their own rights, any sort of national identity for the Palestinian people. Because make no mistake about it, there will not be peace in the Middle East until the Palestinian people have the chance to express their own identity. The hope must be that this can come about simultaneously with a recognition of the right of Israel to exist within secure and reasonable frontiers.

In the next few years it will also become apparent what exactly the Israeli Government means by local autonomy and, of course, we do hear different versions from different spokesmen of the Israeli Government, whether they are speaking in Washington or speaking in Jerusalem, but the proof of the pudding will be in the eating. Will there be real local autonomy for the inhabitants of the West Bank and Gaza and will this self-rule for the Palestinians be only over the people — the Palestinian people — or will it also be over the land of the West Bank, the land of Gaza, and the industry, the agriculture and the facilities for producing wealth in those territories? That, I think, will be the difference between real autonomy and the sham autonomy which some people fear — I hope unjustly — is intended.

I join, of course, many other speakers in condemning the recent horrible terrorist act in Nahariya and in expressing my revulsion at the obscenity of causing the death of innocent children in the pursuit of a political goal. As someone who lives in a city which, from time to time, is also subject to terrorist attacks and where a colleague whom I knew personally was assassinated only a few days ago. I fully appreciate the horror under which Israelis have to live as a result of terrorist attacks.

But I would like to end, Mr President, on a note of hope and perhaps of euphoria, which I think very much echoes our first feelings when we saw that extraordinary sight of President Sadat addressing the Israeli Knesset. At the end of May, if everything goes according to plan, there will be a substantial Israeli withdrawal in Sinai. A few days after that it should be possible — and I very much hope it will be — to do something that has not been done for more than thirty years. It will be possible to get into a car and drive from Jerusalem to Cairo because the border is going to be open. In these days when borders are closed and it is becoming difficult to visit certain countries because of anarchy, murder and wars, it is delightful to be able to stand up and say that a border is going to be open and that these two great cities will once again be linked by normal means of transport. On that happy note, Mr President, I conclude.

President. — I call Mr Cheysson.

Mr Cheysson, Member of the Commission. — (F) Mr President, like the report and the motion for a resolution this debate has concentrated mainly on the peace treaty recently signed by Israel and Egypt. The position of the nine Member States of the Community is perfectly clear and consistent, and was stated for the first time on 29 July 1977 in a declaration referred to constantly by our partners. In this declaration, the Nine welcomed every effort to put an end to the tragic hostilities in the Middle East.

It was therefore perfectly logical — as the motion for a resolution before this House points out — for the Nine to announce in their declaration of 26 March that they fully recognized the desire for peace which led President Carter to commit himself personally, and the efforts made by President Sadat and Prime Minister Begin. Both the recent declaration of 29 July 1977 pointed out, however — and this is a vital point — that a just and lasting peace in the Middle East could only come about as a result of a comprehensive settlement. This settlement must be based on the Security Council Resolutions 242 and 338, and must give genuine expression to the Palestinian people's right to a homeland. The real time for celebrating will be when a general settlement has been achieved in the Middle East. I should like to go along with what Mr Blumenfeld says in his motion for a resolution, to the effect that this peace treaty should be regarded as the first step towards a comprehensive peace settlement of the Middle East conflict. If this first swallow fails to make a summer, we may instead be facing an even more severe winter before long.

Mr President, I shall leave it at that because it is not the Commission's job to express an opinion on this subject. You may feel that this has not stopped me from expressing my opinions in the past, but I would say that in this case the situation is too serious, the stakes are too high and the dangers are too great to risk putting a foot wrong. However, and in view of the fact that Mr Blumenfeld's report and certain questions put by him and other speakers have referred to the subject, I would like to talk about something for which the Commission is responsible, namely our relations with these countries. Let me start by saying that it is a basic principle that, just as the Nine have always thought of peace in comprehensive terms, the Community has never envisaged maintaining relations with one or other of the countries in the Middle East in anything other than an overall framework. We have always stressed the need for maintaining exactly the same kind of relations with the countries now covered by preferential agreements, namely Syria, Egypt, Jordan and the Lebanon as with Israel. We have always insisted on, and fought for, this principle despite the fact that it was to begin with a bold venture, some would say reckless. I am sure you realise that this has not been an easy policy to pursue, and my thanks go to this House for the support you have given us. Our future policy on relations with these countries will therefore be on the lines of the

progress we have made so far, which means that we shall seek and maintain relations with all the countries in the Middle East to which we are bound by agreements. The difficulties facing us are sometimes of a worrying nature, and I should like to thank Lord Bethell for reminding us that enlargement will create great problems as far as Israel is concerned, Israel — like Morocco and Tunisia — being one of the countries in the region which will have to compete with the new member states in the market for agricultural products. This is a problem we shall have to deal with.

We are nonetheless pleased with the progress which has been made so far with each of these countries. I shall be coming back to this point in a moment. We are, for instance, very pleased that your motion for a resolution points out that there is a need for regular contacts between the European national parliaments and the parliaments of the Middle East countries. There are an increasing number of visits being made on both sides.

Mr Blumenfeld very rightly reminded us that the President of the Commission would be visiting Cairo in the very near future. As it happens, his visit has been put back a little and is now scheduled for the autumn. I myself was supposed to be in Beirut and Damascus at the very time the treaty was signed. However, the Lebanese authorities — fearing disturbances, asked me to postpone my visit, which of course I did. I shall now be visiting these two places in the near future, and there are also plans for a visit to Jerusalem. One point in the motion for a resolution and the report makes special mention of the industrial cooperation aspect. At this level, the progress we have made has been rather varied. We have got on like a house on fire with Jordan and Syria, due to the remarkable quality of the Jordanian administration, and to the no less remarkable effort made by the unfortunately slightly less efficient Syrian administration. The cooperative effort is in the research field and contacts between Ispra and the various Syrian institutes are being intensified. The Syrians have asked us to make an overall assessment of their industrial potential. It is interesting to note that they have asked the Americans to assess their agricultural potential, leaving the industrial field to us. The credit lines are open, and the European Investment Bank has made loans available for telecommunications, over and above our other programmes in these two countries. We have also made a good deal of progress with Israel, but — as you know — we have no grant facilities, only EIB loans amounting to thirty million units of account, which will be used for the work of the Development Bank. We are fully involved in the industrial sector.

For Israel, yes, we have mounted a particularly outstanding example of industrial cooperation: 300 European businessmen, mainly from Germany, but also from the United Kingdom, France and all the other Community countries, attended a two-day meeting in Brussels with the Israeli Industry Minister,

Cheysson

his advisors and a very high-powered Israeli negotiating team from the private and public sectors. Our cooperation with the Lebanon got off to a good start with the Jounieh power station, making use of special financial aid and five million of the rest of the aid available. Unfortunately, things have ground to a halt for the time being for reasons which I am sure you understand, and which we very much regret. In Egypt, we are experiencing the same difficulties as the World Bank. The amount of money involved, of course, is much smaller, but the Egyptians do not appear to be able to use the available credits, and we find this most unfortunate. The World Bank has almost a thousand million dollars available, and of this amount, less than 20 % has been used over three years. We are having the same trouble in identifying suitable projects, and the problem is exacerbated by a slow-moving Egyptian administration which has other things to think about. So I am afraid that a number of very promising projects such as a technological centre and the inclusion of Egypt in the Euronet system, which would put them in direct contact with all our industrial know-how, will take quite some time.

For the time being, none of these countries has put forward any proposals for regional projects going beyond national boundaries. You know that we very much regret this, because our policy is to regard these countries as integral parts of a region. We were very pleased with the statements made by the Israeli Foreign Minister at the signing ceremony for the cooperation agreement, in which he placed Israel in a regional context. We very much hope to be able to act along the line recommended by Mr Blumenfeld and approved by other speakers here today, not only as regards Egypt and Israel, but also all those states in the area which are willing to make a collective effort. Our basic principle in all this is sacred and — if I may put it this way in accordance with the Bible, the Talmud and the Koran. It is that initiatives and proposals must come from our partners and not from us. It is not beup to us to put forward proposals for projects involving a number of these countries. But all these countries realize — and we shall make the point again and again, and it will be echoed by our delegations which are now being set up in the five countries — that a regional project, one covering a number of countries, will be given top priority by us. From the technical point of view, I am not sure whether the greatest degree of complementarity exists in evidence between Israel and Egypt; there is certainly greater potential between Jordan and Israel, and we shall give enthusiastic consideration to whatever proposals are put forward.

Within this overall approach, Mr President, and given some prospect of peace, I believe that relations with

the Community must occupy a very important place in these countries' future, which will depend in part on their having access to our market and to our technology in which we can work together on joint ventures, because with every new joint venture and similar project these countries will be encouraged to cooperate with each other, at least those which are short of mineral resources or have no access to the sea. But, of course, all this will only be possible if there is peace. As Mr Berkhouwer very rightly said, how can there be any cooperation when children are being killed? The manner of their deaths — be it by bombardment by regular army units or by terrorist raids — makes precious little difference. We must recognize that the European Economic Community cannot make much of a contribution until there is peace in the Middle East. We can do the groundwork, and we can do whatever is in our power, but we realize that peace is not going to be brought about in this way. Peace will only come if there is the will to find ways of giving to these peoples the safe and secure future to which they are entitled.

President. — I note that no one else wishes to speak. The motion for a resolution will be put to the vote as it stands during voting time tomorrow.

The debate is closed.

6. Agenda for next sitting

President. — The next sitting will take place tomorrow, Thursday, 26 April 1979, at 10 a.m., from 3 p.m. to 8 p.m. and from 9 p.m. onwards, with the following agenda :

- decision on urgency of a motion for a resolution
- oral question without debate to the Commission on the 5th UNCTAD Conference
- Calewaert report on liability for defective products
- De Keersmaeker report on pharmaceutical products
- Scelba report on the European Convention on Human Rights
- Johnston report on the expulsion from Malta of Mr von Hassel
- Cassanmagnano Cerretti report on a Community information system on accidents
- Krouwel-Vlam report on organ banks
- Broeksz report on food aid

3 p.m. : Question Time (by way of exception, one and a half hours of questions to the Commission)

4.30 p.m. : Voting time

The sitting is closed.

(The sitting was closed at 8.35 p.m.)

ANNEX

Questions which could not be answered during Question Time, with written answers

Question No 3, by Mr Ellis (1)

Subject : Salaries paid to Members of Parliament in the nine Member States

In view of the opinion expressed by the European Council meeting in Bonn in December 1978 about the salaries of Members of the directly elected European Parliament, could the Council indicate the salaries paid to Members of Parliament in the nine Member States and the other allowances, tax exemptions and expenses they can claim ?

Answer

The Council does not consider that it should be responsible for circulating information concerning data which essentially fall within the province of each national Parliament. Those data are made public in each Member State in accordance with the rules laid down for that purpose.

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Question No 6, by Mr Inchauspé

Subject : Repercussions of the possible accession of Greece, Spain and Portugal on the level of agricultural producer prices

In the context of the possible enlargement of the Community to include the three new applicant countries, has the Council studied the possible repercussions of their accession on the level of agricultural producer prices ? Will it apply the compensatory amount arrangements, which create distortions ?

Answer

With regard to the study of the possible repercussions of the accession of the three countries cited, the Honourable Member is asked to refer, at this stage, to the three Commission opinions on the membership applications from Greece (29 January 1976), Portugal (19 May 1978) and Spain (29 November 1978) which form part of the dossier to be discussed by the Council.

Moreover, the Honourable Member will surely appreciate that it is impossible to prejudge any further discussions the Council might hold, on a proposal from the Commission, regarding the application of existing common agricultural policy mechanisms, or mechanisms to be created in order to facilitate implementation of that policy by the acceding countries ; as far as Greece is concerned, it has already been decided to introduce 'accession compensatory amounts' during the period of application of the transitional measures, together with a special mechanism for fresh fruit and vegetables, in an effort to avoid any distortions.

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Question No 7, by Mr Bordu

Subject : De facto extension of the powers of the European Parliament

Does the Council feel that the changes in the budgetary procedure since 1975 have led to a de facto increase in the budgetary powers of the European Parliament ?

¹ Former oral question without debate (0-133/78), converted into a question for Question Time

Answer

The increase in the budgetary powers of the European Parliament is the result of the Treaties of 22 April 1970 and of 22 July 1975. The Council is convinced that all the Institutions intend to comply with the provisions of these Treaties during the budgetary procedure.

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Question No 8, by Mr L'Estrange

Subject : Fourth European Development Fund

Is the Council satisfied that the rate of spending of the Fourth European Development Fund is sufficient? If the Council is not satisfied, what can it do to encourage the quick transfer of the funds?

Answer

I should like to remind the Honourable Member that, under the Lomé Convention and the Internal Agreement on the financing and administration of Community aid, it is the Commission which is primarily responsible for administering the European Development Fund, even though certain provisions have established a dialogue and a balance between the Council and the Commission.

At a recent meeting of the ACP-EEC Council of Ministers, the ACP States did indeed stress that some of them had only received what they regarded as an inadequate share of the aid they were expecting.

The Commission began by replying that, on the whole, the share of the appropriations paid out was on average — and despite its unequal distribution — already very large, especially by comparison with the aid given by other countries or international institutions. The Commission also said that it could not be held responsible for some of the delays which had occurred.

The Council is very much aware of the need to ensure the ACP States a satisfactory rate of spending of the funds made available to them by the Community under the Lomé Convention. The Council has taken careful note of the information from the Commission which I have just mentioned, and it will, of course, follow this question very closely. During the negotiations, close attention will be given to any suggestions which the ACP States may have to make, and action will be taken as necessary to enable the operations of the European Development Fund to be speeded up.

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Question No 10, by Mr Kavanagh

Subject : Employment Protection Schemes

At its recent meeting, the European Council expressed its concern about the employment situation, and instructed the Council to study measures which should help to improve it. Will the Council include in its studies an examination of possible measures for employment protection schemes, to ensure that the introduction of the EMS does not lead to increased unemployment in the weaker economies, particularly in view of the possible consequences of difficulties on the oil market?

Answer

At its meeting in Paris on 12 and 13 March 1979, the European Council instructed the Council to study the following specific points in connection with employment problems :

- making training better adapted to employment by developing staggered-training schemes ;
- limiting the systematic use of overtime ;
- improving the employment of women.

The Council (Employment and Social Affairs) will examine these points once it has received the relevant documents drawn up by the Commission.

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Question No 12, by Sir Derek Walker Smith

Subject: Final Act of the Helsinki Conference and the reunification of families

To ask the Foreign Ministers whether they have any progress to report in respect of the Resolution adopted by the Parliament on 18 January 1978¹ following the Scelba Report on compliance by the signatory States with their obligations under the Final Act of the Helsinki Conference, with particular reference to the reunification of families; and whether the German Democratic Republic has made any response in the matter.

Answer

On the whole there has been no significant change in the attitude of the signatory States since 18 January 1978 with regard to compliance with the provisions of the Final Act of Helsinki concerning the reunification of families. However, there has been some progress in the case of the German Democratic Republic; more East Germans have been allowed to go to the West for family reasons, particularly to the Federal Republic of Germany under the special links and procedures which exist between the two German States. Furthermore, in the USSR emigration permits have been granted more liberally than in the past to Soviet citizens of Jewish origin.

The Governments of Member States of the European Community will continue to follow these questions with all the attention they deserve and will continue their efforts to ensure that all the signatory States implement the provisions of the Final Act.

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Question No 14, by Mr Spicer

Subject: SWAPO and Namibia

Will the Foreign Ministers bring pressure to bear at the United Nations to change the United Nations' current policy of recognizing SWAPO as the only legitimate party in Namibia, in view of the recent attack by SWAPO guerilla forces in the border area?

Answer

The United Nations are currently seeking the immediate implementation of Resolution 435 (1978) of the Security Council approving the Secretary-General's plan for securing Namibia's independence in the near future by means of free elections under UN supervision and control.

Although it is true that some provisions of resolutions adopted by the last General Assembly — which gave rise to certain reservations on the part of the Nine — appear to anticipate the results of the elections by describing SWAPO as the 'only legitimate representative of the Namibian people', Mr Waldheim's plan which was adopted by the Security Council is, in accordance with the proposals submitted to the Security Council by five Western countries in 1978, completely impartial. Even though SWAPO is accorded an active role in the negotiations, it is in no way privileged under the plan for a solution, which in fact provides for free and equal participation by all political groupings, including SWAPO, in the election campaign and the elections themselves.

In view of these facts, there is no need for the Foreign Ministers of the Nine to cast doubt at the UN on the impartiality of the Secretary-General's move to implement Resolution 435 (1978) of the Security Council.

¹ OJ No C 36 of 13. 2. 1978, p. 26.

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IN THE CHAIR : MR COLOMBO

President

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

President. — The sitting is open.

1. *Approval of minutes*

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

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

2. *Decision on urgency*

President. — I consult Parliament on the urgency of the motion for a resolution (Doc. 123/79), tabled by Mr Deschamps on behalf of the Committee on Development and Cooperation, on the preparations for the Fifth United Nations Conference on Trade and Development.

The reasons supporting the request for urgent procedure are contained in the document itself.

I put to the vote the request for urgent procedure. The request is adopted.

I propose that the motion for a resolution be placed on the agenda for today's sitting, after the oral question without debate on the same subject.

Since there are no objections, that is agreed.

3. *Fifth UNCTAD Conference*

President. — The next item is the oral question without debate (Doc. 65/79) by the Committee on Development and Cooperation to the Commission :

Subject: Fifth UNCTAD Conference

What preparations have the European Community and the Member States made for their participation in the Fifth United Nations Conference on Trade and Development?

What is the Commission's opinion on the current state of the North-South dialogue?

What is the political importance of UNCTAD in the context of the North-South dialogue?

I call Mr Deschamps.

Mr Deschamps. — *(F)* Mr President, I should like first of all to thank my colleagues for adopting the urgent procedure requested by the Committee on Development and Cooperation. The reason why the committee unanimously decided to table a question on UNCTAD despite the very full agenda for this part-session of the European Parliament is that we are all convinced of the extreme importance of the Manila Conference due to start at the beginning of next month.

A decisive turn is about to take place in the relations between developing and industrialized countries, and to realize this all you have to do is read the programme drawn up by the developing countries at Arusha in the run-up to the Manila Conference.

There is a widespread feeling of dissatisfaction at the way in which UNCTAD IV was, or rather was not, followed up and by the 'results' — and I must put the word in inverted commas — of the Conference on International Economic Cooperation, CIEC. The reasons for this dissatisfaction are not, however, the same in the developing countries as in the industrialized countries. The former bitterly deplored what they maintained was a lack of good will on the part of the latter, particularly with regard to the integrated programme for raw materials. The industrialized countries, for their part, were also dissatisfied since some of them felt — not always mistakenly — that the developing countries did not really appreciate the economic and financial problems hindering the implementation of the raw materials programme. But faced with dissatisfaction and discontent on all sides, and in view of the possible and even probable clashes of opinion at Manila, we felt that the European Parliament could not remain silent and that it was absolutely impossible for us not to ask the Commission and the Member States what position they would be adopting in this matter and whether they were prepared for the important debates ahead. This is the crux of the question, which we feel is all the more important and urgent, Mr President, since our negotiating partners have, for their part, carefully prepared for the meeting, and since we cannot ignore the importance of the joint programme which they drew up at Arusha in preparation for the Manila meeting.

But in addition to this basic question we have introduced two other aspects which refer more particularly to the North-South dialogue. This, Mr Davignon, is an ongoing process which is likely to remain in the forefront of relations between industrialized and developing countries for a long time to come. With our two subsidiary, yet very important, questions we hope to obtain from the Commission exact details of the present state of this dialogue and of the political importance of UNCTAD in this context.

Firstly, with regard to the present state of the North-South dialogue, it would be interesting to receive a reply from the Commission on the situation regarding the various raw materials on which world-wide negotiations are currently being conducted. It is easy to understand that the agreement of principle which has been arrived at on the financing of the Joint Fund might — and indeed will — have a decisive effect on the way in which these various agreements operate. I would ask the Commission to tell us what stage has been reached.

With regard to the second subsidiary question, i.e. the political importance of UNCTAD within the North-

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South dialogue, it must be stressed that developing countries have always considered UNCTAD as the forum providing them with a chance to explain and put forward their main demands. They tend to consider GATT — even though some of them now belong to it — as a 'rich man's club'. On the other hand, the industrialized countries have always been hesitant about turning UNCTAD into a forum, because they feel that it is often dominated by a mood which is not conducive to objective and productive discussion.

The fact is that the developing countries are in the majority in UNCTAD and are mostly cast in the role of questioners, while the industrialized countries must provide the answers, does not put the latter in a favourable position in this exchange. This said, it is clear that the Community would be ill advised not to take advantage of the opportunity offered by this UNCTAD meeting to put the Community's experience and know-how in the field of development cooperation to good use. This is why we ought to conclude the IDA negotiations as soon as possible, in fact, before the start of the Manila meeting.

The part played by the Community and the Member States in international bodies acts as a catalyst on and greatly influences — experience shows this to be so — the position of the other industrialized countries if it speaks clearly and with one voice.

For this reason the Community must continue to play a mediating and stimulating role in the various negotiations. Therefore we must also give more weight to this Community role and give the Commission a sufficiently broad mandate. Do you, Mr Davignon, in fact have such a mandate? Do you feel it is sufficiently broad and flexible to enable you effectively to play the role which the developing countries, and particularly the ACP countries, expect you, the Commission and the Nine to play at the forthcoming Manila meeting?

Another specific point in our question is that the agreement which was reached at Geneva in March 1979 on the Joint Fund and which established an integrated programme for raw materials represents a genuine and welcome step forward, but everything depends on the way it is implemented.

With regard to the Community and the other Group B countries, it would be interesting to know how the Community and the Member States intend to handle their financial contribution to the Fund. More particularly, it is desirable that the Member States' contributions should be made public; it is also desirable that, as has already been done in the past, e.g. in 1974-75 for the UN emergency operation, their participation should be organized both on a bilateral basis and via the European Community budget.

Mr Davignon, the Committee on Development and Cooperation and Parliament as a whole have long been pressing for the inclusion of development policy in the budget.

Admittedly, there are other possibilities, but we feel that in this way the responsibility of the Community as such might be better expressed. The fact is that a large part of the activities in the field of economic relations between the EEC and the developing countries is currently dealt with under the aegis of the Community as such. This being so, it is only natural that this activity should be reflected in the Community budget.

What does the Commission think? Does it not consider financing this Fund via the budget of the Community itself?

Another important problem relates to the indebtedness of developing countries. At UNCTAD IV it was estimated that the overall indebtedness of the 94 developing countries, which amounted to 71 000 million dollars in 1971, had risen to 216 000 million by 1976. This has involved an ever increasing financial burden which, it must be said, is becoming more and more intolerable. In 1977 a total of 31 million dollars was spent on paying off this debt and on the transfer of profits, including the net repayment of the short-term debt. Although the developing and industrialized countries have made progress in this field and have succeeded in concluding an agreement on loans in the form of official aid to governments, the agreement reached covers only government debts. But we are bound to state that, over last few years, it is mainly non-government debts which have increased. It is pleasing to note that a considerable effort has been made by the main industrialized countries to pay off the debt of the 29 poorest developing countries. Four Community countries which took part in this effort deserve our congratulations, and we hope that their example will be followed.

Mr President, I took it that since the two debates are being taken jointly, I could present the oral question without debate and the motion for a resolution in the same speech, for which I would be entitled to double speaking time.

The Community itself should not lag behind the Member States and should make an effort, particularly by enabling the poorest developing countries to pay off their debts. This could be done by creating an ACP heading in the budget, so that the poorest developing countries would no longer have to repay the large debts they have incurred with the EIB and the European Development Fund. Does the Commission share this view? Is it willing to back this proposal? Is it prepared to make its own specific proposals on this?

Of course our development policy must be adapted to the individual countries which apply to us for aid. For those which are already relatively advanced, the problems of marketing and processing are extremely important, as is stressed in the Arusha programme. It is imperative that the Community play a political role

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in this field. On the other hand, for the poorest developing countries other measures are called for, particularly in the field of generalized preferences, where the more advanced developing countries are likely to take — and already do take — the lion's share, leaving the poorest countries little room and little chance.

The next point concerns the complex problem of transfer of technology. It raises three kinds of questions which must be incorporated into an international code of conduct. Thus the problem of guarantees and the responsibilities of the various parties with regard to the transfer of technology have been dealt with. Now it remains to establish what laws should be applied, to define the code's field of application and to propose the procedure for settling differences. There are — it must be said — differences of opinion not only between the industrialized and developing countries, but also among the industrialized countries themselves. What efforts are being made to coordinate the different points of view and to see to it that in the important debates due to be held in Manila on this point we try to put forward the formula — as we have often done in the past — which at the very least has a chance of obtaining the agreement of the majority of the participants?

The particularly complex problems which will be raised in Manila, in addition to the important technical problems I have just stressed in my last seven points, mainly concern, Mr Davignon, the implementation of the international economic order. The Arusha report is very clear on this point, and our partners will concentrate on it in the debates not so much by their attacks as by their questions, to which we shall, if possible, have to reply together. Our entire generation will be judged on the basis of this reply. It is high time that we realized — and this must be said here this morning — that an international division of labour is necessary, and that it is time to follow up our grand speeches with practical measures in this field. I know that this kind of statement is not popular at a time when the Member States and Europe are in the throes of an economic crisis and are rightly preoccupied with employment problems, but we in the Committee on Development and Cooperation feel that the Community must demonstrate an open mind on this, particularly with regard to the problem of protectionism, and that in the event of market disturbances the safeguard clauses, which may be invoked only in absolutely exceptional circumstances and the application of which may only be temporary and non-discriminatory, must be discussed with those to whom they would apply. Mr President, it would be a considerable advance if we managed to have such a dialogue on this point.

I said just now that it was time for practical measures. Our Member States have examined and adopted in principle the UNCTAD recommendation that the industrialized countries should devote 0.7 % of their gross national products to development aid to govern-

ments. I realize that this is only a recommendation and I also realize that some States have voiced reservations, but I feel that this is something fundamental, an aim to be pursued until it is achieved. We have staked our credibility by giving our agreement, even if it is only one of principle. The position of the Community and the Nine Member States is strong. Of course they are far from all having achieved this percentage, even though some have done so, but the developing countries have directed unmistakable and, basically, very sharp criticism at the Eastern European Socialist countries. They have demanded they too make the same efforts and increase their almost non-existent trade relations, which take the form of barter arrangements which do not satisfy the developing countries. The Community, for its part, should show that not only has it complied in principle — and even in fact in the case of quite a few Member States — with the undertaking it gave but also that it is determined not to let another three years pass without all the Community countries reaching the target. It goes without saying that the new international economic order could not be established without considerable efforts on both sides. The developing countries should get ready to cooperate more with each other if they want to make the best of the cooperation which they are asking from us, the industrialized countries. Their efforts to cooperate with each other should, in particular, lead to a genuine restructuring of their relations. They are aware of this, as is demonstrated by the fact that the programme which they adopted jointly at Arusha is entitled 'Programme for Collective Autonomy'. They are thus clearly advocating and organizing South-South cooperation.

The fact that they have understood this in this way shows, in my view, that they have come a long way, and I hope that the progress which we, for our part, shall achieve in improving North-South relations, together with the effort they are making through a better conception of their joint South-South effort, will at last enable us to get to the end of the tunnel which, alas, has hitherto symbolized the relations between developing and industrialized countries. But to achieve this, the industrialized countries must also increase their efforts, particularly with regard to the plans for the transfer of resources and the restructuring of their economies. Has the Commission taken steps to achieve this? Is it in a position to make practical proposals at Manila to gear the efforts of the industrialized countries to those of developing countries which are determined to help each other more effectively?

One final point concerns informing public opinion. If we do not take the opportunity now that the election campaign is on, we shall never take it. It is clear that informing the public more effectively at all levels by those who have a direct and real influence on the various social groups is the only way in which our governments can implement the measures required,

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which otherwise would be politically and practically almost impossible. Some of our political leaders are aware of this, and I should like the Commission to help them by providing information. I congratulate the Commission — and you in particular, Mr Davignon — for having contributed so effectively to providing this information, both at this and at other levels. I feel that we shall all have to make the same effort, ladies and gentlemen, to demonstrate our high-minded political principles and to try to make sure that our populations understand that the reason why we are so interested in this policy of cooperation and development, and why we urgently wanted this morning to alert public opinion and the negotiators at the forthcoming Manila Conference, is that our relations with the developing countries are decisive for the future of our own civilization and of Europe itself. If this is achieved, I think that we shall have taken an important step forward. In its issue of 21 March 1979, *Le Monde* stated, 'The interdependence of the various peoples of the world is an accepted fact, which in itself is an advance, but the translation of their solidarity into practice is more often than not impeded by the shortsightedness of those who take the decisions'. I hope, Mr Davignon, that my speech on behalf of both the Committee on Development and Cooperation, and Parliament as a whole, together with your answer today, will help to open the decision-makers' eyes to the broader perspective and enable them at last to face up effectively to their main duty, which is to work together with those developing countries which ask us to do so and will be our negotiating partners at Manila, to draw up plans for the future which will be a guarantee both to them and to us of greater security and greater hope.

President. — I call Mr Davignon.

Mr Davignon, Member of the Commission. — (F) Mr President, on behalf of the Commission I should like to thank the Committee on Development and Cooperation, and especially Mr Deschamps, for seeing to it that this part-session of Parliament does not take place without attention being drawn to the continued importance of the problems of development and the North-South dialogue.

The conference due to begin in Manila in a few days is an important one. I hesitate to say decisive, since all conferences attended by all the countries in the world are part, as Mr Deschamps pointed out so well, of the continuing, step-by-step attempts to achieve a difficult balance. It is all the more difficult since, with the way things are in our own countries at the moment, it is no longer a question of distributing the surplus it is really a question of achieving the optimum organization of this new international division of labour and this new balance between us and the developing countries.

My first remark concerns the general context surrounding this conference and involving a certain number of important political aspects. Firstly, the ACP countries have expressed the wish that we should try to complete negotiations on the new Convention before the end of the Manila Conference. This is a very important aspect, since it reflects the success of this privileged relationship between the Community and these 50 or so countries. Unlike what has occasionally happened in the past, they wish to make a solemn declaration, at a meeting attended by all the developing countries in the world, that they have a special relationship with the Community. It is not so long ago that one of the aims of some of the developing countries was precisely to get rid of this special relationship between the Community and the ACP countries. Not to speak of other countries which, even though industrialized, are most unforthcoming with regard to development and viewed with displeasure, this time for political reasons, any progress towards European union and any international progress achieved through Europe's friendly relations and dialogue with the ACP countries.

A second important aspect, as Mr Deschamps pointed out, is that an agreement has been reached on the Joint Fund, and that considerable progress has been made with regard to raw materials, rubber and olive oil, with a similar agreement on copper in the offing. Thus for the first time there is unmistakable progress in negotiations at international level on two important areas, i.e. the Joint Fund and certain individual products.

Admittedly various problems of practical application are still outstanding. The Community, for its part, is faced with delicate budgetary problems, since the Community's contributions always give rise to a debate between the Member States on the best means of granting them, on the inclusion or non-inclusion of the contributions in the budget, etc. This debate, in which there are often differences of opinion, is currently taking place in the Council, and it would be difficult for me to predict its outcome today. Furthermore, in so far as in so far these new contributions by the Member States to joint funds are dealt with by Community procedure, they also raise the problem of parliamentary control. Since parliamentary control, which should be national, does not exist for these new international commitments if they are included in the Community budget, the European Parliament ought to be responsible for it. This is one of the points which we shall definitely have to look at again in the autumn, since it is essential that Community expenditure on behalf of the Member States and on behalf of the Community itself be subjected to this effective democratic control. This is the context surrounding the debate. The proposed resolution urges the Commission to make the position clear, and we therefore have no problem in accepting it.

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Mr Deschamps went on to refer to the difficult question of indebtedness. It is a difficult problem because we are torn between two opposite viewpoints. On the one hand, as shown by the figures he quoted, considerable burdens are imposed on weak economies and, on the other hand, we realize that acting on the premise that the developing countries are in principle insolvent and are not entitled to international credit to finance their development also means that they are deprived of a very important instrument. You just have to look at how much of the development of our industries and our economies depends on the amount of private or government loans for the achievement of objectives. Thus we are constantly confronted with two views of the situation, and it is up to us to find a happy medium. The first measures which are being taken must be seen in a general context and not in a limited, compulsory one; we are in fact in a situation in which we must analyse, case by case, the possibilities, advantages and disadvantages of any given system. The resolution proposed by Mr Deschamps is flexibly worded and thus makes it possible to state the aims clearly while at the same time not avoiding a number of tangible problems facing both the developing countries and those who grant these loans, in connection with the continuation of a development policy which cannot disregard access by the developing countries to the capital market.

Mr Deschamps also asked me about the problems of the transfer of technology. This is a difficult point which involves a fundamental difference of interests between the developing and industrialized countries. The transfer of technology is certainly not without its advantages; without it there will be no development, and without development there will be no increase in trade. Thus we are all in the same boat.

But is the transfer of technology a right? Does technology have to be transferred simply because it exists? Is it not possible to refuse the developing countries what we refuse other industrialized countries? If in our economy there were a situation in which we were obliged to comply with certain rules which we failed, in discriminatory fashion, to observe with regard to the developing countries, the latter would, in my view, be perfectly entitled to complain. But no-one wants to see us forced to hand over technology to the developing countries, perhaps for the profit of another industrialized country which in this way would get hold of what belongs to the inventive genius, investment and joint effort of all our economies. The transfer of technology thus poses a difficult problem because without it there will be no development, which is unacceptable both to us and the developing countries. Sufficient account will therefore have to be taken of achieving a balance between the two viewpoints. This is a difficult exercise, and I think that under the new Convention we are about to conclude with the ACP countries we may well acquire some

interesting initial experience which will help us to promote the dialogue which Mr Deschamps referred to a moment ago.

Faced with these facts, how is the Community preparing for the Conference? Mr Deschamps voiced this concern in his question to the Commission. Prospects are good. In fact, the Commission forwarded to the Council in February a general document outlining the main topics to be debated at Manila and drawing attention to the points for which we had to prepare, on the one hand, at Community level and, on the other hand, in cooperation with the other industrialized countries, so that we could make a dynamic contribution to the Manila Conference.

This general text, which outlined the principles and general areas within which positions would have to be more closely defined, was approved by the Council in March without major problems.

Various Council working parties have taken up each of these points; we ourselves have defined our positions in documents which the Commission departments have sent to these working parties. Most of the main points on the agenda of the Manila Conference have been dealt with by this procedure. At its meeting in May, the Council will establish the points of agreement on the strategy to be adopted by the Commission. Since the Conference which is due to last from three weeks to a month, it is of course only possible to lay down general guidelines. It is impossible to adopt a Community position in all its details, and to maintain that this position could not change during the Conference would be ill-advised and against the rules adopted. Thus the interplay of on-the-spot consultation and the preservation of a single Community approach is most important. One great danger remains, Mr Deschamps. When are the terms of reference so flexible that they allow everyone to do anything, and when are they so restrictive that they do not allow us to do what ought to be done? We will not find out before the Council meeting in May which of these two dangers we shall have to contend with. But at this stage I would not venture to make any forecasts.

As I just said, we shall have the backing of this resolution by Parliament, since it will point out very clearly the need for an agreed position for the determination to pursue a single policy and for the preservation of a single Community approach which is even more important than gaining the upper hand on every single point of the agenda or on every last detail. It would be a very bad thing — and this risk appeared briefly above the horizon at Nairobi — if finally, in the closing days of the Conference, the Member States of the Community were to adopt different positions on the basic issue. This would undermine the credibility of the Community's position and would cast

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doubt on the sincerity with which the Community is seeking by making a greater and better contribution than all the other industrialized countries despite its current problems, to achieve this understanding and cooperation in the permanent dialogue which we are conducting with the developing countries and in which the Manila Conference is an important element.

(Applause)

IN THE CHAIR: SIR GEOFFREY DE FREITAS

Vice-President

President. — The next item is the motion for a resolution tabled by Mr Deschamps on behalf of the Committee on Development and Cooperation on preparations for the Fifth United Nations Conference on Trade and Development (Doc. 123/79).

The House will recall that when Mr Deschamps spoke on the oral question he at the same time moved the motion for a resolution, so that Mr Deschamps has already covered this in his introduction.

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

Mr Broeks. — *(NL)* Some Members of the House may have been somewhat surprised to see that, initially, we had an oral question without debate, and that now there is suddenly a request by our committee for a debate on the subject.

Mr President, we have not made this request because there is such an urgent need for a debate on this subject — which after the statements by Mr Deschamps and the Commissioner is clear enough — but because a motion for a resolution cannot be tabled in connection with an oral question without debate. And since our committee attaches great importance to the adoption of a resolution, we have asked for an oral question with debate. It is thus not our intention to make long statements, but simply that a resolution can be adopted after this debate.

President. — I note that no one else wishes to speak. The motion for a resolution, as it stands, will be put to the vote this afternoon during voting-time.

The debate is closed.

4. Directive on liability for defective products

President. — The next item is the report (Doc. 71/79) by Mr Calewaert on behalf of the Legal Affairs Committee on the

proposal from the Commission to the Council for a directive relating to the approximation of the laws, regulations and administrative provisions of the Member States concerning liability for defective products.

I call Mr Calewaert.

Mr Calewaert, rapporteur. — *(NL)* Mr President, ladies and gentlemen, this is a subject which has occupied the Legal Affairs Committee for a number of years. On 10 October 1976, the Council requested an opinion on the substance of the matter, while two other committees, the Committee on Economic and Monetary Affairs and the Committee on the Environment, Public Health and Consumer Protection were also asked for their opinions. I have attached the opinions expressed by these two committees to my report so that Members can follow the matter in its entirety.

The Legal Affairs Committee has held twelve meetings on this proposal, the result being a motion for a resolution which took account of Mr Fletcher-Cooke's amendment. At the plenary sitting of 9 October 1978, however, my report was referred back to committee at the request of Sir Derek Walker-Smith, the chairman of the Legal Affairs Committee. At the subsequent meetings of the committee, Mr Davignon put forward a number of suggestions which led me to propose new amendments to the original text. These new considerations effectively underline this second report which is up for discussion today.

Mr President, the conclusions we have reached as a result of this second round — if I may call it that — differ from those which we drew from the first round. I think it is therefore worthwhile going over the essential points of this motion for a resolution.

The first point concerns the applicability of Article 100 of the EEC Treaty. Our committee came to the conclusion that Article 100 does indeed apply, and this view was shared by a large majority in the committee. In principle, therefore, we may say that the Legal Affairs Committee believes that Article 100 of the EEC Treaty applies to this draft directive.

The second point at issue is whether the directive is necessary at all. The answer is yes, for the following two reasons. Firstly, it will safeguard competitiveness at European level, and secondly, it will guarantee the free exchange of goods. I might perhaps also mention a third reason, which figured prominently in the committee's deliberations, and that is consumer protection, something which has also become highly important from the political point of view.

The third important point in the motion for a resolution, ladies and gentlemen, is the request addressed to the Commission to — and let me quote the full wording here, because it is somewhat out of the ordinary — report to Parliament and Council after five years on the advisability of transferring liability from the producer to a guarantee fund. It became evident in the course of discussions in the committee that a large number of Members were in favour of a guarantee fund. There was an exhaustive exchange of views on

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this point, as a result of which it was decided to see how things turned out and to make any necessary modifications within a period of five years. I think this will give you a good idea of both the history and the content of the motion for a resolution.

Mr President, ladies and gentlemen, why have discussions on this subject gone on for so many years? The answer is, I think, because this is an entirely new field as regards protecting both consumers and producers. The novelty also extends to the question of standards, and mutual obligations, not to mention the question of whether or not insurance will play a particularly important role in terms of pricing policy, or whether pricing might not in fact work to the advantage of the consumer because the consumer will have to pay this price in the final analysis, and the insurance factor will be included in the price. These are a few of the points which make this a rather complex matter.

What conclusions have we come to after these protracted and, at times heated discussions? The first point that should be made is that the manufacturer of a product is now 'objectively' liable — as we lawyers put it — meaning that the manufacturer is liable irrespective of fault. Normally, in our legal systems liability means personal, i.e. subjective liability. In other words, someone commits a wrongful act which causes damage to another, there being a causal link between the wrongful act and the damage. This cumbersome legal formula has now been eliminated by the concept of 'liability irrespective of fault'.

This represents a great step forward from the point of view of creating equal competitive opportunities in terms of insurance cost and the like, and also progress in the field of consumer protection, with the consumer's legal position being made much easier by the fact that he no longer has to prove the wrongful act, the causal link and the damage suffered. Another point concerned development risks, a problem which has given rise to a great deal of discussion and which has not been retained in the motion for a resolution before this House. This means that the manufacturer is not liable if his product cannot be considered defective at the time when it was put into circulation. There was a conflict of opinion on this point, with the result that the manufacturer is not liable for damage resulting from development.

A second important point concerns product defects. What exactly is meant by a 'defective product'. Here, I think, the situation is clear. A product is defective if its standard of safety is not what one is entitled to expect of it, when it is used for the purpose for which it was intended. Perhaps I can give a very simple example of what this means. A knife is a product freely available on the market, but a knife can also be used to stab someone with. What we are concerned with is not abnormal usage, but the normal kind of use for which the product was intended. That must be borne in mind.

The third point concerns the question of damage. There was some discussion on this point too. Damage could be taken to mean — and indeed did originally mean in this case — death or bodily harm. But in this text, the word 'damage' also covers damage to property.

There was a good deal of argument on this point, but I think I can say that Article 6 of the directive — which deals with damage to property — is in line with the Council resolution and also accords with thinking in the amended report. A third form of damage is non-material damage, and this will be defined by national legislation, in accordance with the laws obtaining in each of the Member States. We also have a rather special case here in Article 7, which specifies limits for compensation in the case of a producer's liability. These apply both to the amount of damages and the limits *per capita*. Here again, the special system applies, whereby the provisions may be amended after a period of three years.

As you can see, therefore, this is an important directive based on new legal principles. However, all due caution has been observed in that, in various fields, changes may be made both to the guarantee fund and to the amount of damages in the light of practical day-to-day experience in the application on these provisions.

One final point which I believe to be important, Mr President, is the principle of a time limitation, which has been fixed at three years from the date on which a product is brought into circulation.

I hope I have given as objective an introduction as possible to the state of play on this directive, which is now up for this House's approval at the end of a protracted consultation period. I would ask for your approval for this amended directive.

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

Mr Broeks. — (NL) Mr President, I should like to start by congratulating the rapporteur on bringing about this compromise and also on his appointment as a minister in the new Belgian Government. We wish him the very best of good fortune, although he will be sorely missed in the Legal Affairs Committee, his contribution to which has been outstanding.

Mr President, the position of the consumer in our society has always been extremely weak, in that he has no means of protection whatsoever against defective products. Any measures designed to improve the position of consumers will not make things easy for the producers. Obviously the risk borne by the producer will then be infinitely greater, but the producer does enjoy the advantage of being able to insure himself against such risks, and it is assumed that this is what

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he will do. The European Commission, in collaboration with European insurers, has supplied us with a list of premiums, which the Committee believes to be perfectly reasonable. The cost of insurance premiums can be spread over the production costs, and the situation at present is that if the producer insures himself, as he will, the consumer will be paying for his own protection against defective products. In itself, this is perfectly reasonable, because the premium for insurance against defective products is fairly small and can easily be paid by the consumer, whereas the damage suffered by a consumer from a defective product can be very great indeed.

Mr President, we have already heard from the rapporteur that the original proposal put forward by the Commission has been dropped. There were quite a number of objections to this original proposal, even from our side, because it contained restrictions from the consumer's point of view. It would of course be very interesting now to take a fresh look from both sides at the interests of the consumer and to find out the extent to which are now given less protection than we considered desirable. We could also investigate the position of the producer, which is now not so favourable as they had originally hoped.

But this would be a fairly pointless exercise, because we should never get any further and the directive would then certainly fail to receive Parliament's approval. If the proposal is amended in any respect, the question is whether the European Commission would be willing to submit the amendment to the Council, because the point is not simply to get this directive approved by Parliament, but also to receive the approval of the Council as well. And even that is not the end, because, the Member States will then still have to get moving on implementing of this directive.

Mr President, let me say quite clearly and categorically that it is deplorable that the Member States so often drag their feet when it comes to implementing the directives issued by the Council. We have asked for an enquiry into this situation on more than one occasion. I realize that it is an extremely difficult matter, but in a number of countries Commission directives, which should have been implemented long ago, have in fact been implemented far too late, or in some cases, not yet been implemented at all. A number of new amendments have been tabled, again by the European Conservative Group. They will not receive our support. I see that Mr Scott-Hopkins has tabled two amendments on the applicability of Article 100. I sincerely hope that the amendments will not be passed, because they do not relate simply to the protection of consumers from defective products. A good deal of the work of the EEC would be rendered impossible if it were indeed true — as the Chairman of the Legal Affairs Committee and Mr Fletcher-Cooke

claim — that Article 100 does not apply, since this very article is the basis on which, in many cases, the Commission has submitted proposals to this House. Mr President, I should like to make it quite clear that I approve of a number of minor amendments which have been included. It is now evident that there is liability only in respect of industrial products and not of the craft or agricultural products. I think it is good that this point has been clarified. As to the frequently heard objection to this directive that enormous sums are paid out in compensation in the United States, this kind of thing is clearly not possible here, and it is not the aim of this directive to make it possible. It has never been and never will be our aim. The question of compensation for damage suffered is not a matter for the Community, but for each individual Member State. It was for this reason that the question was not tackled in this directive, and I think that this is absolutely right.

Mr President, after hearing the rapporteur's introductory speech — which we hope everyone in this House can go along with — there is really very little to add on this subject, which has divided us over the last few years. It is a remarkable fact that we needed more than sixteen meetings to agree on the fifteen articles. But agreement was ultimately reached, and let us now hope that this House will approve the final package. Even if it is approved, it does not mean to say that we Socialists are entirely satisfied — certainly not, because we regret certain restrictions which the directive still contains. But I do not want to dwell on this point now. As I said earlier, there is no point in that. The important thing is that the consumer now enjoys some protection. But let me say quite clearly that the consumer is not protected in every case in day-to-day affairs. This is highly regrettable, because the consumer is subject to enormous risks, and these risks are now to be removed by means of a liability insurance which the consumer himself will have to pay for. Glory be! Well, at least we have some consumer protection, and let us hope that this protection will be effective in practice; I myself am not exactly optimistic on this point. I have been a Member of this House for quite some time, and as you know, every six months we receive details of the documents submitted to the Council by the Commission, on which no decision has so far been forthcoming from the Council. The list of these documents, Mr President, is far too long, and the directly elected Parliament will have to put an end once and for all to this state of affairs. For the time being, though this is no more than a pious hope. Let me say once again that it is up to the Council to approve this directive without delay, and to the Member States to implement the relevant provisions with all due speed. Thank you, Mr President.

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

Mr Riz. — (D) Mr President, firstly it is my duty, on behalf of my Group, to congratulate the rapporteur Mr Calewaert on his appointment as minister...

(Applause)

... and to express our thanks to him at the same time. In his work on the directive concerning product liability, which began as long ago as October 1976, he has shown an unusual degree of patience. The Christian-Democratic Group is enormously pleased that this matter can be concluded today. We feel that the long period of consultation has been worthwhile. The essential revisions now made to the first report submitted by Mr Calewaert as rapporteur in August 1978 are in line with the amendments tabled by the Christian-Democratic Group. The report has now majority support. That this was not the case in the first Calewaert Report was due partly to the original Commission proposals and partly to the initial reactions, which were not yet fully thought thorough, of some parties to this important topic.

And here I must say 'thank you' again, this time to Mr Davignon and his colleagues, in particular Mr Ficker, who have done so much to bring about the result that is before us today.

With the amendments he submitted in December 1978, Mr Davignon made it possible for this directive to pass the European Parliament. May I add, in all modesty, that many of his amendments were suggested by my Group. We thank Mr Davignon for taking them up. And here I would like to make the comment which goes beyond the specific area we are dealing with today. If it is determined, the European Parliament can use its right to participate in the Community law-making processes to exercise a decisive influence, even though it has to contend with the expert knowledge of the Commission on the one hand and with the greater power of the Council on the other. This procedure, however, also highlights the considerable difficulties which a European legislator faces; it is not easy to overcome them democratically in a parliamentary process. The increased insistence by the European Parliament on its right to a share in the decision-making demands a large degree of responsibility and self-discipline on the part of the political forces and of Members of this House.

Thirdly, I have to express sincere thanks to Sir Derek Walker-Smith, the Chairman of the Legal Affairs Committee. With his patience and expertise, he played a most significant part in achieving this result.

With the directive before us, we see the introduction of a completely new principle in the whole system of European civil law, that of the producer's liability irrespective of fault on the ground that the products manu-

factured by him were defective and thus caused damage to goods belonging to users or other co-users.

It is true that statutes and case law in the nine Member States have been developing along lines approximating to the principle of the producer's fault-free liability. However, hitherto the basis was the principle of liability for intentional and negligent acts. The necessity for changes has arisen from industrial mass production and its typical features: the anonymity of the producer and the consumer, and the lack of personal relations between them, on which a basis of trust can be established. Consequently it now becomes acceptable to replace the producer's fault-based liability by liability for products originating from him whether or not he is at fault. Such a step can of course, only be taken if it is strictly limited to this aspect, and if precautions are taken to ensure that no excessive imponderable risks hamper the production capacity of the European Community and endanger employment. These considerations underlay many of the improvements proposed by my Group to the Commission's draft, since, given the world-wide competition which our industry faces, and, the pressing social problems within the Community, it is obviously not in our interest to undermine entrepreneurial initiative, or the spirit of innovation. Thus, it was a question of balancing the legitimate interests of consumers and the interests of European manufacturers, who, after all, we expect to create jobs and increase prosperity.

The question of the legal basis of the directive has greatly preoccupied us. Article 100 lays down in restrictive terms the conditions for approximating the laws of Member States and it would be serving Europe ill to pursue harmonization for harmonization's sake. After thorough examination we agree that Article 100 may be applied because it is irrefutable that differing cost burdens arising from differing product liability directly affect the functioning of the common market. We should have preferred to have received more exact cost calculations from the Commission, but realize that the Commission has done what it can and that further details were just not available.

We are not yet quite convinced that the risk of liability for the producer is so easily insurable — as is maintained by the Commission — nor that for each product — as the Commission representatives add — the *per mille* on turnover rate will not be exceeded. On the contrary, we fear that the plan will produce an even greater burden for the producer and consequently for the consumer who has to carry the cost in the end. Furthermore, we fear that this will affect especially smaller businesses, family businesses and middle-sized businesses. We have to admit that

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the question of liability is not completely regulated by the present directive, because, on the one hand, national laws still apply to certain classes of compensation, and, on the other hand, the actual compensation amounts can vary nationally.

This does not, however, mean that we should not support the directive, but rather that it should be seen as a step in the right direction.

I would now like to turn to the most important changes to the directive.

1. The Christian-Democratic Group has fought to exclude the producers of agricultural, craft and artistic products from the directive, to the extent that no industrial mass production is involved. We therefore welcome this innovation in the present directive.

2. The Christian-Democratic Group would also have accepted a producer's liability for development risks, on condition that a fund, i.e. a public law entity — and not the producer himself — would be liable. Unfortunately, our Group was unable to win over a majority to this view.

However, we are very gratified that this suggestion has been included in paragraph 2 of the motion for a resolution and that it is to be considered again later when the results of the directive are evaluated.

3. Grounds for exclusion of liability consequent on informing the public and on measures taken by the producer to eliminate defects have been incorporated. We have to concede that this text is in need of improvement, since, for one thing, it is not a matter of whether the producer should have been aware of the defects — he must be aware of the defects, otherwise he cannot take steps to correct them — and for another, no damage can be caused to persons or other objects if the product has been successfully recalled. Nonetheless we approve the basic idea, which may be seen as an incentive for the producer to do everything in his power to prevent damage.

4. We are pleased that our objections to the definition 'defective product' have been taken into account and consequently the definition of defective product in Article 4 is an improvement. In the original version, the causal connection between production and the damage sequence was too simply formulated and was also inaccurate.

It is admissible to adjudge a product defective merely because it has caused damage. This is tantamount to eliminating the concept of defect. We approve the principle of the producer's liability irrespective of fault, but not liability without defect. The concept of defect is usable here, in that other circumstances have been included, for example, the use of the product for the purpose for which it was apparently intended, or

the presentation of the product. The gaps remaining will undoubtedly be filled in by the courts.

5. We likewise welcome the fact that contributory negligence as a factor in reducing or excluding compensation has been accepted, i.e. the contributory negligence of the injured person and persons for whom he may be considered liable.

6. On the question of the ceilings established in Article 7 for the producer's liability, we believe that in addition to or instead of fixing the general ceiling for personal damages at 25 million EUA, it would have been better to establish limits for individual compensation in specific cases of damage. This is quite normal in national regulations on liability and would have meant that the same compensation was paid throughout the Community for the same damage. Moreover, we recognize the difficulties involved in a case where the total damage caused exceeds 25 million; unless arrangements are made for individual cases, injured persons will inevitably come away empty-handed.

If our suggestions had been taken up on this point as well, the problem could not have been avoided by making the guarantee fund liable. We hope to see this aspect being given due consideration when the results of the directive are assessed.

The European Parliament — and this is my final point — has arrived at a decision on strict liability after very arduous thorough discussions. We expect the Commission to put Parliament's point of view energetically to the Council. We expect the Council to adopt the European Parliament's proposals. This directive, too, will be a touchstone for future relations between the Council and the European Parliament.

Here too the Christian-Democratic Group has done a great deal to ensure that a settlement could be reached which would protect the consumer without endangering production and employment.

(Applause)

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

Mr Granet. — *(F)* Mr President, ladies and gentlemen, I should like first to apologize on behalf of Mr Bangemann, a member of the Legal Affairs Committee, who has been prevented by other commitments from speaking today on behalf of the Liberal and Democratic Group and who has asked me to stand in for him. I shall therefore be very brief, Mr President.

I would first like to mention that the Liberal and Democratic Group regarded it as highly important that Mr Calewaert's report should be presented in plenary sitting before the June elections. Indeed, the

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effectiveness of the European Community will be judged in the elections on the basis of topics such as this. It must be stressed that this is a subject of the greatest importance, since it affects us all — be it as consumers or as producers. I shall not go into the vicissitudes encountered by this proposal in the course of examination by the Legal Affairs Committee since it was submitted by the European Commission in 1976, for we are all well aware of them. I wish here to confine myself to making two essential points.

My first point relates to the legal basis for the text of the directive — namely Article 100 of the EEC Treaty. With slight reservations, we agree with the Commission's view that the disparity between national legal systems covering the responsibility of manufacturers leads to an imbalance in the conditions of competition in the common market and therefore affects the free movement of goods within the Community. Indeed, it can be said that the differing national provisions in this field mean that consumers are protected to a varying extent, and that this does not accord fully with the spirit of the common market, in which all consumers should be on an equal footing. We will therefore not vote in favour of the amendments tabled by the European Conservative Group, since these amendments assume that the proposed directive does not satisfy the requirements of Article 100, whereas we take the opposite view. I would also remind you that we reached a compromise in the Legal Affairs Committee with some difficulty, and that in our view it would be tiresome to wish to throw it back into the melting pot by making last-minute changes.

My second comment is that in its original version the Commission's text was quite unacceptable to us. Our view was that no proper assessment had been made of the economic and industrial consequences for producers or consumers of the system originally proposed. Although the system of strict liability aims, reasonably enough, at providing effective protection for the consumer, we nonetheless regretted the fact that in its original form the proposed directive took insufficient account of the legitimate interests of the producers, and indeed effectively penalized them.

In economic terms, the increase in liability involved in the original proposal was such that the corresponding insurance costs would inevitably have led to a substantial rise in product cost. To make no bones about it, it would have been the consumers who footed the bill.

Moreover, it may be doubted whether such a system would have effectively protected the consumer if small manufacturers had decided not to insure themselves. The hazards resulting for the consumer hardly need stressing. Certainly a system of obligatory insurance could have been envisaged, but this would merely

have made our European machinery even more coercive and technocratic than it already is.

In the industrial field certain manufacturers might have chosen to abandon production of goods involving such costs. Clearly, there must be a remedy for damage done by a product. But why should this mean penalizing the manufacturer by a system of strict liability which leaves no scope for scientific progress? I am referring, of course, to development risks, risks which would become far too heavy a burden, particularly in high technology sectors.

We shall vote in favour of the Calwaert report because the Legal Affairs Committee withdrew the provisions which we objected to in respect of development risks, and arrived at a text which we consider much better and quite acceptable. Admittedly, we should have preferred the immediate creation of a guarantee fund to cover producers' liability for such risks. But this possibility has not been eliminated altogether, since the advisability of setting up such a fund is to be discussed again at the end of five years, and we are convinced that by that time the need for it will have become evident.

Our amendment, to which we attached great importance, has been incorporated. It aims to ensure that the text of the directive contains a provision stipulating that the producer's liability is reduced or eliminated to the extent that the injured person, or any person for whom he is liable, has contributed by his own negligence to the injury sustained.

These, ladies and gentlemen, are the points I wished to raise on this topic, undoubtedly one of the most important which the Legal Affairs Committee has had to deal with. While the report submitted to us does not meet all the wishes of the Liberal and Democratic Group I accept that, after all, this is a compromise, and a good compromise. Like any compromise, it cannot satisfy all the aspirations of all those who took part in the discussions, but nonetheless, in the present version, we find it a perfectly acceptable document. If the changes which the Legal Affairs Committee, and indeed we ourselves, have proposed are taken into consideration, we believe that the main objective will be assured, i.e. an adequate and harmonized protection of the consumer in the Community without — and I stress this point — leading to a reduction in competitiveness of European products on the international markets, and without putting obstacles in the way of research and development.

I feel therefore that in approving this report, two months before the direct elections the European Parliament will be doing exactly what it is its function to do.

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

Mr Scott-Hopkins. — Mr President, may I first of all join with other colleagues who have congratulated the rapporteur, Mr Calewaert, not only on his persistence and perseverance in the way he has continued to pay the greatest attention to all the details concerning his report and the problems which have arisen over the many months that it has been under consideration, but also on his recent attainment of ministerial position in his own country. May I also thank Mr Riz for the remarks that he made concerning my colleague, Sir Derek Walker-Smith, who is the chairman of the Legal Affairs Committee, who has also taken a close interest and had indeed been instrumental in improving and getting this particular text through. Both my honourable friends who are on the Legal Affairs Committee have unfortunately found it impossible to be here because they are engaged in our national elections at home, and so it has fallen to me, who am far from having had legal training, to speak on behalf of our group. I must admit I feel slightly adrift talking about this particular matter, which is really, from the layman's point of view, extremely technical. There is a terrible temptation for the layman to talk in generalities, but I am going to try to confine myself to points which arise particularly from the amendments which I have tabled.

There is no doubt that the amendments adopted by the Legal Affairs Committee and accepted by the Commissioner and embodied in the new version of the text which is put before us do improve it and make it more workable in practice than it was before. But, and of course there is always a 'but' in these issues, we in the European Conservative Group believe that there is still a problem concerning the legal basis and the question of Article 100, and I do not apologise to the House for coming back to this and for tabling amendments on it, because I believe it is of importance. We uphold the original conclusions of the Legal Affairs Committee, which seem to have been changed, if I may say this to the House, for political reasons, and therefore we have tabled amendments to correct this particular matter. The amendments concern the following four points, and I shall quickly run through them.

Firstly, the present directive does not meet the requirements of Article 100. This might appear to be the expression of a legalistic attitude, but nevertheless it is, as I said, a question of fundamental importance. The Treaties form the constitution of the Community, adopted in accordance with the procedures of ratification of each of our parliaments. It is essential that the division of power between the national institutions and the Community institutions as provided in the Treaty is applied and only changed in accordance with the procedures of the Community. Obviously this is important in the case of Article 100. That applies where the Community has received no auto-

nomous powers if the following condition is fulfilled, namely that the national legislation concerned has a direct effect on the functioning of the common market. In fact the founding fathers of the Treaty foresaw that the approximation of legislation would be necessary in a number of cases and they entered a specific provision to this effect. I shall not recite all the Articles — 27, 54, 56 and so on. These are all examples of this. However, they recognized that it would not necessarily be enough and that in other cases where the establishment and the functioning of the common market would be directly affected there would be a need for a general provision following the approximation of legislation.

Is there such a need? This is the question the House has to answer, and the Commissioner. Is there such a need lying behind this directive? No, I do not believe there is. On the contrary, Article 11 of the directive makes it plain that claims based on grounds other than that provided for in this directive shall not be affected. In other words, besides the statutory period of limitation for claims contained in this directive the diverging national limitation periods will remain in force. And besides the liability for the producer contained in this directive there is liability, for example, for the dealer, the wholesaler, and so on, and other divergences between national laws in this respect are not affected. Also, besides the definition of defect contained in this directive, weak as it is, the diverging definitions of national law continue in force.

Now this is not approximation of national legislation. This is legislation based on the idea that the Commission has a better solution to the problem and that the Commission can do better than the individual Member States, and I am not sure that the rapporteur and Mr Broeks were entirely right to say this is breaking new ground. There has been consumer protection legislation in all our countries for a very long time. I do not think it is true that the Commission knows better than the individual Member States and that the Member States have no solutions. And yet the object of Article 100 is not — and it is necessary to insist on this — to introduce modifications to legislation on the basis of their general merits, but only to eliminate the differences in their material content or modify them in a way that their autonomous coexistence does not distort the trade in goods and services. That is not merely of technical importance. It is a question of principle arising out of the institutional character of the Community itself, which is based on the transfer of specific competences, not on the theory of implicit powers. If we in this Parliament accepted that the limitation contained in the term 'direct effect' was merely an indication of judgment as to appropriateness in relation to the functioning of the common market, Article 100 would give a free hand to the Commission to introduce directives concerning all legislation, and that surely is not the purpose.

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We are told that we should not emphasize this, that it must ultimately be a political judgment of the Council. But there is a reservation concerning the controller of legality, the Court of Justice. And the fact is that the Court has already expressed itself on the term 'direct' in connection with Article 173, which gives the right to any natural or legal person to institute proceedings against a decision, although addressed to another person, if the decision is of direct and individual concern to him. Here the Court has made it plain in several cases that 'direct' means there must be proof of causality. Should the Court change its position in the case of Article 100? Should there be one interpretation for the citizen, and a different one for the Commission? Parliament has a choice. One option is progressive and social, and I can understand if some innocent people are tempted by that. But this is not a question of whether you sympathize with the policy expressed in this directive, it is a question of whether you accept the rule of law; and if politicians do not accept the rule of law, who does?

The second point is the expression of serious criticism of the Commission. It is unfortunately the case that the directive is badly drafted and in basis is superficial. No serious systematic analysis has been made, and only random information has been given to the committee.

One of the great difficulties of taking over the role of spokesman, as I am doing, is that it is almost impossible to get a record of what has been said in committee by honourable Members or the Commissioner. The Commission, I am told, tells us that the legal position varies in the legal systems of the Member States, that most laws require the injured person to prove fault on the part of the producer, and that it is extremely difficult, even impossible, to provide this proof. Under these laws, the injured person then has to bear the damage alone, and is thus unprotected in such cases. The Commission concludes that only liability in respect of fault leads to an adequate protection of the consumer; in other words, that the national laws are bad laws for the citizen, and that the Commission's law is a good law and should therefore be adopted.

That is really what the issue is about. One can justify many legislative measures on that basis, and heaven knows where we'd end up if we did. But that is not all. The proposal contains no estimate of the cost of this directive, to industry or the consumer. This has been discussed to some extent by Mr Broeks, and I think he was wrong. The explanatory memorandum says that liability irrespective of fault should not burden the producer to an unjustifiable extent, and our rapporteur underlined that. He can take out an

insurance and pass on the cost in the selling price — note the words, Mr President, pass on the cost — and that is another way of saying inflation.

We have heard very little about the urgent need for Community action on product liability, but we have heard an awful lot about the need for Community action against inflation. Yet this runs contrary to it. To give one short example, it says in the explanatory memorandum that liability extends only to movable property; but 'movable property' is differently defined in different Member States and is even defined differently in different legislation within some Member States. Which of the definitions are going to be used? The directive gives no answer; its application will therefore vary from one Member State to another and is bound to be inflationary.

I shall not go into other problems of contradiction, such as sub-contracting. I think that the one example I have given is enough to justify the amendments, which I hereby formally move.

The third point is self-explanatory. The directive before us in no way harmonizes legislation in this field. It is certain to confuse the consumer; and the time delays in the directive vary with the time delays in national legislation. But that is not the worst. The Commission has in this directive made one single set of rules for all defective products; the ceiling for compensation, the definition and the liability are the same, whether medical products, playing cards or aeroplanes are concerned. This is certain to result in heavy over-insurance — once again, inflationary. The Commission says, no problem, the consumer pays and the producer can include the expense incurred in his pricing of the goods. Up we go again. Thus the consumer bears all the costs, and the words are yours, Mr Commissioner, I can't say it better than you have.

The Commission has based this directive on the distortion of competition. If this directive becomes law, such distortion will exist between the EEC's industry and, for example, the industry in the EFTA countries. It would have been much more sensible for the nine Member States to join other European countries in adhering to the convention drawn up by the Council of Europe.

In conclusion, the solutions offered in the present draft directive should be based on liability, which is defined in accordance with the principles of equity. This would require the following minimum defence mechanisms and exclusions: that the defect did not exist when the product was put into circulation, and that the product was in accordance with the state of the art when put into circulation — those are the main ones. As it stands, the Commission's proposal represents bad law, and will bring ridicule on the

Scott-Hopkins

Community. My group is therefore tabling the two amendments, one consequential on the other; I ask the House to support them, though I gather I may be a little lonesome in supporting those amendments at a later stage. Sir, I beg to move my amendments.

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

Mr Masullo. — *(I)* Mr President, I feel that it is not without significance that we are examining this draft directive during the last days of the European Parliament in its original form and on the eve, one might say, of its rebirth in an essentially more democratic form. Why do we need this directive, on which the members of the committee have expended so much effort over a long period, and which has highlighted the great wisdom and tremendous patience of Mr Calwaert — and in passing, on behalf of our Group, may I offer our congratulations on his ministerial appointment? As I was saying, this directive, which was the subject of two years' careful consideration by the committee, deals with more than just the specific problem of introducing Community legislation to protect the consumer from defective products. This directive also embraces a considerable matter of principle, illustrated by the problem of the applicability of Article 100. This problem was such a poser for our committee that we in fact decided, initially, to reject the draft directive.

It then came back to the committee with one or two draft amendments proposed by the Commission which let it be known that it was willing to accept these. Our committee revised its opinion which is now to a large extent favourable to the draft directive.

But why does the problem of Article 100 go well beyond the specific problem of protecting consumers from defective products? Why did it cause our committee such headaches? And why should it be significant that we are examining the draft directive at this particular moment? In my view, it is quite right that Article 100 should have inspired such a wide-ranging debate because, taken literally, it would seem to refer exclusively to economic matters. The first paragraph of Article 100 states:

The Council shall, acting unanimously on a proposal from the Commission, issue directives for the approximation of such provisions laid down by law, regulation or administrative action in Member States as directly affect the establishment or functioning of the common market.

In this connection, of course, there developed a massive problem and a massive argument about whether the problem of protecting the consumer could be included under the heading of matters directly affecting the establishment or functioning of the common market. Naturally, those of us who

claimed that this paragraph was not applicable did so because, on the one hand, there was no proof of there being any such effect, and on the other, the Commission's explanatory memorandum spoke of the possibility of distortions and not of any actual instances of distortion which had in fact resulted. However, those who challenged the applicability of Article 100 did so primarily in order to raise a much more important and more complex issue. If we have to resort to using economics as an argument to justify Parliament's consultative action as assential and laid down by the Treaty, we are in fact merely spotlighting the straight jacket Parliament has been in until now. What I mean is that the protection of the consumer is a social problem and one that affects the quality of life of the citizens of Europe. If the European Parliament is going to be allowed to have its say on this problem, it seems we have to resort to using economics and the distortion of competition as justification for it.

Basically, those who have argued in favour of the applicability of Article 100 have done so out of a feeling of necessity, because it is only in the second paragraph of Article 100 that there is provision for the Assembly and the Economic and Social Committee to be consulted on directives whose implementation would, in one or more Member States, involve the amendment of legislation. Now, it seems to me that this problem we have been grappling with illustrates how the directly elected Parliament will have to find a way of exercising its powers — albeit in consultation with the other institutions — without always being obliged to resort to using arguments of an economic nature.

The crux of the matter is the Treaty. However, as observers of history — which is what we are as politicians — we have to take an objective look at the contradiction between this part of the Treaty, which when it was written was still based on purely economic considerations, and the actual situation of Europe and the European institutions today, a situation which is continually developing in social, political and moral as well as economic terms.

In my view, therefore, the debate on Article 100 must not be regarded as a debate between those in favour of this draft directive and those, perhaps, who want to torpedo it. Rather, we have to consider it as a debate in which we can spotlight, in this paradoxical and perhaps rather provocative fashion, the path to follow for the development of the European institutions and especially for the development of this democratic Parliament which is, basically, the expression of the popular will, and which will be all the more so when it is directly elected.

In the light of all this, we shall not vote against this draft directive because we agree with its purpose, aim

Masullo

and programme. The aim of this directive is to protect the consumer, and there can be no doubt that the consumer has never been so exposed to danger as in this age of mass consumerism. The idea seems to be to offer people a cornucopia of consumer goods, but hidden in this vast range of consumer goods there is a vast range of hazards which the poor, lonely individual cannot always cope with. It was high time to stimulate the legislation in the Member States and high time for the Community to give a lead and prod the individual States into amending their legislation so that the consumer is properly protected, in accordance with the advances made by technology and the economy in general.

Consequently, we are not opposed to and shall not vote against this draft directive. Nevertheless, we cannot say that we welcome this directive without reserve, because we feel that the rules it provides for, in spite of all the amendments and alterations made during the second round of discussions in committee, are not properly suited to the actual aims of the directive.

I remember, when the committee first tackled this issue, I proposed on behalf of my Group that consumer protection should be the responsibility of a common guarantee fund, a kind of compulsory insurance scheme. I was accused of having a 'collectivist attitude'. I completely fail to see what a 'collectivist attitude' has to do with setting up a guarantee fund. Subsequently, I was surprised and delighted to see that during the second round of discussions in the committee there was a proposal for a guarantee fund — albeit as supplementary cover — from a political group which certainly cannot be suspected of having a 'collectivist attitude'. I am referring to the Christian-Democratic Group, which repeated this idea this morning through its spokesman, Mr Riz. The idea which we originally came up with has thus been formally proposed.

I note with particular satisfaction that the second paragraph of Mr Calewaert's motion for a resolution reads as follows :

Requests the Commission to report to Parliament and Council, five years after the entry into force — in implementation of Article 13 — of the national provisions necessary to comply with the directive, on the advisability of transferring liability — wholly or in part, generally or in respect of certain risks only — from the producer to a guarantee fund, more particularly with a view to protecting consumers and producers against development risks.

We entirely agree with this paragraph, but I should point out that we were in agreement right at the outset when everyone else disagreed.

What does all this mean in terms of an assessment of the directive as now drafted? Basically, it means that

we are divided over this issue of consumer protection but we are not divided between those who want to defend the consumer and those, perhaps, who are on the side of the manufacturers. It is my view, in fact, that the manufacturer is quite safe with this scheme. He is covered by insurance and he is always on the side of those who pass on their costs to the consumer. The problem, in fact, is not deciding whether to protect the consumer or the manufacturer. There is only one problem: how to protect the consumer in the most effective manner and in the manner least likely to lead to distortions of the balanced situations which ought to exist among consumers, just as among manufacturers.

What this means is that as long as we rely on a system of voluntary insurance and a system of strict liability without compulsion as regards insurance, it is very likely that we shall never manage to eliminate the imbalances which, by virtue of Article 100, are our justification for expressing an opinion on this draft directive and, furthermore, we are merely likely to provoke additional distortion. The large manufacturers, for example, will get themselves insurance cover while the smaller producers will not. The famous 'hidden economy' is precisely the kind of economy which remains outside this approach. The medium-sized manufacturers will perhaps take out insurance cover, but the cost to them will be greater than the cost to the large manufacturers, and this could lead to distortion. Consumers will have a harder task getting compensation from uninsured manufacturers than from those who are covered. And I have not even mentioned the cost of premiums. There is absolutely no guarantee that these costs will be fairly distributed from country to country or from sector to sector of industry. There is no provision for any system of Community supervision of how, for example, insurance rates will be regulated.

Given that the introduction of harmonized Community legislation to protect the consumer is vitally necessary, but given also that big business might be able to realize enormous profits out of this, it is difficult to find in these rules any clear thinking and, above all, any genuine security. As a result, our Group will not vote in favour of the motion, nor shall we vote against it; we shall abstain.

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

Mr Rivierez. — (*F*) Mr President at this stage in the debate everything has already been said, and well said, so that all that the last speaker to take the rostrum can do is give the Assembly a few impressions.

But first of all it is also my pleasant duty to offer my congratulations to the rapporteur, Mr Calewaert, who has evinced quite remarkable conscientiousness,

Rivierez

perseverance and legal learning. It is true to say that in every respect this report is his work. The matter has given rise to very long and complex debates and we may even consider that the debate is not yet over.

If, in our concern to protect the consumer, we have not laid much emphasis on the implementation of Article 100, the speeches we have heard from Mr Masullo and Mr Scott-Hopkins show that there are definitely some question-marks hanging over the implementation of this article. We proceeded perhaps on the basis of a series of statements of fact and did not give a sufficiently complete demonstration of the existence of distortion of competition. But we in the Group of European Progressive Democrats were also concerned to do everything to facilitate the protection of the consumer. In the debate on Article 100 the conclusion drawn by Mr Masullo is somewhat eccentric, since it has no legal basis: either Article 100 is being implemented or it is not being implemented. Our concern is to protect the consumer and the debate finished in committee. We wish to see the responsibility for defective products made the subject of regulations at Community level and in this respect we too are glad that the European Convention on liability for defective products in cases of physical injury or death has been signed by all the Member States of the Council of Europe.

Nevertheless, certain aspects of the resolution do not meet with our total approval. Paragraph 1 of the resolution says that Parliament welcomes the proposed directive. However, the debates that have taken place over a period of months in the Legal Affairs Committee have in fact shown that Parliament did not welcome it because there were legal problems.

It would perhaps have been wiser to say that Parliament viewed the proposed directive favourably, designed as it was to promote the free circulation of goods and improve competition. That would perhaps have been a better reflection of the debates in committee.

What else can I tell the Assembly after all the speeches it has already heard? There is talk of harmonization, standardization of legislation of Member States. That is the aim of the directive, but will it be achieved? The new system described in the directive is no substitute for the various divergent national solutions to the problems, but merely an addition. In consequence we cannot talk of a real simplification for the very good reason that the divergent national systems still exist. Whilst there is no doubt, therefore, that new Community law is being created, it is merely additional to what already exists.

Let me also emphasize a few points, and particularly the 'defect in the product'. In spite of the progress

that has been achieved, this definition is not accurate. I'm afraid that we are going to run straight into difficulties of interpretation on the part of the judges, and we are likely to have varying interpretations in the different Member States. Here again, the harmonization we are hoping for may not be achieved. Someone reminded us that a defect in a product does not necessarily reflect an internal, that is, intrinsic, fault in the product, which constitutes the only real defect. That is perhaps worth a little more thought, but there has already been so much thought devoted to this matter!

If you will permit me, I shall now draw your attention to one or two points in the text of the proposal. In Article 5, paragraph 2 (new text) of the directive, which concerns exoneration of the manufacturer from liability, the cases of exoneration admitted in law have been arbitrarily limited. In fact the text is incomplete since it speaks of negligence on the part of the injured person or of any other person for whom the injured person is responsible.

No mention is made of third parties who are neither injured parties nor persons for whom the injured person may be responsible in law. Perhaps we should have taken things further and spoken of the involvement of third parties.

But the heart of this debate was the question of 'development risks'. This development risk was eliminated by an amendment proposed by our Group. It was eliminated for economic reasons, which the previous speakers very rightly reminded us of. But there are other reasons, notably legal ones. There are rules of law, there are principles, there are absolutes and everything that concerns objective liability. There is also the notion of defects: he who speaks of defects and liability speaks of equity, *bona fides*, justice and good law. All this contributes towards the adoption of the amendment which we proposed to eliminate the development risk. The reason this amendment was accepted was that others apart from ourselves — in particular the Christian Democrats — had thought of setting up a guarantee fund. Moreover, this idea was taken up in the report; it was also dwelt upon by Mr Masullo. It's an excellent idea and should be made a reality. Such, Mr President, are the remarks I should like to make on behalf of the Group of European Progressive Democrats. We too are in favour of progress; we too wish to carry out our Community mission. And since, as Mr Granet rightly reminded us a short while ago, one of the fundamental missions of the Community is the protection of the consumer, we shall vote in favour of the motion for a resolution that is before this Assembly.

(Applause)

President. — I call Mr Luster.

Mr Luster. — (D) My thanks, too, are due to Mr Calewaert, for his wisdom and patience, to Sir Derek Walker-Smith, chairman of the Legal Affairs Committee, to Mr Broeks, today's deputy rapporteur, and to my colleague Mr Riz who put forward the idea of the European Fund. But my thanks also go to Mr Davignon and his hard-working colleague, Mr Ficker. This last expression of thanks will perhaps also make it easier for a few critical remarks of mine to be accepted with reasonable equanimity. We can all tell ourselves here that we want to protect the consumer; Mr Masullo has pointed this out already and nobody is opposed to consumer protection. But what, we may ask, is the best way to protect the consumer? We want to give a bit of muscle to the consumers who are in the weaker position, and to protect them where they are not protected already. This must be done as economically as possible, so as not to overburden the economy and the consumers as a body. The producers' willingness to innovate must not be discouraged, because our aim is to preserve the competitiveness of the European economy and safeguard jobs. And consumer protection policy must not be schizophrenic, because we meet the same consumer, in other circumstances, in his different guises of citizen, employee and taxpayer. In particular, if I may say so, we do not want a work creation programme for insurance companies, for Lawyers (forgive me, I am a lawyer myself), for courts, for grouse and for vexatious litigants. When we talk of the producer's liability we have to realize, after all, that what we mean is the liability of the whole body of consumers, because everyone here agrees that the producer must be able to insure himself. We should therefore be very careful to ensure the level of protection is not excessive because the cost would obviously have to be paid by the consumer, I mean by consumers as a body. I should like to remind the House that the rich consumer can select from a broader spectrum of consumer goods and therefore has a greater influence on the need to take out insurance, thus driving prices upwards. The social consequences of this must be borne in mind.

I would therefore request the Council to consider the following points. Strict liability for compensation might perhaps be applied only on a subsidiary and supplementary basis, where the person suffering the damage is unable to claim or secure compensation in any other way. That could apply, for example, to sellers, to producers, and to public and private insurers. One might also consider — please forgive my rapid delivery, but I have to make full use of the short time available — the proposed right to compensation (which has to be calculated down to the last penny in court, of course) as no more than an appropriate figure. That would allow greater account to be taken of the overall circumstances and therefore of the effects of the damage in each individual case. Poorer claimants would thus be better treated, because the

more affluent could end up empty-handed or with next to no compensation.

Parliament has also added a useful limiting provision to the directive, namely that on contributory negligence. In my opinion, however, the provision is too loosely worded. It refers back to national law and therefore fails to achieve the objectives which the harmonization of legislation is supposed to aim at.

The directive could also exclude trivial damages from the area covered by the producer's liability. That would seem to be socially justified and could also substantially cut insurance costs to the advantage of all consumers.

Trivial damage might be defined as damage of such a nature that the person suffering the damage might be reasonably expected to bear the cost in view of his economic capacity and the limited amount of the damage considered in relation thereto. Such a provision would also protect us against a further distortion of thinking with regard to claims for compensation when the aim is no longer protection but pecuniary advantage.

I would remind you of America where, we are told, the consumer whose health is damaged is advised not to consult his doctor but to consult his lawyer instead.

There also seems to be a need to improve paragraph 1 of Article 2 of the directive, which imposes the same liability on the producer of a component as on the producer of the whole product. This can lead to a very unfair situation.

It has been proposed in this context (for example by the German Bundestag) that the producer should be liable only if the product is defective in itself and does not acquire the defect through its connection with the end product. This must apply all the more rigorously in view of the joint and several liability of the producer of the component as laid down in Article 3. This means that under certain circumstances he can be the first in line of liability for the whole amount of the damage suffered. The directive regrettably leaves it to national law to apportion the liability as between the persons who are jointly and severally liable. Harmonization at a European level would have been better here. And now a word on the guarantee fund. It has been claimed that the fund would be over-complicated, expensive and of no advantage to the consumer, according to the proposals put forward by the Christian Democratic Group, in the event of the producer's bankruptcy or inability to pay, since we do not, at has already been pointed out, have any form of obligatory insurance arrangements, and it should also be used, in our opinion, when the upper compensation limit is exceeded. It ought, furthermore to be used to help the producer when he has done all in this power and particularly if he can produce official confirmation that he

Luster

has used the correct methods of manufacture and correctly processed the raw materials incorporated in the product. If the fund were managed as part of the producer organizations' own resources it would be very economical, because producers controlling their own affairs will take preventive measures to safeguard quality. We are therefore very pleased that, although we were unable to get the fund proposal accepted we have at least ensured the insertion of this provision in paragraph 2 of the motion for a resolution.

And now a brief word on the insurance aspect. Here the Commission was asked to carry out cost studies. These were requested by the Committee on Economic and Monetary Affairs in particular. What the Commission has done, Mr Davignon, I would describe as inadequate. We have a note from the General Secretariat of the European Committee of Insurances, Paris. That, to me, is like asking the brewers whether drinking beer is a good thing! The note appears to contain inconsistencies into the bargain. It is stated — I refer to paragraph 4 of Annex I to Doc. 71/79 — that the insurers would offer the necessary cover without a significant increase in general production costs. In paragraph 11 we are told, however, that the insurers in the Community, do not have any experience of strict liability of the type provided for in the directive.

At a conference held last year, an insurance expert on the board of the Gerling concern in Germany summarized the position as follows. 'As to the question of what is the total outlay that the producer has to allow for, on the basis of this hotchpotch, I can give no answer. To my knowledge, industry itself has not carried out any statistical surveys of expenditure under this heading. The estimates of expenditure on the prevention of defects at the production stage vary between 1 and 10 % of turnover and 20 or 30 % in exceptional cases.' It should be remembered, moreover, that these are not insurance costs, but fall under the heading of product safety.

It would have been appropriate, if I may say so, in conclusion, to take a closer look at the insurers' assertions in the light of figures in America: 50 000 cases at the beginning of the 60's 500 000 in 1970 and 1 000 000 recently. In money terms, these figures represent claims for 500 million dollars in the 60's, 12 500 million dollars in 1970 and now 50 000 million dollars.

I would conclude with the following observation. We are emphatically in favour, in principle, of consumer protection and the directive before us. But our aim is to ensure protection rather than to bring in, by the back door, in inordinate increase in the costs charged to the consumer.

(Applause)

IN THE CHAIR: MR DESCHAMPS

Vice-President

President. — I call Mr Sieglerschmidt.

Mr Sieglerschmidt. — (D) Mr President, ladies and gentlemen. All the Groups who spoke after the representative of the Socialist Group — with the exception of the Communist speaker — claimed the credit for improving the Commission's proposal by their suggestions. Now, it seems to me that if the Groups were instrumental in improving the proposal, there is something very odd going on: either the claims that improvements have been made are wrong, or there is remarkable unanimity among all the parties, for it is hardly conceivable that the proposals would coincide in this way.

I believe Mr President, that these amendments have generally reduced the value of the Commission's proposal rather than improved it. I certainly did not regard the Commission's proposal as ideal, but even if some points in it required improvement, it still largely reflected the need to harmonize European law in an important area of consumer protection to the best possible advantage of the consumer, given the legal situation in the Member States.

It is not the time, Mr Riz, that we are breaking new legal ground in the Community with the principle of strict liability. The principle has been regularly applied in the French and Belgian courts for many years, and in Germany it is applicable in some sectors.

What will happen then if the principle of liability irrespective of fault is introduced by this directive? It does not mean — and I would like to emphasize this again quite clearly — that every time damage is caused by a product the manufacturer will have to pay; what it does mean is that he can pass on the cost of the damage to the buyers concerned via his insurance.

Mr Luster challenged the figures submitted by the Commission. But these are not only the Commission's figures; there are German figures which more or less correspond to those submitted by the Commission. Even if a representative from Gerling had made the remark you quoted, Mr Luster, I would still like to say that, just as one swallow does not make a summer, this remark has not changed my view that, as of now, everything indicates that we will manage with very low rates, which will scarcely constitute a burden for the consumer, assuming these low costs — which are less than one *per mille* — are passed on or have to be passed on at all by the producer to the consumer.

All that is being done here — and in this respect, I agree with those who say that the producer is not in fact liable — is to spread the risk, which have disastrous consequences for a single buyer who purchases a defective product, over all the buyers of this product.

Let me just add a word about this fund. I will not dwell on the fears which I share, that this would mean

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bureaucracy. I would just like to make it clear that I simply do not find it justifiable to pass on to the general public, the taxpayers — and this is what such a fund would do — the costs arising from the risks inherent in a particular product.

I cannot see why the risks arising from the purchase of — and I will take the example of something particularly hazardous — fireworks, should be met from a fund and that a taxpayer who has never bought fireworks in his life, and who has no desire to buy them, should, in practice, also have to pay. It is too easy simply to pass the cost on to the taxpayer.

Mr President, I do not want to exclude the possibility — hence the mention of this in the motion for a resolution — of reconsidering the matter if it should really become apparent that the insurance premiums payable are much higher than those assumed by the experts of the Commission, but let us be wary of expanding the bureaucracy, with its concomitant dangers. I believe then, that the principle of strict liability brings advantages to the consumer, because every consumer, even if he has never yet suffered from such an incident, which can lead to very unpleasant personal injuries, has to reckon with the possibility of one day being as affected.

Why, therefore, have the producers opposed this Commission proposal, when they can, if necessary, pass on the costs? I think that one thing should be made quite clear. Without strict producer liability, the consumer can, in the event of a cause of action arising, sue the producer through the various courts and is, of course, then in a much stronger position than if he had to face an insurance company, which has the legal weapons normally available to a business in such a case. I understand that the producers want to avoid these difficulties, but I do not understand why a whole series of members of the Legal Affairs Committee from different Groups attempted, unfortunately partly successfully, to undermine the principle of strict liability and above all, to introduce constructions, which I fear could lead to confusion in court, instead of than clarifying the situation as they claimed.

Even less do I understand Mr President, why there has been this debate in the Legal Affairs Committee as to whether Article 100 is applicable or not. I fully grant that the objection of the British Conservatives is one of principle, and will only allow myself the comment that, as regards the interpretations of the Community Treaties, fundamental reservations are to be found not only on the left of the British spectrum but also on the right, as this example clearly shows. However, what I cannot understand is that, judging from the discussions in the Legal Affairs Committee, there were also members whose attitude to Article 100 apparently

depended on whether the result — i.e. the directive — suited them personally or not. In my view such opportunism is quite out of place in dealing with such a vital Community question as whether Community law can be based in a dynamic and *communautaire* manner on Article 100, or whether it must be interpreted restrictively.

Mr President, the outcome of all this — as various speakers have pointed out — is a compromise. The principle of strict liability is no longer completely protected, and I especially regret that the clause on development risks has been removed, for I predict that this will give the courts some very knotty problems to solve. If the manufacturer argues that the state of the art at the time was such that he couldn't know, how is the consumer in fact to prove the opposite, if in reality, the manufacturer's evidence is not quite so convincing as he claims?

Then there is the argument of industry's capacity to innovate. But those who raise this objection are contradicting themselves. They point to the enormous sums awarded in damages in America as a result of the principle of liability for defective products. But are they really saying that these allegedly intolerable awards for damages have reduced the innovative capacity of American industry? Where are the data to support this? Surely this is absolute nonsense!

Mr President, I shall nonetheless vote for this proposal in its present form, only because, as I see it, it would be unreasonable for the work on this important directive to be interrupted, presumably for a year or so, which it is what would happen if it were passed on unfinished from this Parliament to the new one. I believe therefore that everything should be done — even though I have misgivings — to ensure that the Commission and the Council can pass this directive without delay. Let me say quite frankly that in this instance I trust the wisdom of the Commission and Council to find a way to put this directive into effect to the best possible advantage of the consumer.

President. — I call Mr De Gaay Fortman.

Mr De Gaay Fortman. — (NL) Mr President, the only reason I have asked for the floor after hearing all the previous speakers is because — after the discussions in the Legal Affairs Committee, which I thoroughly enjoyed taking part in — I really want to make it quite clear that I regard the proposal before us now as a good and fair compromise. This — as we have already heard — is thanks to the wisdom and patience shown by the rapporteur, who I am pleased to see is with us today; but we also owe a vote of thanks to Mr Davignon for his subtle sense of give-and-take in his dealings with the Legal Affairs Committee, and hence with this House. It is a pity

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that Mr Davignon's colleagues do not all exhibit the same degree of cooperation in their dealings with this House.

Mr President, there are two points I should like to make, the first of which concerns Article 100. How anyone can persist in claiming that this directive, as drafted by the Commission and in the amended form given in the Calewaert report does not accord with Article 100 is a mystery to me. It is something that is quite simply beyond my comprehension. I realize that there are economic and social reasons for objecting to the content of the directive, but to claim that it does not accord with Article 100 is, in my opinion a legally untenable position.

The second point I want to make concerns the new second part of Article 1, which has already been referred to by Mr Sieglerschmidt. I cannot agree with Mr Sieglerschmidt on this point. In my opinion, this article leaves the principle of liability irrespective of fault intact, and simply introduces a nuance as regards the development risk. Let us not forget that, if the burden of proof is reversed, the producer will have to prove that his product could not be considered defective in the light of the state of scientific and technical development at the time when the article was put into circulation. I think this strikes a good balance between the interests of the producer and the consumer.

President. — I call Mr Davignon.

Mr Davignon, Member of the Commission. — (F) The first thing I should like to do is to thank the rapporteur, Mr Calewaert, for his patience, open-mindedness and imagination, which have enabled the Commission to cooperate in what I think is an exemplary manner with the Legal Affairs Committee on this question. I should also like to thank the President of the Commission — who is not with us today — not only for agreeing to having this subject placed on the Commission agenda whenever necessary, but also finding the time to produce a new proposal which I have now introduced on two occasions in this House. On the first occasion, we came up against a very serious economic problem concerning the risk which this new legislation would place on the producers, as a result of which we worked out this provisional system of maximum liability. On the second occasion, we were able to find a wording which met with the approval of the Commission.

Mr President, I shall resist the temptation to reply in kind to the criticisms which have been made here today of this text because, in the present case, it would be unfair to do so, not because of the stature of the European Conservative Group's representative, but because of the job he has been called upon to do here today. It will give me greater pleasure to explain to his

colleagues that what I said in committee was misunderstood, which is why I shall remain silent on this point.

Let us get down to facts. When I was entrusted with this matter after the Commission had produced this proposal in its initial form, I realized that we should have to strike a balance between all those elements which together make for good legislation. I do not believe in legislation which affects only one section of our people. I do not believe in legislation which affects only consumers, or only manufacturers, or only workers. I believe that good legislation addresses itself to the majority of those who have an interest in a particular matter, and this is the kind of legislation I thought we should strive for. We in the Commission asked ourselves a number of pertinent questions.

First of all, was it right for the European Community to tackle this subject? I must say that I was very surprised to hear someone take us to task for thinking that we can do better than the others. We certainly do not think we can do better than the others; we simply do not think we always have to be quite as bad as the others. That is a fact. We do not regard the habits and traditions which have become rooted in Europe or in certain countries over a period of time as sacrosanct if there is an alternative which is superior to the present state of affairs. If we take the view that we cannot change anything at national level simply because it has been around for a long time, Europe will not have much of a future. We do not, however, think we know everything or that we are, by definition, capable of doing everything better.

We then went on to ask ourselves what was the nature of the problem, assuming that we should start by looking at things from an economic point of view? What guarantee does a producer have of being in a position to benefit from a truly common market if he has no advance knowledge of the kind of obstacles and difficulties he is likely to encounter in the various countries? I should like to draw your attention to something we have all witnessed, namely the imagination shown by all the Member States of the Community — without exception — in making subtle administrative arrangements to ensure that their national producers are given priority on the national markets. Every one of the Member States is guilty of this kind of behaviour, and administrative imagination is allowed to run riot, with measures ranging from the formal requirement to place the even years on the left and the odd years on the right do indicate that the products are different and have to be checked twice over. I am convinced that when it comes down to matters of safety — and such is the case here — we cannot make the whole range of administrative machinery available to the Member States on the pretext that this will work to the advantage of the consumers, when in fact it is simply used as a bogus means of protecting a country's interests in a situation of uncertainty.

Davignon

I therefore believe that it was right for the Commission to put forward a proposal in this matter. I believe that from that moment on, this House must assume its full responsibility in legislative questions like these. A lead has already been given by the Legal Affairs Committee. What we are concerned with is not the Commission draft and its effects, but to decide what kind of legislation would be right and proper in the light of Members' experience of their own national legislative systems, the needs of Europe and of what we can achieve by acting in unison. Exactly the same kind of thing happens in the national parliaments, where it is precisely texts of a statutory nature which are most heavily amended between the time they are proposed by the executive and the time they are approved by parliament.

It is not so much budgets which get amended as general legal texts, which give rise to a great deal of detailed work and a large number of amendments. This is in the nature of a parliament's legislative functions. The fact that we have now twice made substantial amendments to this text to take account of various interests clearly shows that this House did not think the Commission was doing this for its own pleasure, but that it was meeting a real need. I cannot understand the attitudes adopted by a large number of the spokesmen for the political groups in the course of today's discussion, to the effect that no one had responded to their main concerns in the course of the debate. Since these particular concerns depend on the special characteristics of national legislation or of a complex legislative system like this one, which is still only taking its first tentative steps, they want to be sure that we are not getting off on the wrong foot.

The most striking thing about today's debate is that most people seem to feel that we are not getting off on the wrong foot. I think it important — and I am rather sorry that Mr Scott-Hopkins did not make this point — that we set up this supervisory procedure so as to combat all the existing disadvantages and risks, and there are plenty of them, in a field in which we are for the first time passing binding legislation at Community level. Of course, it is all very well to sign the Strasbourg Convention, but that implies nothing more than an obligation to ratify as soon as national legislation is in line with the convention.

We only have to take a look at the number of signatures, and the small number of ratifications, to realize the problem we are facing. We have drawn inspiration from the Strasbourg Convention, and we have in the course of our work — as is pointed out in the report — brought out the points of contact. On some of these points, we have been somewhat less rigorous than the Strasbourg legislation, because this is the only way we can get things moving on a general front.

I should like at this point to thank the political groups for their cooperation in enabling us to agree on a text in good time.

There are just two more remarks I should like to make, the first of which concerns Article 100. My apologies to his House, but I must say that I find this whole debate on Article 100 totally incomprehensible. I take the same view of this matter as the previous speaker. If you are not particularly enamoured of this draft, either because it does not offer sufficient protection, or because it goes too far, all well and good. This draft is not without its faults, and it is quite legitimate to object to the actual substance of the proposal. But to claim that Article 100 does not apply when it was conceived specifically for this type of harmonizing legislation and to enable the internal market to function effectively seems to me to be completely wrong. I go along with Professor Masullo on this. I believe that Article 100 does apply here because of the distortion resulting from national legislation in this field. You gave us one example of this, so let me take another. In the Federal Republic of Germany today, producers have strict liability in the chemical and pharmaceutical industries, and are obliged to take out insurance accordingly. In Italy, on the other hand, there is no such obligation. This means therefore that the cost of building a factory varies greatly from country to country and the further we proceed along the road to the kind of multiple-obligation legislation referred to just now by Mr Luster, the more point there would be of course in locating a business undertaking in one place rather than another.

Let me add that if we follow the advice we have received from various quarters and concentrate on national legislation — the Commission, incidentally, expressed interest in the creation of a risk-sharing fund — just try to imagine the situation of an undertaking in a Member State where the risks are spread by means of a public fund set up by the government compared with a similar undertaking in another Member State where these benefits do not exist. If that isn't a distortion, I don't know what is, and if you do not want to face facts, then I, for my part, cannot acknowledge that there is no legal problem.

Over and above this, there is what I consider to be the complementary problem — that of consumer protection, which is one of the Community's main concerns. It will be up to this House to decide whether this aspect is essential or merely secondary to the general provisions. On a more specific point, we shall of course continue our discussions with Parliament on this subject; we shall keep you informed of developments, and I give you my word that we shall keep you posted on the discussions which are now about to get under way between the Commission and the Council. The Commission has no intention of letting the Council sit on this matter. On behalf of the Commission, let me say that, in twelve months' time, either we shall have cleared his matter with the Council, or we shall tell this House that the Council

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does not want to achieve harmonization in this field. In that case, we shall have to get together to decide what should be done, leaving the Commission free to take legal action on any infringement of Community rules in any of the Member States.

I should like to make it quite clear to Mr Broeksz that, after three years' work with this House to produce something which accords with democratic principles, we shall not tolerate a policy of words without action. We shall keep the appropriate committee of this House informed of how our work is proceeding with the Council and if, in a year's time, we have still not solved the substantial — as opposed to the detailed — problems to do with this directive, we shall report back to Parliament to see what should be done and what position this House should adopt in the light of the non-implementation of a directive which Parliament has thought fit to adopt in its present form.

Finally, on the question of development risks, I should just like to say that in this five-year interim period, the right kind of policy is the one that is now enshrined in the directive, in other words, reversal of the burden of proof. As a result of this, where damage has been suffered without a wrong being proved, the onus is not on the party suffering the damage to prove that damage was in fact suffered with or without development risks, but on the producer to prove that he did not commit a wrong and that his product could not have been any different, bearing in mind the state of technology at that particular moment. For the time being, I think this can be regarded as a fair compromise.

Mr President, we often hear the allegation that the work of the Community does not concern real people and that we tend to work in a rather abstract and woolly manner. I believe that today we have steered a successful course between the Scylla of intolerable bureaucratic interventionism and the Charbybdis of insecurity-provoking vagueness.

It is quite clear that, over the next few years, we are going to see important developments in this field, and we have limited its scope somewhat so as to concentrate people's attention on it at Community level and not at national level. This means of course that quite a few improvements will have still to be made.

I believe therefore that the manner in which this subject has been tackled — by a general acceptance that individual preferences would have to be subordinated to a precise and specific first step forward affecting a large number of people — was exemplary

I should like to thank Mr Calewaert once again for the cooperative attitude he has shown in making the relevant texts available to the Commission. I should also like to thank the political groups for agreeing to work with us in tracing the relevant texts, and I should like

to express my special thanks to our closest collaborators, Mr Riz, Mr Schwörer, Mr Broeksz and Sir Derek Walker-Smith, who promised — without prejudice to the Council's ultimate legislative powers — to submit to the Council texts which had been formulated in conjunction with Parliament, on the understanding that these texts would be definitive, and not simply proposed to the Council under the terms of Article 100. I think we can be satisfied with what has been achieved.

(Applause)

President. — I should like to thank you not only for the clarity of your remarks — which, coming from you, does not surprise us in the least — but also for the two formal undertakings you have given to this House. Firstly, you said you would not allow the Council to sit on this draft directive, but would make sure that they begin discussing it very soon. Secondly, you have undertaken to keep us regularly informed of how this debate with the Council is progressing and, if need be, to look with us in a year's time at what ought to be done.

There are many Members who have already launched their election campaigns and who will be grateful to you for having stressed the extent to which we, by this debate, have replied to those who think that the Community does nothing to contribute to the creation of the much longed-for Europe where people come first.

I call Mr Calewaert.

Mr Calewaert, rapporteur. — *(NL)* Mr President, I should just like briefly to thank the various speakers in this debate and the Member of the Commission for their kind words. I have just a few more comments to make at the end of this debate.

Firstly, I do not think I need urge the Members of this House to approve the report and the directive as amended by the Legal Affairs Committee. I believe that this was an important job of work and that we have thus shown that we do concern ourselves with real, tangible matters. The only point that is still causing some dissension is that which has prompted Mr Scott-Hopkins's two amendments on the applicability of Article 100.

Mr President, I am now the third person who has spoken here today — the Member of the Commission and Mr de Gaay Fortman being the others — who finds this amendment incomprehensible. I just do not understand what Article 100 could be taken to mean if it does not apply to this matter. I wish someone would tell me where I am going wrong. I assume that the honourable Member does not want Article 100 applied for political reasons. That is one possibility. But if that is the case, I wish he would say so and not claim that Article 100 does not apply for legal reasons, because that is calculated to get any lawyer's back up.

President. — I note that no one else wishes to speak.

The motion for a resolution and the amendments which have been tabled will be put to the vote this afternoon during voting time.

The debate is closed.

5. *Manufacture, distribution and use of pharmaceutical preparations*

President. — The next item is the debate on the report (Doc. 664/78), drawn up by Mr De Keersmaecker on behalf of the Committee on Economic and Monetary Affairs, on the

manufacture, distribution and use of pharmaceutical preparations.

I call Mr De Keersmaecker.

Mr De Keersmaecker, rapporteur. — (NL) Mr President, in view of the time I shall make my introduction as brief as possible. You all know that we have conducted a long and thorough debate on this subject in the Committee on Economic and Monetary Affairs. The report which I have drawn up on this motion for a resolution is in fact the third version on the same subject. I must admit that this problem fascinated me because it concerns one of the cases in which it is no longer possible to take adequate action at national level owing to the problems involved in this sector. Furthermore what Mr Davignon said about the previous resolution is eminently applicable to this also, namely that this is a problem which vitally affects people personally.

Since this is a case for Community action, what the Commission and the Council must do is exhaust all the possibilities available under the Treaty to allay the misgivings which we have tried to express in the motion for a resolution in this report. More particularly there are two areas in which action must be taken. Firstly, competition and, secondly, the creation of a Community market and free trade in products in the pharmaceutical sector.

In the first area, that of competition, during the many meetings of our committee most of the members, who throughout recent years have witnessed considerable concentration of supply in this sector, expressed their concern at the narrowness of the supply structure. And it goes without saying that this concentration of supply gives rise to the fear that abuses in this sector, with regard to the competition aspect alone, may be considerable. We have also included this point in our report and have called on the Commission to be very vigilant, particularly since it is obvious that, should any abuses come to light, action on a European scale is necessary. Furthermore the proceedings and this is also something we have stated in our report — which the Commission has initiated under Articles 85 and 86 in order to put a stop to infringements, show that

it has had and still has this matter in mind. We have a long list of cases in which the Commission has taken action right up to the present day.

The results achieved by the Commission should not, however, prevent even greater efforts being devoted to finding even more effective means of tackling these abuses. There is, among other things, the whole range of problems concerning transfer prices, which we discussed at length in committee. We drew special attention to this by means of an amendment which was adopted by a large majority. At the same time attention was fixed more firmly, ladies and gentlemen, Mr Davignon, on the restrictions imposed on the Commission in its application of Articles 85 and 86 as a result of the interpretation of these Articles by the Court of Justice. This is explained in points 7 and 8 of my explanatory statement. We have also called for special attention for the problem of concentration in this sector and have asked the Council finally to approve the Commission's proposal on the control of mergers between undertakings which was dealt with years ago by Parliament.

Paragraphs 6 to 11 of the motion for a resolution deal with the problem of price fixing for pharmaceutical products. The scope for abuse in this sector is all the greater in view of the low price elasticity, which has to do with the social security policies which operate in this sector in almost all Member States. Furthermore the burden of the high prices resulting from the social security policies is ultimately borne by national budgets which in some cases are themselves already ailing. It is therefore absolutely necessary, at national level, for the price control policies to be applied as far as possible and, at Community level, for use to be made of all the means available to the Commission, such as control and supervision. The policies in force at national level must be in line with the provisions of the EEC Treaty.

In this connection we have drawn attention to a reference to this incompatibility with the provisions of the Treaty in a recent report by Professor Ernst Joachim Mestmacker entitled 'Die Vereinbarkeit von Preisregelungen Arzneimittelmarkt mit dem Recht der Europäischen Wirtschaftsgemeinschaft'.

If what is stated there is correct, the Commission ought to investigate it and report to Parliament on its findings.

I should like to add a few words on the price fixing situation at European level. Our statements about competition rules also apply to this. We urgently need an analysis — I would almost go so far as to say a comparative study — of the price situations in the various Member States, from which the Commission must be able to extract as much information as possible, which must subsequently be analysed and examined, particularly with regard to the groupings and undertakings which are likely to have to contend

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with mergers on a very large scale or with considerable price differences. We realize that this is only possible if the national price control bodies can be asked for information, and since we know that a few questions may well crop up on this subject, we are asking for an effort to be made to achieve better cooperation and coordination.

With regard to the second aspect, that of the establishing of a Community market in pharmaceutical products, I can be briefer. This does not mean that it is less important, rather the opposite; we know that there are quite a lot of both economic and administrative differences standing in the way of the achievement of free trade in pharmaceutical products. A first step has admittedly been taken by the introduction of a European licensing system which provides for a uniform set of rules for the issue of licences and for criteria, but applications still have to be made in each Member State separately. This entails huge delays; administrative red tape is no stranger to this sector either. And what is more, allowance must also be made for the additional costs and especially the delays involved in obtaining such licences! Applications have been made for such licences with a five-year waiting period!

We are well aware that either a Community solution must be found in the form of a Community licence — but the Commission has raised serious objections to this — or there must be a very simple administrative procedure by which licences granted are automatically valid in other Member States. It is only by adopting one of these solutions that we shall come any nearer to our objective.

Lastly, in an earlier version of my report we also dealt in detail with the important problem of advertising and information. This has now been left out because the Commission told us that it was drawing up a new proposal on the subject. We should like to ask what stage it has reached.

In conclusion, Mr President, I should like to repeat that the present version of the motion for a resolution, and more particularly that of Article 1, is the one I defended as rapporteur during lengthy discussions aimed at reconciling the different points of view. It is the text which was finally adopted by 16 votes with 2 abstentions; I would therefore ask Parliament to adopt these proposals in their present form.

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

Lord Ardwick. — Mr President, as Mr De Keersmaecker has said, this is a subject of very great interest to every citizen of the Community, and my own particular group, the Socialist Group, has been very deeply concerned about it over a number of years. It is on

behalf of that group that I want to move an amendment which argues, first of all, that it is essential to have greater transparency of information, particularly in the pharmaceutical industry, in respect of transfer prices, and also expresses my group's fears that excessive prices are being charged for some medicines with excessive and unjustified profits as a result.

Excessive profits are deplorable in any circumstances, and so are excessive prices, but they are particularly deplorable when they are related to the health of the citizen. I may say that over this long and rather controversial and difficult subject Mr De Keersmaecker has shown himself to be a most courteous and helpful rapporteur. He could not succeed in the end in reconciling two groups which had been arguing in committee; I do not think it was due to lack of any diplomatic skill on his part, there was a division of opinion, and that is why there is this one amendment, the amendment before you today, which was moved and lost in committee.

Now I must call attention to the fact that the committee's resolution in Mr De Keersmaecker's report derives originally from two initiatives coming from the Socialist Group in 1975 and 1978. Twice the Socialist Group launched an initiative on this problem, and of course it was only after long and difficult meetings in committee that the report was established. The Socialist Group can support pretty well all the points in it, but I would particularly want to stress, first of all, the need of the Council to take a decision on the regulation for the control of concentration in all industries, which has been lying gathering dust in the offices of the Council these last seven years: we should be much better equipped to investigate the pharmaceutical industry, where the tendency to concentration is so strong, if the Council had taken action on this matter. I want to draw your attention to the importance of action in the field of prices: we demand surveillance of prices in all the national States, not just in some of them. We also believe that there is a need to control advertising — but of course we shall hear more about that later — in order to deter excessive self-medication for one thing, and for another to keep down the general costs of medicine.

Now I come to the problems which particularly concern the Socialist Group: concentration, prices, profits and the lack of transparency. Now the Commission has been in conflict on more than one occasion with this industry, most notably with the famous Hoffmann-La Roche firm, who, I think, are the chief producers of vitamins throughout the world. The Commission in fact took action on the dominant position established in certain markets and imposed fines. There was an appeal against the fines, but the European Court of Justice in Luxembourg has, I think, recently found in favour of the Commission.

Lord Ardwick

In its latest report on competition, the Commission has published some interesting facts on concentration in industry which generally seem to indicate some correlation between the degree of concentration in an industry and the level of prices. Of course, this provides no irrefutable proof of the existence of excessive profits, but it does establish a presumption which requires investigation. In the more or less recent past, facts have from time to time come to light which show there is a danger of excessive profits. Some years ago, the Sainsbury report in Britain and, more recently, the report of an investigation in Canada concluded that some European pharmaceutical products were over-priced.

Now, as the rapporteur has shown, the miniature hearing held by the Committee on Economic and Monetary Affairs — there were only two witnesses, thought they were both very good and important ones — did not furnish proof of excessive profits. Yet one of the two experts did show that in his experience the chemical industry's profits from pharmaceuticals did seem to be very high. If this is so, why is there no convincing evidence? Well, of course, it is because these big firms find it very easy to conceal their financial arrangements and the public authorities, both at the Community level and at the national level, are not sufficiently well equipped to conduct systematic investigations into their suspicion of unfair prices.

One of the experts was absolutely explicit on the subject. He said that it would be only possible to get irrefutable proof about excessive prices in the pharmaceutical sector by a precise analysis of how the company determined its prices. One of the most important factors in determining prices is research. Research is essential. But my group wonders whether all the research undertaken is really justified on the grounds of public health. How many research projects are superfluous? How often do they fail to throw any new light on national products they are developing? Besides, is it not a fact that firms constantly cite research costs to justify high prices and wide profit margins? That is to say, research costs are used to justify prices and profit margins. But surely this is often a way of accounting for expenses which have only a remote connection with real research.

The report, I am afraid, has had to leave open almost as many questions as it has been able to answer. It rightly calls for a major attempt to obtain information. Big firms ought to be compelled to publish their accounts so that they can be compared, at least at Community level. While, of course, it is necessary to respect business secrets, the big firms could at least be obliged in the very near future to lift the veil on their very substantial promotion costs, which, of course, include advertising.

If they do not behave in a generally acceptable way in a field which is so fundamental to the well-being of

citizens, there will be an irresistible demand in some countries for nationalization. In fact, political partners in certain countries have already put the nationalization of such firms high on their list of programmes to be adopted should they ever come to power.

One word more on transfer prices, which the rapporteur discusses. Most of the big pharmaceutical firms are multinationals and it is impossible to believe that transfer prices do not play a central role in their pricing policy. It will be necessary to take action on a Community scale in order to check the enormous competitive advantages which the big companies enjoy thanks to the increasing concentration in this sector. Small and medium-sized firms, with which we are so much concerned in this Parliament, are at the present time subject to unfair competition, and it is high time that somehow proper measures were taken to deal with it.

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

Mr von Bismarck. — (*D*) Mr President, ladies and gentlemen, I should like first of all to comment on this amendment on behalf of my Group. Lord Ardwick, you have tabled and moved an amendment on matters which have already been dealt with very thoroughly and objectively in committee, where agreement was reached on virtually all points. What is now being proposed is in our view simply superfluous because paragraphs 3, 6 and 9 contain all that need be said to ensure that the necessary measures are taken in this highly complicated market to make Articles 85 and 86 of the EEC Treaty fully effective.

I am afraid — and this would amount to a compliment if it came from your party — that you are slipping in a bit of ideology here, an ideology which becomes all when you say that you think the big firms do everything wrong and the little ones do everything right.

I should like to warn you against conducting a witch-hunt against profits. What would that achieve? Two things which I am sure you do not want. One consequence — and in this motion for a resolution we are seeking expressly to authorize the Commission to proceed against it — would be to accelerate the trend towards concentration. Concentration is the result of inadequate average profits and excessive difficulties created by the authorities. Small firms ask larger ones to buy them because, with their small administrative set-up, they simply cannot cope any longer with all the official formalities which exist today. The only reason there is talk of excessive profits is that some people have too little information and see ghosts in the darkness of this lack of information. In actual fact, there is considerable competition between these firms, competition which centres on the quality of research.

von Bismarck

The first consequence of your witch-hunt would thus be to encourage concentration. The second one would be far more dangerous. The best brains which we need to do the research would be driven away, and once there is no longer any money to be earned in industry and that becomes common knowledge — as is already the case to some extent in my own country — the risk that research workers will head for more profitable climes is extremely great. The biggest problem facing firms today is that of finding research workers with real skill, imagination and initiative, but these will not stay long if they are afraid that the firms are no longer going to provide the necessary research funds.

You must get things in perspective: if a firm spends ten million a year on research and after ten years is fortunate enough to discover a new substance, it will have spent one hundred million. This sum must be passed on to the prices of the other products which have been on the market for a long time. All this means that a completely different method of costing is necessary, indeed indispensable, wherever research has to be done. That, Lord Ardwick, is the aim, and not to make money. On the contrary, the objective for all of us is that pharmaceutical means should become available to combat illnesses in future generations, and that is why research has been conducted hitherto. I can only warn against bringing ideology into the discussion. This amendment actually serves only one purpose, namely to introduce an emotional note in the form of references to excessive profits, of which ample and objective account has already been taken in the report.

Therefore, on behalf of my Group, I should like to ask the House to reject this amendment.

For the rest, we are pleased that attention has been drawn to a few weak points. Five years ago the Commission submitted a proposal to the Council on merger control. Five years have now elapsed without the Council taking any action. This is a very important point, and the longer the delay in dealing with it, the more difficult it will be later to take the necessary decisions. We therefore welcome Mr De Keersmaecker's report. We welcome the painstaking way in which the subject has been tackled and urge you to take a very close look at it before resorting to measures which will achieve the opposite of what you think you can achieve by them.

In actual fact the pharmaceutical industry has been an untold blessing for us all as is shown by the fall in mortality. The only reason for this fall in mortality is that the industry employed research workers whose achievements were later chanced on the market. And we should continue to encourage this! When competition is given free rein it is profit and loss which really determine the actions of firms. In a free market economy, the profit motive is the only way of

ensuring that the best is done in the best place and at the right time.

President. — I call Mr Davignon.

Mr Davignon, Member of the Commission. — (F) Mr President, the Commission is pleased to see a motion for a resolution on this subject before Parliament today. The report and the motion for a resolution explain the subject particularly well. Mr De Keersmaecker has taken a great deal of care in making this report easily understandable for those who have not been able to follow the work on it throughout. In an area like that of pharmaceutical products, we are faced with a situation which is constantly changing and therefore calls for a continuing dialogue.

Which are the points which most require action by the Commission? First of all, with regard to competition policy, the Commission's position on the application of Articles 85 and 86 of the Treaty is clear and well-known. The steps we have taken with regard to these large firms are sufficiently well-known and have sometimes been given the sort of publicity which was not in line with our original intention. This at least proves that our action has produced results.

On the question of concentrations between undertakings, I would prefer it if Parliament were to stimulate the Council rather more actively instead of just 'urging' it. We have put our proposals forward and we must defend them. The Council will take note of this resolution among the others, in the second item on its agenda, immediately after adopting that agenda. It will note Parliament's resolutions without paying attention to whether it is urged or not. I should therefore be glad if Parliament would ask the Council how it proposes to act, since that is what the inter-institutional dialogue is all about.

On the question of prices, the Commission's position is as follows. We consider that the pharmaceutical industry is an industry like any other with the important difference that, since it is an industry whose activity affects people's health, direct government involvement in it is infinitely more important than in any other sector. This involvement has nothing to do with ideology or the type of economy: it is up to the State to protect the health of its citizens. Thus it is normal that the situation of the pharmaceutical industry is rather different from that of other industries. But we are working in liaison with the pharmaceutical industries and, what is more, have encouraged them to organize themselves at European level to facilitate this dialogue and so that we can get to know their problems and tell them what we want.

Greater clarity and more information are desirable, but we do not think that there is any reason to point an accusing finger at the pharmaceutical industries as if they were carrying on an irresponsible activity based

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solely on the profit motive. I feel that when we look at what the pharmaceutical industry represents in the Community in the context of industrial policy, we have grounds for nothing but satisfaction. It is an industry which occupies an important position, is competitive and continues to devote large sums to research, both for medical reasons and in order to keep up with major competitors. We feel that in making these various industrial adjustments dictated by circumstances, we must ensure that the industry remains healthy, competitive and active and creates growth in the Community.

It is an important point, but it does not mean that no questions need be asked. And we do ask questions on prices, transfers and the free movement of pharmaceutical products, since a competitive industry must be able to be competitive within the Community as a whole. That is why the Commission, on the basis of Article 30, has taken very specific action whenever the prices of pharmaceutical products have, for example, been kept at an artificially low level in certain Community countries in order to prevent imports, with the State subsidizing the differences. Thus there has been a great deal of activity to encourage the free circulation of pharmaceutical products, and clear and specific action has been taken on prices. I shall omit the question of agreements, since I referred to it a moment ago when talking about competition policy. We must also find out more about price formation and transfers in the context of this industrial information I referred to a moment ago. We shall return to this question, since, as you know, the Commission has given an undertaking that, through its Committee for Proprietary Medicinal Products, it will put forward new proposals on these various questions before the end of 1980. It is our intention to launch a very broad debate on this topic before making our proposals, since the information must be broadly disseminated. I shall have a chance to deliberate with Parliament's Committee on Economic and Monetary Affairs, in liaison with the other standing committees, on how best to involve Parliament in the various information campaigns which we shall be conducting in connection with our forthcoming proposals for 1980. This task will be tackled at the end of this year or at the beginning of next year. The Commission welcomes and supports the resolution in its present form because it covers all the main points. The Commission will assume its full responsibilities and take vigorous action in the fields of competition policy, the free circulation of pharmaceutical and health protection for consumers and citizens. It will see to it that this industry, which is indispensable for the economic well-being of all of us, remains internationally competitive. As for the work to be completed by the end of 1980, I shall be putting suggestions to the Commission concerning its involvement in our joint deliberations, which will entail studies, and probably hearings, to enable us to put forward our proposals before the end of 1980.

President. — I call Mr De Keersmaeker.

Mr De Keersmaeker, rapporteur. — (NL) Mr President, I shall be very brief. I thank the House and Mr Davignon for their appreciation of this report. I note Mr Davignon's views on the desirability of a possible approach by Parliament to the Council with regard to mergers. I think this is worth considering. We were also pleased to hear the Commissioner's views on the motion for a resolution, particularly with regard to the resolve to make full use of the Commission's entire potential in this matter. With regard to the amendment by Lord Ardwick, I should like to repeat what I said in my introduction, namely that I urge the House to adopt the text in its present form.

Mr von Bismark outlined the thinking of the Christian-Democratic Group, but from the point of view of pure logic, as applied by the majority of the committee, I should like to point out that the concern we all share with regard to the main issue is being dealt with by an amendment to Article 1 and an addition to Article 3. At the risk of having to start all over again the discussion on the main issue — on which there was in fact a difference of opinion — and probably failing to arrive at a solution, I think that the compromise I proposed should be satisfactory. For otherwise we shall get caught up again in the discussion. In our opinion, Lord Ardwick, what Mr Levinson and Mr Tiefenbacher said during the very interesting hearing only lends weight to our view. We realized then that it was impossible to accept the general allegations.

The second point of our general discussion concerned profit, on which there are of course differences of opinion. If you ask my opinion on the argument over the word *excessive*, I think that in the present circumstances and in view of the share of each industrial sector — and I would go so far as to say of each firm individually — enough profit can never be made. Profit is still a barometer of a firm's or a sector's state of health. Of course only on condition that this happens — and it was our task to examine this — in a context of normal competition, and that the profit is properly entered in the accounts and normally taxed. And I would go so far as to say: only on condition that these profits are also put to proper use. Anyway, I should like to urge the House once again not to restart this endless discussion and to be content with the fair compromise we have reached in the motion on what is specific to this sector. Our misgivings have thus, in my view, been correctly expressed, and this view is shared by Mr Davignon.

President. — I note that no one else wishes to speak.

The motion for a resolution and the amendment which has been tabled will be put to the vote this afternoon during voting time.

President

The debate is closed.

The sitting will now be suspended until 3 p.m.

The House will rise.

(The sitting was suspended at 1.55 p.m. and resumed at 3.10 p.m.)

IN THE CHAIR: MR ADAMS*Vice-President*

President. — The sitting is resumed.

6. Question Time

President. — The next item is the second part of Question Time (Doc. 52/79). We proceed with the Questions addressed to the Commission.

At its author's request, Question No 15 by Mr Fitch has been postponed until the May part-session.

I call Question No 16 by Mr Seefeld¹:

Despite the increase in transfrontier travel by cars in the European Community, legislation relating to the punishment of traffic offences still varies widely from one Member State to another. The possibilities of enforcing foreign judicial decisions in this sphere are very limited. This repeatedly results in the authorities and officials concerned having to devote an excessive amount of time to enforcing the courts' decisions. We therefore ask the Commission:

What proposals does it intend to submit to the Council of Justice Ministers with a view to the earliest possible approximation of legislation in the Community relating to traffic offences?

What measures will it propose to supplement the European Convention on the Punishment of Road Traffic Offences of 30 November 1964, with a view to ensuring that foreign judicial decisions in this sphere are duly enforced?

Mr Burke, Member of the Commission. — Amongst the objectives pursued by the Commission in achieving a common transport policy, the improvement of road safety is one of paramount importance.

In this context, the Commission laid before the Council in August 1972 a proposal for a directive concerning the harmonization of laws relating to the driving licence. This included a solution to the problem raised by the honourable Member by three possible means:

Firstly, by the introduction of a national reference index of drivers. Under Article 10 of the proposed directive, each Member State would have set up such an index system listing licence-holders who had been prosecuted and would have sent to the other Member States all information contained in the file, thus allowing a coordinated system with regard to persistent offenders.

Secondly, by the suspension of a licence by a Member State other than the one in which it was issued. Article 11 authorized a Member State to suspend within its frontiers the licence of a holder coming from another Member State if the offence resulting in suspension was committed in its territory. The suspension was to be notified by means of a stamp on the driver's licence.

Thirdly, by the fixing of uniform rules to allow an objective assessment, by means of indicating figures, of the seriousness of the offences as well as by definition of the conditions for suspension or withdrawal of a driver's licence. The fixing of uniform rules on this subject was considered indispensable by the Commission as much from the point of view of road safety in general as from the point of view of equality of treatment. It is also a precondition of the establishment of an effective European index of drivers.

When these provisions were discussed at Council level, they were considered premature and were removed from the proposal. The Council took the view that it was more important to achieve mutual recognition of licences and the creation of a single Community licence before looking for harmonization in the treatment of traffic offences. The Ministers of Transport discussed the proposal for a directive at the sessions of December 1977, June and November 1978 and again in February 1979, but failed to reach agreement on its adoption. The Commission can only regret that all further action on this subject, in the sense envisaged by the honourable Member, is for the time being suspended.

Mr Seefeld. — (D) Much as I thank you for the information you have provided, and much as I support what the Commission has done in this field, I should nevertheless like to point out, and ask whether you agree with me, that the introduction of a common driving licence would in itself logically demand substantial approximation of the laws covering driving offences since what would be the use of a common driving licence granted on the basis of the same criteria, if offences were dealt with differently in the various Member States. Therefore, I should like to ask you once more what you can do to ensure that an approximation of the legislation on traffic offences is introduced as soon as possible, i.e. immediately after the introduction of the common driving licence. I feel the two are connected.

¹ Former oral question without debate (Q-148/78), converted into a question for Question Time.

Mr Burke. — In reply to the first part of the supplementary question, I think it can be deduced from the answer which I have given that I agree with the honourable Member that the three points that I have made should be included in any further elaboration. But facing the question realistically and realizing the difficulties that exist in the introduction of the driver's licence, I would have to suspend for the moment my judgment on the matter except to give a general indication that when the driver's licence has been put through then I will be open — or reasonably open — to suggestions from the European Parliament which might be put before the Council. At the moment, though — and we must be realistic — we are making very little progress in this matter: I think it is crying shame, and I would like to indicate to the House that I value the support of Mr Seefeld given unstintingly in this matter over the years.

President. — Since their authors are absent, Question Nos 17 and 18 will receive written replies¹.

Question No 19 by Mrs Krouwel-Vlam will not be put. The author of the question will, however, have the right to speak first in this morning's debate on the same subject.

Since their authors are absent, Questions Nos 20 to 26 will receive written replies.¹

I call Question No 27 by Mr Pisoni for whom Mr Fioret is deputizing:

It would appear that Member States have still not been notified of the Commission's Decision of 22 December 1978 concerning the second series of European Social Fund contributions for 1978. Can the Commission justify this delay and indicate what steps it intends to take to prevent any recurrences?

Mr Vredeling, Vice-President of the Commission. — (NL) Whilst taking this opportunity to say how glad I am that I have in fact been given a chance to speak, so there was at least some point in my coming to Strasbourg, I can say in answer to this question that the decisions approving the second 1978 series of applications for European Social Fund contributions were taken by the Commission on 20 December 1978.

It is, however, true that the Member States were not notified until 12 March 1979 and the main reason for this delay is that a number of technical modifications still needed to be made to the decisions adopted by the Commission, in the light of additional information with which the Commission had been provided by the Member States involved. As regards what we intend to do to prevent further delays of this kind — since they are extremely undesirable — the departments of the Commission intend amongst other things to ensure that the decision on the second 1979

series of applications for aid from the Social Fund are taken by the Commission by July at the latest after which it should normally be possible to notify the Member States of them during September. Furthermore, I can inform Parliament that we have taken steps aimed at improving coordination in our cooperation with the Computer Centre in Luxembourg and making more efficient use of the available computer facilities.

Mr Fioret. — (I) We can only hope that something comes of the assurances the Commissioner has given us.

Mr Patijn. — (NL) Will the Commissioner tell us whether there is any possibility in 1979 of establishing any cooperation between the Social Fund and the other Community Funds, such as the Regional Fund and the Guidance Section of the Agricultural Fund? Do you have anything like this in mind, or is there no prospect of anything of this kind in granting aid from the Social Fund this year?

Mr Vredeling. — (NL) If the honourable Member will be patient and wait until Question 37 is called, and provided the author of the question is present, I will be able to set his mind completely at rest. However, I can inform him at this stage that the Commission has a sort of pilot-project in the pipeline for cooperation between, or coordinated utilization of, aid from the various funds.

As you will see from the answer to Question 37 by Mr Bettiza, this trial will involve the granting of special aid to Naples.

President. — I call Question No 28 by Mr Noè for whom Mr Jahn is deputizing:

Could the Commission explain why it has taken no account of Parliament's vote of 12 September 1978² excluding the application of the directive on commercial agents to intermediaries in the aviation sector?

Mr Burke, Member of the Commission. — (F) Despite the opinion of the European Parliament, the Commission has not excluded intermediaries in the aviation sector from the application of the proposed Council directive on commercial agents. The intermediaries in question are, according to the European Parliament debates of September 1978, travel agents who sell air tickets. This exclusion did not seem necessary since, as it happens, the agents in question are already excluded by virtue of the fact that they do not correspond to the definition of commercial agent given in Article 2 of the proposal for a directive, under which the agency is obliged, under the terms of a contract, to negotiate and/or conclude commercial transactions in the name and for account of the principal. Now, agents selling air tickets are practically never under an obligation to take steps

¹ See Annex.

² OJ No C 239 of 9. 10. 1978, p. 17.

Burke

with a view to selling tickets for a particular airline. On the contrary, they are free to choose between various airlines in accordance with the wishes of the customer. Furthermore, there would have been little point in explicitly excluding travel agents from the field of application of the proposal for a directive when they were selling air tickets and not when they were selling tickets for other means of transport.

Nevertheless, the Opinion of the European Parliament drew attention to the general problem of travel agents and their activities. It has emerged from contacts with the relevant professional bodies that travel agents are generally not subject to the obligation provided for in the definition of commercial agents according to Article 2 of the proposal for a directive, since they are not obliged to take active steps in favour of companies, be they airlines, railway companies or tour operators. On the contrary, they must, in the interests of their customers, have a free hand as regards the transport companies or tour operators in question. However, in certain rare cases travel agents in fact operate as commercial agents subject to this obligation. In these cases, they would not be excluded from the protective measures provided for in the proposal for a directive.

President. — Since its author is absent Question No 29 will receive a written reply.¹

Question No 30 is postponed until the May part-session.

Since their authors are absent Questions Nos 31 and 32 will receive written replies¹.

I call Question No 33 by Lord St Oswald :

In view of the continuance and possible extension of the 'outward processing' system for some European textiles, together with certain other disturbing trends, will the Commission undertake to keep a strict control over the imports of textile products, under the new Multifibre Agreement, and ensure that levels of imports laid down for individual countries and products will, under no circumstances, be exceeded?

Mr Haferkamp, Vice-President of the Commission. — (D) As you know, the Community has concluded 25 bilateral agreements pursuant to the Multifibre Agreement. These agreements came into force *de facto* on 1 January 1978. Judging from experience to date, the Commission feels that the results are satisfactory and that the necessary administrative measures taken by the Member States are operating effectively. Last year's results and import levels support what I have just said. The agreements we have concluded in this field are subject to the relevant Community regulations governing origin; consequently if products manufactured outside the Community are subject to the Community rules on origin, including the quantitative restrictions contained in the agreements, the

quotas for these products must be observed. In addition, the Community has conducted negotiations outside the Multifibre Agreement with countries with which it has preference agreements. In these cases too there are quantitative restrictions on the imports of textile products, including products for processing.

The Commission has made a proposal to the Council concerning the processing trade in textile products with those Mediterranean countries with which we have preference agreements. In these proposals, processed products based on raw materials or semi-finished products of Community origin are put on an equal footing with products manufactured outside the Community, and these too should, according to this proposal, be covered by quantitative restrictions. I should point out that processing products of Rumanian, Yugoslav, Polish and Hungarian origin are not covered by the same rules as laid down in the Multifibre Agreement. However, these are covered by quantitative restrictions, partly under the national legislation in the various Member States, including the United Kingdom. The Commission intends to make proposals to cover this kind of Community trade in textiles too.

Lord St Oswald. — While thanking the Commissioner for that answer, I should also like to thank through him his colleague, Mr Davignon, for the thoughtful, lucid and very helpful letter which he wrote me on the subject, a letter which, I may say, will enable me in the future to disabuse some of my compatriots of the picture they had of the faceless Eurocrats. For that, also, I am grateful.

I have one fairly small supplementary question which the Commissioner may well consider somewhat hypothetical, but it is said that large quantities of textile machinery are being exported under new agreements to the People's Republic of China and, if this *vast* country enters the field of textile production and export, what effect does the Commissioner think it would have on the position of textile producers in the Community and what measures could be taken to protect them?

Mr Haferkamp. — (D) This is really two questions which I should like to answer separately. Firstly, I should like to point out quite generally that, since the Community exports machinery — textile machinery in this case — we must at some point be paid for these exports. This is part of our livelihood. We must see that exporting is not a one-way affair but we must at some stage import goods into the Community in return. I merely wanted to make this general observation. Secondly, as regards the question of textiles in connection with the People's Republic of China, we are currently conducting negotiations with a view to concluding a textiles agreement with that country, in which it is our intention to achieve a result which is

¹ See Annex.

Haferkamp

in the interests of both parties, i.e. one which would provide access to our market but at the same time take account of the difficulties facing our textiles industry.

Mr Dewulf. — (NL) To what extent have the GATT agreements just concluded reaffirmed the Multifibre Agreement or substantially modified it?

Mr Haferkamp. — (D) The Multifibre Agreement has not been affected by the recent discussions on the general GATT regulations. One of the most important considerations in our negotiations on customs tariffs under GATT was that, as the tariffs are dismantled, textiles should be treated in such a way as to take account of particular difficulties facing this industry within the Community.

Lord Bruce of Donington. — Will the Commissioner give the House an assurance that the Commission is prepared to investigate the pressures to which the European textile industry is being subjected by the provision of finance from United States, United Kingdom and German sources for the textile industries in Hong Kong and in Korea, where the labour costs are running at approximately one-eighth of those in the Community, and will he give the House an assurance that, when he has made this investigation into the extent of the European financial commitment in these countries, he will publish the findings for the information of the House?

Mr Haferkamp. — (D) The very purpose of the negotiations conducted under the Multifibre Agreement and elsewhere, as I have described, was to protect the European textile industry from the effects of areas where the production conditions are exceptional, and we have laid down the quantitative restrictions with which you are familiar. It will not be an easy matter, I think, to get a detailed picture of the financial situation, i.e. the extent of direct or indirect Community involvement in textile-producing countries throughout the world. This will not be completely possible — we can try and get a certain idea of the situation but I cannot promise a complete picture. I think the vital thing is to attempt to protect those sectors — and I am not only referring to the textile industry — which find themselves in particular difficulties as a result of sudden increases in exports, by means of trade-policy measure within the framework of the international arrangements. I do not think that access to the details of the financing of one sector or another represents a solution. Nevertheless, we can try and clarify the matter to a certain extent.

President. — Since its author is absent, Question No 34 will receive a written reply.¹

I call Question No 35 by Mr Dondelinger, for whom Mr Scott-Hopkins is deputizing:

¹ See Annex.

Does not the Commission consider that the sexual mutilation inflicted on 30 million African women, which has aroused the justified indignation of feminist movements in Europe, makes it even more essential to include provisions on the protection of basic human rights in the new Convention of Lomé?

Mr Davignon, Member of the Commission. — (F) The attention of the Commission has frequently been drawn by certain organizations to these barbaric African and Arab practices. It informed the organizations in question that it shared their indignation and could well understand public opinion, particularly amongst women, on these matters. The Commissioner responsible, Mr Cheysson, has frequently expressed his views publicly on these practices, particularly during a conference to which he had been invited.

As I see it, we must really consider two questions when faced with this problem. On the one hand, there is the question of the violation of human rights, and we have proposed to the Council — this matter is still under discussion — that they should see to it that the question of human rights is included in the Convention with the ACP countries when freedom is involved. On the other hand, there is the opposition to these traditional rites which incur our justified indignation in view of the terrible attack on the dignity of women which they constitute.

However, in the case of matters such as these it is more difficult to condemn them in political terms than when it is a question of the violation of human freedom. In the case of these practices, we can attempt to bring about changes, i.e. we can try to change the socio-cultural climate of these countries and to make a major effort at the level of education with a view to changing the mentality of the people. It is a question of influencing opinion and this is why the Commission was encouraged by the World Health Organization conference in Khartoum a couple of weeks ago to take steps in this direction.

Certain feminist organizations have written to us that they fully understood the risk of a public campaign on this matter and one of them stated that they were aware that ultimately discrediting the practices would be a lengthy process which would require their patience, and that they would have to cooperate with the progressive forces in these countries with a view to encouraging them to change the mentality of the people.

These are the lines along which the Commission will continue its efforts to eliminate barbaric practices of this kind.

Mr Scott-Hopkins. — Is there not a case in these final stages of the negotiation of Lomé II for consid-

Scott-Hopkins

éring whether one cannot introduce into these negotiations a declaration by these countries that they will make every effort to respect the dignity and the rights of man, without writing it into the Treaties, which, I accept, in these particular circumstances would be difficult? Since he himself has mentioned his fellow-Commissioner, Mr Cheysson, would he not deprecate the letter which Mr Cheysson sent to Mr Nkomo congratulating him on the barbarous attitude and the barbarous attack which guerilla troops carried out in Rhodesia, causing the mutilation of many women, and commiserating with Mr Nkomo on the damage which occurred? That letter really has done a great deal of damage: will he deny it in the name of the Commission now?

Mr Davignon. — (*F*) To the basic question of the extent to which we wish, in agreement with the Member States, to assure ourselves, in the context of the negotiations with the ACP countries that human dignity and the fundamental human rights are part of our common heritage, my answer is that we will try to do something in this direction. As regards the more specific point you mentioned, I shall inform my colleague of what you have said and I have no doubt that he will make a point of replying directly.

Mr Dewulf. — (*NL*) This is at least the twentieth time we have discussed the question of human rights and the Lomé Convention here in Parliament. Could the Commission tell me explicitly whether it has formally requested a specific negotiating brief in connection with human rights and Lomé II?

Mr Davignon. — (*F*) Parliament is perfectly familiar with the Commission's proposal to the Council regarding the Lomé negotiations and what it said to the Council regarding the need to ensure that human rights are dealt with in the course of these negotiations.

Currently, joint negotiations are underway between the Council, the Commission and the countries of the Lomé Convention. However, no agreement has yet been reached between the Community and the ACP countries regarding either the appropriateness of including a reference to human rights or the way in which this could be done. The negotiations are underway, which shows that the question of human rights is included in the Commission's negotiating brief.

Mr Patijn. — (*NL*) In his answer to the same question here yesterday, Mr Bernard-Reymond said on behalf of the Council that he did not intend to spend too much time on this question, since European women would not understand it either if African women were to protest against the plastic surgery which European women undergo.

May I ask whether the Commission shares the Council's view as reflected in this absurd comparison

between the barbaric attitude to women in Africa and plastic surgery in Europe?

I hope it does not.

Mr Davignon. — (*F*) I am a little surprised at what Mr Patijn has just said, though he was no doubt speaking on behalf of the Member for whom he is deputizing.

In my view, it is somewhat insulting to confuse the sexual mutilation of which Mr Dondelinger is speaking and any other practice aimed at repairing the ravages of time.

(*Laughter*)

Mrs Squarcialupi. — (*I*) I wish to express my agreement with what the Commissioner has said regarding the need for far-reaching changes in the social and cultural climate in which these things are practised, and I should like to point out in this connection that, when the Commission proposed minimum standards for the protection of workers in the ACP countries receiving financial aid from the Community, it overlooked the problem of maternity. Women in these countries go from one pregnancy to the next, there is a high infant mortality rate and the women suffer and have enormous difficulties to face. We should make a start on protecting pregnant women in the African countries, the developing countries, with a view to promoting their social and cultural development. Does the Commissioner therefore think it possible to extend these minimum standards to cover women too?

Mr Davignon. — (*F*) I think, Mrs Squarcialupi, that when the Commission made proposals to the Council — which the latter did not, incidentally receive with any particular enthusiasm — concerning the need to regard the preferential treatment which might be granted by the Community, as conditional upon the respect of a number of conventions which already exist at international level, we referred to these conventions which were negotiated under the ILO and which refer specifically to work carried out by men, children or women.

It was precisely because we did not wish to give the impression that we were inventing a new system which only applied to the Community that we referred to the work of the ILO, i.e. to these conventions which most of the States have signed. We are only asking that the minimum standards provided for in these conventions be observed. For this reason, Mr Cheysson and the Commissioner responsible for social affairs, Mr Vredeling, are in constant contact with the ILO.

Mr Seefeld. — (D) Mr Davignon, I am sure I speak for us all when I say that I have listened with great interest and was pleased to hear you explain that, in principle, you share the views of all of us here. However, might I ask you once more to take a close look at the last two lines of Mr Dondelinger's question and urge you, in connection with the forthcoming Lomé Convention, not just to say what you want and what your intentions are, but perhaps, if possible, to tell us here whether the problem mentioned by Mr Dondelinger was in fact a subject of negotiation with the ACP countries? How did they react to it? What positions have so far been adopted on this matter? Could you clarify this point please?

Mr Davignon. — (F) I can explain the situation quite clearly. In our talks with the ACP countries we deal with the problem of the most flagrant violations of basic human rights in the context of certain rights specified in the communication from the Commission to the Council, proposing that the Council discuss them with the ACP countries. This chapter does not specifically deal with the question as put by Mr Dondelinger, but this does not mean that we are indifferent to it. Indeed, we are trying to solve the problem by means of the two approaches I have just described, i.e. our participation in the conference with a view to explaining why we regard practices of this kind as intolerable, and our aid with a view to bringing about changes in the environment, situation and customs in such a way as to make practices of this kind appear as intolerable to the world as a whole as they appear to us now.

President. — I call Question No 36 by Mr McDonald for whom Mr L'Estrange is deputizing:

In view of the requirement of Article 27 of the Staff Regulations that officials should be recruited on the broadest possible geographical basis from among nationals of Member States of the Community, what steps are being taken by the Commission to ensure that Ireland is adequately represented in such recruitment?

Mr Tugendhat, Member of the Commission. — The Commission does its best to ensure that its competitions for recruitment are fully publicized in all Member States. In Ireland, this means that notices for such competitions are published in four newspapers, the *Irish Independent*, the *Irish Press*, the *Irish Times* and the *Cork Examiner* as well as in the specialist press where this seems to be appropriate. The Information Office in Dublin is also alerted. Unfortunately, our experience is that, despite these efforts, the number of candidates coming forward for our competitions in Ireland has not risen for most competitions. Although in some cases lack of sufficient knowledge of a second Community language has been a handicap, I must confess we are at the moment somewhat at a loss as to why it is that we do not seem to be

able to attract more Irish men and Irish women to come forward to take our competitions.

Mr L'Estrange. — The Commissioner states that the Commission is doing its best; but is he aware that, overall, very few Irish nationals are employed by the Community and that in some grades there are no Irish nationals at all? Can he give assurances that Irish nationals are not being discriminated against in favour of nationals of other Member States? Will he take steps to ensure that Irish nationals, particularly those serving in Grade D, will be given permanent contracts and not passed over in favour of nationals of other countries recruited at the same time?

Will the European Parliament's administration honour its undertaking to establish an Irish parliamentary usher currently employed in that Institution?

With regard to the Commissioner's statement that, although notices have been placed in the Irish press, candidates have not come forward, is he aware that when a vacancy was being filled at the Dublin Information Office experienced officials serving in Parliament have been ignored and that Irish journalists interested in the post have not been given the opportunity of competing for it in an open competition?

Mr Tugendhat. — As far as the Commission is concerned, I can certainly give the honourable Member an assurance that citizens of Irish nationality will certainly not be discriminated against, but I must also tell him that they will not be discriminated in favour of...

Mr L'Estrange. — No, I am not asking for that either.

Mr Tugendhat. — ... But it is very important for me to make the point that the way in which our Staff Regulations work in the Commission (and I can speak only for the Commission, I cannot, of course, speak for the parliamentary administration, to which the honourable Member referred) our rules are quite explicit and no form of discrimination is possible or permissible. People who feel that they are discriminated against have recourse to law. We are very worried in the Commission that *some* nationalities are under-represented: the Irish are under-represented, the British are under-represented, the Danes are under-represented and so are the Dutch. We have a number of other nationalities who are rather over-represented.

One of the reasons why some nationalities are under-represented is that insufficient candidates come forward. That is a basic problem and it is certainly a problem which we are facing so far as the Irish are concerned. We are very anxious to bring the deficit countries up to scratch, but we cannot do this by discriminating in favour of them and we do wish very

Tugendhat

much that more Irish men and women would come forward for our competitions.

Mr Jahn. — (D) Do you not agree that, in selecting from applicants for employment in the Commission, the fundamental principle must be that applicants from all countries should be of equal ability, and that we should not merely be concerned with employing the various nationalities in appropriate proportions?

Mr Tugendhat. — I certainly believe that. I think that the examinations, the competitions which people take part in order to get into our service are absolutely impartial and absolutely objective.

President. — I call Question No 37 by Mr Bettiza, for whom Mr Patijn is deputizing:

In the context of the Community's regional policy and the planned transfer of resources from North to South under the EMS, is the Commission considering measures to assist the Naples port sector, its urban transport system and its inadequate health and sanitary infrastructure?

Mr Vredeling, Member of the Commission. — (NL) As I was recently able to inform the honourable Member, the Commission intends to support an integrated operation to help the Naples region. This is a new kind of operation in which Community funds and instruments are used in areas where the conditions are such as to permit an optimum combination of large-scale investment with a view to increased employment and rationalization by means of the combined use of national and Community financial resources. These integrated operations represent a qualitative step forward in the use of the Community intervention policy instruments which coincides both with the recent quantitative and qualitative development of the Regional Fund and with the transfer of resources provided for under the European Monetary System. Contacts between the Community and the national and local authorities with a view to defining more precisely the investments to be made as part of the integrated operation in Naples have already produced positive results, and the competent local authorities have already made a series of investments and carried out infrastructure work which it will be possible to include in this operation. The investments cover, amongst others, those sectors mentioned in the question put by Mr Bettiza, for whom Mr Patijn is deputizing.

Mr Patijn. — (NL) I should like to thank Mr Vredeling for the extremely fortunate action that has been taken in this situation. May we assume from this operation that the Commission also intends in the future to devise projects itself in the context of its integrated funds programme and subsequently make proposals to the national authorities with a view to establishing a joint project? And does this mean that the Commission no longer needs to wait for national or local authorities to notify it of projects which would

subsequently be eligible for subsidies? This would mean that the Commission's right of initiative would be established for the future.

Mr Vredeling. — (NL) The Commission always has a right of initiative — I would not have thought we needed to make any special decision on this matter. It is indeed true — at any rate the implication of the honourable Member's question is correct — that, in the area in question, i.e. the city of Naples, the Commission has taken initiatives.

I should point out that the procedure for applications for aid from the various funds is not always the same. I am personally most familiar with the Social Fund procedure. In this case, we must always wait for the Member States to take the initiative of applying for aid. This is, of course, the official procedure, but there are other ways in which a stimulus can be provided. However, these vary from one fund to another. The interesting thing about an integrated approach is that it automatically leads to what the honourable Member desires, namely that it is for the Commission to take the initiative which will encourage the competent authority, particularly the local authorities — this is very important — but, the national authorities too, to submit the integrated applications.

Lord Bruce of Donington. — Is the Commission aware that the resources made available annually to the Regional Development Fund, even when supplemented by the resources available from the European Investment Bank and from the new EMS facility, are grossly inadequate to deal with the imbalances between the poorer sections of the Community and the richer?

Is he further aware that even if the whole of the obscene sum of 1 500 million u. a. per annum spent on storing food mountains which are produced for intervention rather than for use, were devoted to the City of Naples it would only partially alleviate the problem of that great city? And will the Commission undertake in future negotiations with the Council whose parsimonious attitude is well known in these matters, to press, in the next succeeding preliminary draft budgets of the Commission, for the allocation of sums to the Regional Development Fund that measure up in some way to the needs of the poorer sections of the Community? Will he further inform the House when the Commission proposes to pass its official observations on the report, which has been gathering dust on the Commission's desk for the past two years?

Mr Vredeling. — (NL) My answer to the first part of the honourable Member's question is yes since the Commission too regards the financial resources available at Community level as inadequate for the purposes of a serious regional policy. This is indeed true.

Vredeling

The other questions, in my view, were more matters for the Council than for the Commission. Is it true that, in questions of budgetary expenditure, the Commission usually proposes more than the Council grants, which is a fairly permanent state of affairs although in my own field it has happened that the Council proposed a higher figure than the Commission, which was a pleasant surprise for me. What we are talking about here, however, is an improvement by making use of what the Council grants in a more coordinated and efficient manner, and in a way which more directly involves the local population than in the past. This, in my view, is the significance of our work in this field.

For the rest, the McDonald Report indeed gives an indication of the kind of sums necessary to conduct a really effective policy. Although I am not really responsible for this matter, I think that the Commissioner sitting next to me here found various points he could agree with in the McDonald Report.

Mr Jahn. — (D) I have nothing against Naples and nothing against our Italian friends. The Commission has taken measures to improve the urban transport systems and the inadequate sanitation. In my view, it is reasonable to talk about inadequate sanitation, but if we want to start improving the urban transport systems, what priorities has the Commission drawn up for the cities of Southern Europe or other regions? As I see it, these matters concern firstly the municipal and regional authorities, and secondly the national authorities, since if we try to cover everything, I have no idea, Lord Bruce, where the regional development measures will finally lead!

Mr Vredeling. — (NL) Mr Jahn stated his own view of the matter and did not, I think, ask me my opinion of it. However, I should like to say in connection with his observations that I do not agree that the Community is in no way responsible for the city of Naples, for example. You could also mention other conurbations. Naples is just one example, Mr Jahn, it is not the only project we have in mind. It is, as it were, a trial. However, the view that improving the transport systems in such a large conurbation should be left entirely to the local or even the national authorities — these are major infrastructure projects — is not one which I can go along with since, generally speaking, projects of this kind are carried out with the help of national subsidies, even if the decision-making process is decentralized. This is the case here too. We are not going to make the decisions at Community level. They will still be made at local level and we will help in financing the projects.

President. — Since their authors are absent, Questions Nos 38 and 39 will receive written replies¹.

¹ See Annex.

I call Question No 40 by Mr Nyborg :

Will the Commission state whether Canada and France exceeded the quotas fixed by the EEC for fishing in Greenland waters in 1978 and, if they did, what action it has taken in this matter?

Mr Gundelach, Vice-President of the Commission. — (DK) Mr President, in his question the honourable Member asks whether there has been overfishing in the waters of Greenland by French and Canadian vessels during the last year. No overfishing has taken place.

It is mainly a question of shrimp quotas. France has remained within the quotas allocated, and no boats flying the Canadian flag have done any fishing whatsoever in the waters of Greenland, but Canada transferred to the Faeroe Isles part of the quota which it has been allocated under the agreements.

The amount involved was approximately 200 tonnes. This means that the total quota has not been exceeded, but that some of it has simply been transferred. Transfers of quotas from one country to another — be they within the Community or between the Community and the countries with which we have fisheries agreements — are not irregular, provided they only happen once. However, it is irregular if, as in the present case, the Community — in this case through the Commission — is not informed in advance of the wish to make a transfer. Consequently, we have protested to the Canadian Government regarding their failure to notify us of the transfer and made it clear that we could not accept a similar course of action in the future.

This is not a formality, since if transfers become more common and come to be a permanent feature, this may well be a sign that the wrong quotas have been fixed, i.e. that they are either too high or too low.

Mr Nyborg. — (DK) Mr President, I should first of all like to tell Mr Gundelach that I regret that my question was not put in its original form. However, I should nevertheless like to thank the Commissioner for having understood what I was driving at in the question anyway and answering accordingly.

I should like to put the following supplementary question. If the Commission occasionally allows quotas to be transferred, does it also allow the transfer to be made conditional on the fish being landed in particular ports, and would it not be more sensible if instead, the quotas which countries are unable to fish were shared out among the other Member States of the Community?

Mr Gundelach. — (DK) Transfers of quotas are not normal but, as I stressed, are and must remain an exception. The normal course of action should be the allocation of quotas directly both to countries within

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the Community and to third countries in accordance with fishing agreements. This is not now conditional upon the fish being landed in particular ports, as this would generally represent an uneconomic restriction on the free development of fishing. Occasionally, conditions of this kind have been laid down and we have had to accept them, for example, by the Swedish Government in connection with fishing in the Baltic. This had unfortunate economic consequences for the German and Danish fishing vessels, and we do not wish to follow this course if we can in any way avoid it. What we want is the maximum possible freedom in the fishing industry within the limits set by the quotas.

President. — I call Question No 41 by Mr Christensen :

Which provision in the EEC Treaty has the Commission taken as its legal basis for drawing up a survey of natural and rural amenities in selected regions of the Community, and does it intend to use this survey to draw up plans at Community level for the use of recreational areas ?

Mr Burke, Member of the Commission. — The honourable Member refers to the development of an ecological mapping system whose objectives and working procedures are described in detail in the Community action programme on the environment. The first of the four phases foreseen for this action is presently in its final stage. It will be concluded foreseeably at the end of 1980, by a proposal of the Commission to the Council on an ecological mapping pilot-method which is intended to provide comparable information at Community level on a number of main environmental areas of concern, including landscape characteristics related to recreation. If the Council approves the proposed method, it will only then be decided how the method can be applied as effectively as possible in the Community and the Member States.

Mr Christensen. — (DK) The free right of establishment within the European Community and the fact that Denmark is rich in recreational amenities has led to a certain concern amongst the local populations in Denmark that the planning or the study mentioned here might, in the longer term, lead to full-scale planning with decisions at Community level for the use of recreational areas. For this reason, I should like to ask the Commissioner, as a supplementary question, whether he will assure us that this will not affect the decision-making right of the national, regional and local authorities in any way whatsoever, but that it is only a question of a study into certain recreational and economic resources and that there is no intention to take decisions at Community level or exert pressure on the national bodies concerning the use of recreational resources.

Mr Burke. — I can assure the honourable Member that what is being done is the first phase of the

programme : Title 3, Chapter I, Section 1 of the Community action programme on the environment. At this stage we are involved in a first phase of study, and there is no question now of any attempt to force any national administration to do anything it does not wish. If any proposals are to be made in the future, of course each Member State represented in the Council will have a voice in what may be done. So I would like to give an assurance to the honourable Member in that regard.

Mr Nielsen. — (DK) Can the Commission assure us that the private property rights — which, after all, is what is involved here — in the regions studied will be fully respected, since property owners often feel in various countries, including my own, nowadays that the various planning measures which are currently being carried out do not always take full account of the property rights laid down in our constitution. These planning officials, can also, of course, be influenced by various political forces, such as the questioner's party in my own country, but I should like to ask the Commissioner whether he can assure us that private property rights will be fully respected.

Mr Burke. — What is involved in the programme which is being carried out in these phases — in the first phase or, indeed, to my knowledge any phase — has no detriment to the property rights of any citizen of the Community.

President. — Since its author is absent, Question No 42 will receive a written reply¹.

I call Question No 43 by Mrs Dunwoody, for whom Mr Dewulf is deputizing :

What is the Commission's policy about retrospective legislation which may adversely affect individuals, with particular reference to recent reductions made by the Commission in the pensions drawn by a number of Community officials of all grades who have already retired ?

Mr Tugendhat, Member of the Commission. — The Commission does not think it right to give retroactive effect to measures which may adversely affect individuals. The changes recently decided by the Council in the exchange rates used in the Staff Regulations and consequently in the corrective coefficients as well do not have retroactive effect. Indeed, in the case of pensioners the full effect will be delayed until August 1980. I would remind the Parliament that these changes were needed to bring the exchange-rates used back into line with reality. The new system will put an end to differences due to exchange-rate choices alone which led to an unjustifiable discrimination and thus means that, as originally intended, all pensioners and indeed others concerned are again on an equal basis.

¹ See Annex.

Mr Dewulf. — (NL) Does not the Commission think that it would be advisable to give a certain amount of publicity to this answer in order finally to put an end to the claim that pensions are being retroactively reduced?

Mr Tugendhat. — Possibly there was a misunderstanding in the interpretation. Let me repeat, if I may, Mr President, that pensions are not being reduced and we do not believe in retroactive action. Let me make those two points absolutely clear.

So far as publicity is concerned, Parliament has means at its own disposal for publicity. I have received a great many letters on this point, all of which I have answered. This point has, of course, been the subject of a number of Parliamentary questions, usually with a rather more extensive attendance — for reasons which we quite understand — than at present, and I would have thought that, certainly so far as this House was concerned and as far as the staff is concerned, it would be very difficult to have done more.

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

7. Accession by the Community to the European Convention on Human Rights

President. — The next item is the debate on the report (Doc. 80/79), drawn up by Mr Scelba on behalf of the Political Affairs Committee, on the

accession by the Community to the European Convention on Human Rights.

I call Mr Klepsch.

Mr Klepsch, deputy rapporteur. — (D) I have the honour, in the place of Mr Scelba, who is unfortunately unable to attend because he is being adopted this very day, in Italy, as a candidate for the first direct elections to the European Parliament, to present the report by the Political Affairs Committee, Document 90/79, on the accession of the European Community to the European Convention on Human Rights.

This report stems from an initiative taken by the Socialist and Liberal and Democratic groups of this Parliament. The Political Affairs Committee has largely adopted our colleagues' proposals which, I would emphasize, are also supported by other groups in this Parliament, including my own in particular.

Mr President, ladies and Gentlemen, the report by the Political Affairs Committee is extremely brief. In fact, it consists solely of a motion for a resolution. The explanatory statement could not be completed, translated into all the Community languages and duplicated in the short time available, and I shall therefore take the liberty of reading it to you.

However, let us not be misled. The brevity of the report by the Political Affairs Committee is in abso-

lute contrast with the special and, I would maintain, extraordinary political significance of the question we have to discuss today. I have no hesitation in saying that the debate on this item of the agenda is exceptionally important and constitutes perhaps one of the most crucial discussions that we in this House have conducted on this topic in recent years. Why is this? The question of the accession of the European Community to the European Convention on Human Rights is in the first place on the democratic legitimacy of our institution, a legitimacy which is closely bound up with that already provided by the Treaties establishing the European Communities and that, indubitably more important, which will result from the direct election of our own Parliament.

Our recommendation to the organs of the Community to bring about its accession to the European Convention on Human Rights is but the logical consequence of the structure of the Community. As we all know, the Communities have been given their own specific powers which they exercise either on an autonomous basis or in collaboration with the national authorities in our Member States.

Now the fact is that all our Member States are bound by the provisions of the European Convention on Human Rights. Thus, every legal act on the part of our Member States, to the extent that it represents the exercise of their jurisdiction, can be measured against the norms provided in the Convention on Human Rights. However, in so far as our Member States have transferred certain powers to the Community, and will surrender other powers in future, there has been a reduction in the area in which their exercise of authority is subject to the guarantees provided by the Convention on Human Rights. In fact, as soon as a given area of competence is transferred to the Community it is no longer, at least in the formally, subject to the requirements of the Convention on Human Rights, for the simple reason that the Communities have not yet signed that Convention.

The intention of the foregoing observation, Mr President, was to emphasize that the accession of the European Community to the European Convention on Human Rights is not to be construed as an extension of the powers of the Community. It simply represents the consolidation of the rights of the individual where these rights are directly affected by a Community act or a legal act of a Member State based on a Community decision.

I am somewhat surprised, in fact, that we have not solved this problem long ago. The probable reason, and this I should like to emphasize, is that the Court of Justice of the European Communities, in a very wise and laudable manner moreover, has already drawn on the text of the Convention on Human Rights here and there as source of the general principles of law of the Member States of the Community. But this approach, and this type of judicial safeguard

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alone will certainly not ensure the adequate protection of the individual rights of the Community citizen. Under such a judicial safeguard the area of free decision which is left to the judges is too wide at least as long as they cannot base their judgments on a norm which is binding on all the Community institutions.

It is therefore vital for legal reasons that the Community should fully and unreservedly participate in the implementation of the Convention on Human Rights, failing which there could well develop in Europe an area of law that is beyond control from the human rights standpoint. Our motion is of great political significance for the external relations of the Community. We should not forget that the European Convention on Human Rights is the only common denominator of all the democratic States of Europe, whether members or non-members, and we as a Community should be active in ensuring that in this area, which touches upon the very basis of the constitutional structure and constitutional policy of every organized society, our Community does not, even if only formally, sever its bonds of solidarity with the other democratic States of Europe.

In this world the Community cannot live closed in on itself. The Community is no ivory tower. It has a world around it. In terms of geography and in terms of principle, this political environment is determined, primarily, by the concept of the State common to the free and pluralist States in our part of the world. From this standpoint also, the accession of the Community represent a strengthening of our institutions.

This accession, I would emphasize in view of comments made to that effect in certain quarters, does not signify the accession of the Community to the Council of Europe. Of course, the Convention on Human Rights was drafted under the auspices of the Council of Europe, but there is no doubt that agreements concluded within the Council of Europe by Member States do not constitute formal legal acts of the European Council in Strasbourg in the sense that regulations and directives of our own institutions are legal acts of the Communities. If I may take this thought to its logical conclusion, purely theoretically, I would say that if the Council of Europe...

(The sitting was suspended at 4.25 p.m. owing to a technical breakdown and resumed at 5.05 p.m.)

IN THE CHAIR : MR MEINTZ

Vice-President

President. — The sitting is resumed.

8. *Votes*

President. — The next item is the vote on the motions for resolutions contained in the reports on which the debate is closed.

We shall begin with the *Spinelli report (Doc. 637/78) : Industrial restructuring and conversion operations.*

I call Mr Schreiber to speak on behalf of the Committee on Budgets.

Mr Schreiber. — *(D)* Mr President, I wish to make the following statement on behalf of the Committee on Budgets. Although we are withdrawing our amendments, we are not expecting the Commission to take this as a signal to sit back and do nothing. On the contrary, we urge the Commission to use the resources allocated as soon as possible after the regulation comes into force. The Committee on Budgets is going to watch what the Commission does and of course pay due regard to this in the discharge procedure for the 1979 budget. In order to make possible a unanimous vote by Parliament, on behalf of the Committee on Budgets I withdraw Amendments Nos 2 to 5 and support Amendment No 6, tabled by Mr Pisani and Mr Spinelli. This does not affect the fundamental position of the Committee on Budgets with regard to Article 205 of the EEC Treaty.

President. — I call Mr Aigner to give an explanation of vote on behalf of the Christian-Democratic Group (EPP).

Mr Aigner. — *(D)* Mr President, originally we felt that we should not vote in favour of this Commission proposal, because we were of the opinion that the Commission was properly equipped, even with regard to the financial resources required, to carry out the task in question. However, we acknowledge that it is perhaps easier for the Commission to adopt a certain legal position which Parliament has hitherto adopted. In view of the explanation given by Mr Schreiber on behalf of the Committee on Budgets, I should like to say on behalf of our group that we in fact share the view of the committee. We shall therefore vote in favour of Amendment No 1/rev.

President. — I put to the vote the preamble and paragraphs 1 to 9.

The preamble and paragraphs 1 to 9 are adopted.

On paragraph 10, Mr Pisani and Mr Spinelli have tabled Amendment No 6 seeking to reword the beginning of the paragraph as follows :

Considers that it would be useful, notwithstanding the fact that Article 205 of the EEC Treaty authorizes the Commission to use on its own responsibility the funds assigned to it under the budget, to introduce a Community regulation... (rest unchanged)

I put Amendment No 6 to the vote.

Amendment No 6 is adopted.

I put paragraph 10, thus amended, to the vote.

Paragraph 10, thus amended, is adopted.

President

I put to the vote paragraphs 11 to 15.

Paragraphs 11 to 15 are adopted.

After paragraph 16, I have Amendment No 1/rev., tabled by Mr Meintz on behalf of the Committee on Social Affairs, Employment and Education, seeking to insert the following new paragraphs :

17. Recognizes the vital importance, from the point of view of industrial policy, of action to counter the far-reaching and long-term structural crisis, but considers that, having regard to the scale of the crisis, the importance of a social policy capable of meeting the challenge also needs to be stressed ;
18. Draws particular attention to the need to take into account the social and regional effects of the proposed industrial restructuring projects and to incorporate these into the framework of criteria for the provision of aid on an equal footing with the objective of economic efficiency ;
19. Points out that a regional development policy which promotes new economic activity by unilateral investment in sectors particularly at risk could increase the danger of a transfer of unemployment and thereby place the objective of the projects in considerable jeopardy ;
20. Strongly urges that existing legal and financial instruments should be applied effectively at the first sign of sectoral difficulties in order to prevent further deterioration in the situation favouring the formation of oligopolies by the stronger undertakings and aggravating economic and financial imbalances between the Member States, both developments which would place additional difficulties in the way of a Community social policy, the rudiments of which already exist although it has yet scarcely made itself felt in practice ;
21. Considers it useful in this connection to create an effective mechanism for the coordination of national and Community aid policies in order to ensure that the planned aid does not, as hitherto, serve as a welcome supplement to the budgets for already-planned national projects and thus fail to be effective in the context of a Community structural policy, which must benefit not only the undertakings, but also and above all the workers in the Community ;
22. Urges the Commission to give the trade unions an active role in the allocation of the stipulated aid and to take account of other factors such as the reorganization of working hours and lowering of the retirement age in the context of the measures required for humanizing work ;
23. Calls on the Commission of the European Communities to give an initial indication of whether and to what extent the proposals it has already put forward for the shipbuilding, man-made fibre and steel sectors have begun to show effects and which other sectors, in its opinion, must be given specially favourable treatment in the context of the present proposal ;

I put to the vote Amendment No 1/rev.

Amendment No 1/rev. is adopted.

I put to the vote paragraph 17.

Paragraph 17 is adopted.

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

The resolution is adopted.¹

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President. — I put to the vote the motion for a resolution contained in the *Lagorce report (Doc. 70/79): Code of conduct for Community companies with subsidiaries in South Africa.*

The resolution is adopted.¹

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President. — I put to the vote the motion for a resolution contained in the *Blumenfeld report (Doc. 82/79): Peace treaty between Egypt and Israel.*

The resolution is adopted.¹

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President. — I put to the vote the motion for a resolution contained in the *Deschamps report (Doc. 123/79): Fifth UNCTAD Conference.*

The resolution is adopted.¹

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President. — We shall now consider the motion for a resolution contained in the *Calewaert report (Doc. 71/79): Liability for defective products.*

I put to the vote the first two indents of the preamble.

The first two indents of the preamble are adopted.

On the third indent of the preamble, I have Amendment No 1, tabled by Mr Scott-Hopkins on behalf of the European Conservative Group, seeking to delete the indent.

¹ OJ C 127 of 21. 5. 1979.

President

I put Amendment No 1 to the vote.

Amendment No 1 is rejected.

I put to the vote the third indent of the preamble.

The third indent of the preamble is adopted.

I put to the vote the fourth indent of the preamble.

The fourth indent of the preamble is adopted.

On paragraph 1, I have Amendment No 2, tabled by Mr Scott-Hopkins on behalf of the European Conservative Group, seeking to reword the paragraph as follows :

While recognizing the proposed directive as a contribution to a Community policy for consumer protection, nevertheless feels that it does not meet the requirements of Article 100 of the EEC Treaty.

I put Amendment No 2 to the vote.

Amendment No 2 is rejected.

I put paragraph 1 to the vote.

Paragraph 1 is adopted.

I put paragraphs 2 and 3 to the vote.

Paragraphs 2 and 3 are adopted.

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

The resolution is adopted.¹

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President. — We now consider the motion for a resolution contained in the *De Keersmaeker report (Doc. 664/78): Manufacture, distribution and use of pharmaceutical preparations.*

I put the preamble to the vote.

The preamble is adopted.

On paragraph 1, I have Amendment No 1, tabled by Lord Ardwick on behalf of the Socialist Group, seeking to add at the end of the paragraph the following :

considers it essential for there to be greater transparency of information, particularly in respect of transfer prices, so that statements of excessive profits can be examined more closely.

What is Mr De Keersmaeker's position ?

Mr De Keersmaeker, rapporteur. — (NL) As I said during this morning's debate, I recommend rejection of this amendment for the reason that we have essentially acknowledged concern by altering Article 1 and adding something else, i.e. with regard to the reference to the fixing of transfer prices in Article 3. I would point out that this alteration, which was made in response to Lord Ardwick's concern, was approved by the Committee on Economic and Monetary Affairs by 16 votes to two.

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

Since the result of the vote by show of hands is doubtful, a vote will be taken by sitting and standing.

Amendment No 1 is rejected.

I put paragraph 1 to the vote.

Paragraph 1 is adopted.

I put paragraphs 2 to 15 to the vote.

Paragraphs 2 to 15 are adopted.

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

The resolution is adopted.¹

9. *Accession by the Community to the European Convention on Human Rights (resumption)*

President. — The next item is the resumption of the debate on the Scelba report (Doc. 80/79).

I call Mr Blumenfeld to continue the speech begun by Mr Klepsch.

Mr Blumenfeld, deputy rapporteur. — (D) I shall not go into all the legal questions which must be solved before Community accession to the European Convention on Human Rights. Nevertheless, I consider it absolutely essential to emphasize that the accession of the Community must not and cannot in any way mean that the Community replaces the Member States as contracting parties to that Convention. In other words, the accession of the Community will not result in the creation of a 'super constitution' on questions of human rights in Europe. All we want is for Community legislation to conform to the standards of the Convention on Human Rights, and it is immaterial whether this legislation stems directly from the Community institutions themselves, or from what can perhaps be described as mixed decisions deriving from the interplay of Community and national institutions. This is how the Community's accession must be understood. It thus removes a loophole which would otherwise continue to exist to the detriment of Community citizens not covered by Community measures. The significance of this point is evident, for example, in the area of law relating to migrant workers. There are detailed provisions in Community law covering a large number of legal situations relating to the legal status of migrant workers and their families. Each time a decision which affects the rights of the individual is taken on the basis of these Community standards. It is at present practically impossible to ensure that such a decision complies fully with the requirements of the Convention on Human Rights.

¹ OJ C 127 of 21. 5. 1979.

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When I say that it is almost impossible to check such a measure against the standards of the Convention on Human Rights, I in no way wish to minimize the importance of the supervision at present exercised by the Court of Justice of the European Community in Luxembourg, e.g. when an individual lodges a complaint, on the basis of existing legislation, about a violation of his basic rights. But to return to what I said just now: the Court of Justice in Luxembourg can only take account of the Convention on Human Rights in a very loose way, and it is not in a position specifically to base its decisions on it. Only after Community accession to the Convention on Human Rights will it also be possible for the Court of Justice in Luxembourg to apply the Convention's standards as Community law.

Mr Scelba says that for this reason he believes that the role of the Court of Justice in Luxembourg will be strengthened as a result of accession. The Court has demonstrated its major importance in the past as a guardian of the Community's legal system, and it is intended that this should continue to be the case in the future. It is therefore unthinkable that the Court of Justice of the European Communities should in any way be dependent on or subordinate to the European Court of Human Rights in Strasbourg. Nor will this happen if the Community accedes to the Convention on Human Rights. On accession, the Court of Justice of the Community will be equal in status, where the Convention on Human Rights is concerned, to the supreme court of a Member State.

The Court in Strasbourg, on the other hand, is a purely international Court of appeal which can only play a supplementary role, its judgments being more declaratory than enforceable. At a time when we are advocating the accession of the Community to the Convention on Human Rights, it is probably useful to point out this basic difference between the two European Courts. It is nonetheless imperative, with a view to this accession, that we extend the individual's right of appeal to the Luxembourg Court of Justice within our own legal system, for as soon as we have acceded to the Convention on Human Rights, every direct appeal to Strasbourg must first exhaust the legal channels offered under the internal legal system. Community structures need to be supplemented in this respect, and this is the objective of our proposal in 3 (c) of the motion for a resolution.

In our discussions on this question within the Political Affairs Committee, our rapporteur, Mr Scelba, raised a further point whose importance should not be underestimated. It concerns the position to be occupied by the Community as a contracting State of the Convention on Human Rights. If the Communities acceded to the Convention then they do so in just the same way as any other contracting State. We could not

accept that, for example, the Community should not be able to exercise the right to take action under the Convention. The Community must therefore retain the right not only to be a defendant, but also to bring disagreements with non-member States of the Community on questions of respect for the Convention on Human Rights before the Strasbourg bodies. On the other hand, that should not mean that the Community is thus transformed into a State and is consequently regarded as a Member State of the Council of Europe. The Council of Europe and the Community have totally different objectives. It is therefore not acceptable, for instance, that the Ministerial Committee of the Council of Europe should take decisions as a political body under Article 32 of the Convention on Human Rights which are binding on the European Community. This point should be made quite clear in the negotiations on accession.

Mr President, I cannot conclude these remarks without referring to the work being done by the Commission in Brussels concurrently with our discussions here. I am sure that Mr Davignon will give us more information on this because, if our sources are correct, the Commission has already pronounced itself in favour of Community accession to the Convention on Human Rights in principle. We therefore await with great interest and expectation the Green Paper announced by Mr Jenkins last November. We hope that the Commission will make this Green Paper available to us in the next few days. Our wish is the more urgent since we believe that the Commission memorandum will be a very convincing political and legal plea in favour of Community accession to the Convention on Human Rights. Mr President, I should like to conclude my remarks on behalf of Mr Scelba with one fundamental point. Our intention must be seen in a broad political context. Unfortunately, for some years now we have observed widening differences in the interpretation of the concept of human rights in international organizations. Resolution No 130 of the United Nations which was approved with an overwhelming majority — although not by a majority of the Member States of our Community — gives us an initial indication. Was not the object of this resolution to replace the concept of individual 'human' rights — which is and should be our view — by the collective rights of peoples and nations? This is the question which is being raised. If this what is going on in the international organizations, then we have an even greater obligation to demonstrate to the whole world that, for the European Community, only a concept of human rights which respects individuals' basic rights and right to freedom as an expression of his dignity can be valid and binding. This is the philosophy and the duty incumbent upon the Member States, as well as upon the Community as such. Today more than ever, on the eve of the enlargement of the European Community, it is our wish, and that of Mr Scelba, that Parliament and the other institutions should demon-

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strate to the peoples of the Community and of the world that human rights are our concern.

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

Mr Sieglerschmidt. — (*D*) Mr President, ladies and gentlemen, I must first explain that I am speaking not only on behalf of the Socialist Group but also for Mr Bayerl, who drafted the opinion of the Legal Affairs Committee but is unable to attend. I should like at the outset to ask you, Mr President and the honourable Members, to understand that I cannot deliver the sort of opinion on behalf of the Legal Affairs Committee, which the importance of the subject would have warranted, since I only heard an hour and a half ago that I was to have the great honour of replacing Mr Bayerl. I have no written notes from Mr Bayerl, with the result that I must try to shed light on these complex questions by myself, with due legal thoroughness.

Added to this is the fact that I must now speak in a dual capacity and so I hope that you will understand that I must do my best to separate the opinion of the Legal Affairs Committee and that of the Socialist Group.

As regards the opinion of the Legal Affairs Committee my task is greatly facilitated by the fact that it is probably true to say that both the legal and the political opinions expressed in the report drawn up by Mr Scelba for the Political Affairs Committee are basically in line, from the legal point of view also, with what was debated and finally adopted unanimously by the Legal Affairs Committee. That is to say the Legal Affairs Committee declared itself unanimously in favour of the motion for a resolution tabled by the Political Affairs Committee.

This will be one of the last decisions to be taken here by this Parliament, and I find it very propitious that this should be so because it represents a milestone along the road which the European Community must of necessity take, namely the road away from an economic community in which what mattered most was only the free movement of capital and goods — and I should like to say somewhat pointedly here that manpower was included amongst such goods — to a European Community of the people in which everyone can move freely with equal rights.

For years there has been talk of the need for this development, and the European Council, which I think was then still called a Summit Conference, set up a working party in 1974 to speed up progress in this area. Unfortunately, it must be said that this working party came up with no real results, and this is already being very diplomatic because we have literally received nothing from the Council on this matter. I must add — however much reason I may have to speak positively about the Commission later — that

the Commission did not exactly press and develop initiatives to achieve progress in this area either. Only the European Parliament pressed and demanded time and time again in various resolutions and proposals that progress be made. Now we have a motion for a resolution in which not only far reaching demands are made but with which for the first time practical steps are to be taken. What is basically involved here? I feel it is always important not to have debates which are too technical, but rather debates which the man in the street can understand. The aim is to guarantee the rights of citizens in the Community, irrespective of which Community country they live in. Which rights are we talking about? Civil rights, political rights but also, let me add very clearly, economic, social and cultural rights. Secondly, it is a question of giving citizens the means, if need be, to take actual advantage of these rights or to assert them.

Allow me now to make a few remarks on various points of the motion for a resolution. In doing so I should like, contrary to custom, to proceed not from the greater to the lesser, but from the lesser to the greater, and begin with the right of petition which is mentioned in the motion for a resolution.

Our experience at national level has often shown that it is difficult for citizens to avail themselves of their right of petition, whatever form this may take, to appeal or to file petitions for the amendment of certain laws, and also that he can achieve more in areas which are close to him from a purely geographical point of view, that is in the district, town, city or county in which he lives. And if what I said is true of the various Member States, it applies even more to the European Community.

Thus if we are to make the right of petition to the European Parliament attractive for the Community citizen, we must convince him that he will receive a well-founded reply, and such a well-founded reply is in fact only possible if Parliament has the right to obtain information from the authorities involved. Since, as we all know, the right of petition is laid down only in the Rules of Procedure, Parliament is at present dependent on the goodwill of the parties concerned. This is not sufficient, and sometimes when I look at the answers to petitions I understand why this does not exactly encourage the submission of new petitions and why word does not get round that it is worthwhile asking questions on various issues here in the European Parliament. For this reason we need a legal guarantee of Parliament's right to information as called for in this motion for a resolution.

I should like to state very clearly that in the opinion of the Legal Affairs Committee it is not a question of Parliament, so to speak, arrogating to itself decision-making powers on matters raised in the petitions which do not lie within its competence, rather it is a matter of wanting to help the citizen, and for this of course it first needs information.

Sieglerschmidt

There is a second remark which I wish to make on the individual's right of direct appeal. The citizen of the Community — this has already been stated by Mr Scelba — must be able to ascertain what the competent Community court, namely the European Court in Luxembourg, thinks of his case. He should not have to be satisfied with a decision of the national courts, irrespective of whether the case in question directly concerns Community law or whether it involves a mixture of Community and national law. The possibility for the individual citizen to bring his case directly before the European Court of Justice is dealt with only very incidentally in the present Treaties. I have been told that under current law only three cases have been successfully brought before the European Court of Justice in recent years, and so I believe that it is absolutely essential to give the citizen the individual right of direct appeal. This is also the opinion of the Political Affairs Committee. I will, however, not conceal the fact that in the course of the discussions in the Legal Affairs Committee some Members expressed the fear that the European Court of Justice might be inundated with such individual direct appeals.

I am — like the rapporteur of my committee and in my position as his deputy here — fully aware that such a danger could exist, but may I say that it can be avoided, namely by taking appropriate procedural precautionary measures.

In the Federal Republic of Germany we have an institution which we call constitutional appeal and which enables citizens, after they have exhausted all normal legal channels, to turn to the Federal Constitutional Court, that is to the highest court of the Federal Republic. Here obviously the danger did exist that a host of appeals could obstruct the work of the Court. However, we found a way of sorting these appeals, of separating, if I may put it like this, the wheat from the chaff, and this has now made it possible for the Constitutional Court to concern itself in its sittings only with appeals which are actually relevant and deserve to be dealt with.

If we, in this part of Europe, wish to change from an economic Community to a political Community, then it is necessary that wherever individual citizens live they should be guaranteed the same civil, political and of course also — I repeat it again — the same economic, social and cultural rights. To achieve this, however, we must take the necessary precautionary measures and a catalogue of basic rights will therefore obviously be required to give this political Community the basis which it does not yet have in written legislation.

The European Court of Justice rightly pointed out that in cases involving basic or human rights it can only base its judgments on the concepts — this is

roughly what it said — reflected in the constitutional traditions of Member States. In the long term we cannot avoid drawing up such a catalogue of basic rights if we really want to proceed towards a political Community, towards the political objective of the European Community. However, we also know the problems which this raises; one needs just to look at those sections of the Member States' constitutions dealing with basic rights — we know that one Member State has no constitution at all and so cannot have any codified section dealing with basic rights in this sense — to realize very quickly that the European Parliament, the directly elected Parliament — the one which will be faced with this task — will find it relatively difficult to draw up a catalogue of basic rights whose scope, modelled on the highest degree of protection of basic rights within the Community, goes substantially beyond what is offered by the European Convention on Human Rights.

It is therefore right to do both things concurrently, i.e. to do the one and not to forget the other — namely to arrange for the accession of Community as such to the European Convention on Human Rights and on the other hand to begin work on drawing up a Charter of Citizens' Rights. This — and it is also the opinion of the Legal Affairs Committee, let me make that quite clear — does not mean that the catalogue of basic rights should be shelved, rather we want to do whatever will achieve progress at this moment, and at the same time take the necessary steps to draw up such a catalogue of basic rights, such a Charter of Citizens' Rights. Not only because national constitutional courts have expressed the understandable and legally well-founded wish — not to say demanded — that such a charter, such a catalogue of basic rights be created, but rather because we are of the opinion that citizens' rights also — and of course primarily — include human and basic rights.

As far as accession to the European Convention on Human Rights and basic freedoms are concerned, the Legal Affairs Committee was fully aware of the difficulties involved. Mr Scelba quite rightly raised the question of how to exclude involvement by the Committee of Ministers of the Council of Europe. However, it is in my view totally wrong to infer that accession would make the Community in any way dependent on the Council of Europe. All we need to do is take the necessary measures to prevent, by creating a special protocol, such sections of the European Convention on Human Rights applying to the Community.

The body of experts which is called for in the motion for a resolution should start work as soon as possible, and I therefore see no problem — I know that in this I am in agreement with the rapporteur — in Parliament deciding here and now to set up such a body of experts.

Sieglerschmidt

What may happen between now and 17 July and what the directly elected Parliament then does, is another matter. However, I believe that we should emphasize the urgency of the matter by such a formal decision and not tone it down, as called for in Mr Scott-Hopkins' amendment.

Let me add a few remarks on behalf of the Socialist Group, now that I have concluded as well as I could my report on behalf of Mr Bayerl. I have mentioned already that a lot has been said and many demands made in this field over the years, but that no practical steps have been taken. I should like to express my satisfaction, ladies and gentlemen, that the Socialist Group was able to give the impetus for these practical steps, namely for the *table ronde* in Florence, for the drawing up of a charter of citizens' rights and for accession to the European Convention on Human Rights. I should like to state expressly, to avoid misunderstandings, that we are not claiming sole responsibility. We are very happy to know that basically all groups here agree with us, and they will not blame us for being naturally pleased that for once we have, I believe, hit on something important and useful for the Community.

Secondly, I would like to make a suggestion to the body of experts which Parliament will, I hope, decide to set up. They should seriously consider, when trying to define civil and political rights, whether it should not give preference to the political rights of Community citizens. In that way priority can first be given to guaranteeing these rights so that, by means of appropriate legislation, a situation can be arrived at where there is an end to discrimination against Community citizens in other Member States. That begins with the right of entry and the right of residence — particularly the latter. We still have substantial restrictions in this field. There should be extensions and improvements. The same applies to the right to vote in local elections; there is also the question of whether it might not become possible in the foreseeable future to devise laws to cover the whole question of citizenship — yes, that must also be stated quite clearly; and finally, of course, above all right to assemble, freedom of association, which is restricted for foreigners in some Member States e.g. in the Federal Republic, — there are good reasons for this — must not be denied Community citizens.

So we have here a whole series of issues which come under the heading of ending discrimination against Community citizens living in other countries. The body of experts would in our opinion be well advised to tackle these problems.

My third and last remark, Mr President, is that the Socialist Group — and this should surprise nobody — attaches very special importance to a guarantee not only of the rights just mentioned, but also particularly of economic, social and cultural rights.

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

Mr Luster. — (D) After the rapporteur's presentation and the equally detailed speech by the previous speaker, I can keep my remarks brief. The Christian-Democrats are fully in favour of all measures which guarantee effective protection of human rights. May I add that we are not blind on one eye on this — we wish to see human rights guaranteed not only within the Community, but in all parts of the world regardless of their political allegiance.

In this connection, I would especially like to thank Mr Scelba for his active commitment in the field of human rights on behalf of our group and of Parliament; and whose report favours the basis for our debate. Furthermore, any sincere thanks go to the European Courts of Justice for showing such great expertise and great wisdom in dealing with the question of human rights within the Community, despite the fact that it has not yet acceded to the Convention on Human Rights. The previous speaker has already pointed out that accession to the Human Rights Convention cannot be an excuse for us not to make a basic rights catalogue for the Community itself. The European People's Party, on whose behalf I have the honour of speaking has made it part of its platform that it views new directly-elected Parliament as a legislative assembly.

I noted with pleasure what Mr Sieglerschmidt — whom I no longer see in the House — said concerning the birthright, and that the Socialists are urging us to make progress on this question of basic rights. I was not prepared for this item to be taken today, for it is not on the draft agenda. I happened to come across the minutes of the German Bundestag from 1953 dealing with the approval of an *ad hoc* committee for drawing up a European constitution. At that time, it was the German Social-Democratic Party — in fact, they were Socialists — which showed considerable caution on this issue. I am therefore extremely pleased that they have seen the light and been converted.

As regards the exact wording of Article 2 of the motion for a resolution, I shall deliberately refrain from dealing with Mr Scott-Hopkins' amendment, because it has not yet been moved. My interpretation of the present wording is the same as that expressed by the Social-Democratic Member, Mr Bayerl, in paragraph 19 of a draft opinion of the Legal Affairs Committee (PE 57 493) when he says:

This motion clearly aims at ensuring that a summary of the facts and opinions is drawn up by politically independent but highly qualified experts *before* the matter is considered in political committees.

Luster

In my opinion it is not the duty of a body of experts to submit a preliminary draft for a Charter. This is a highly political task which must be undertaken by this House and not by a body of experts. I would like to point out that the Round Table in Florence — not least through the cooperation and driving force of Mr Scelba — has already made very good progress in this area.

As regards the right of petition, I agree wholeheartedly with all Mr Sieglerschmidt said, although I think the most important thing in this respect is for Parliament to ensure transparency in its work. It is no good enshrining the right of petition if people do not know what to do with this right. Speaking from my experience as a member of the Committee on Petitions I must say that dealing with petitions for the conservation of bird life on the Costa Smeralda is debasing the work of this committee, else it is an indication that we had set our sights too high. We must at any rate avoid promising more than we can actually deliver.

The Christian-Democratic Group unreservedly supports guaranteeing in the Treaties the individual's right of appeal to the Court of Justice and — subject to discussion on the amendment tabled by Mr Scott-Hopkins, on which I do not wish to comment at this stage — is on the whole in favour of this move.

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

Mr Scott-Hopkins. — Mr President, my main object is to move the amendment on behalf of my group.

I should like to start by congratulating Mr Scelba on the work he has put into it. Listening to Mr Sieglerschmidt, one would have thought that he, or his group, had done all the work, whereas much of the credit must go to Mr Scelba, particularly for organizing the Round Table. I sincerely hope that in the near future he will see the success of what he has started. We attach great importance to the strengthening of human rights in the European Community and are most grateful for all the work that has been undertaken.

One would have thought that the Charter on Human Rights was sufficient guarantee, but the frequency with which this House has been discussing human rights violations in nations which are members of the United Nations charter has little or no political and practical meaning, and the hours we have spent in these discussions are countless. Thus the Community's accession to the European Convention on Human Rights would be a political step of the first importance, underlining the Community's commitment to uphold the position of the individual and the family in society, all clearly expressed in the Convention. Such a decision would demonstrate to the Community's citizens that we are not just concerned with a set of desiccated rules about finance, or econo-

mics and trade, or 'butter to Russia', or whatever. Rather it would prove to Community citizens that their basic aims, as men and women, are being secured by the Community as a complement to the use of the Treaty to secure their economic well-being.

Also, the accession of Greece, in the near future I hope, and the eventual accession of Spain and Portugal, all young democracies, suggests the need for a political tool to encourage the growth of democracy and of the basic human freedoms. Thus, when the Community accedes to the European Convention on Human Rights, as a form of political insurance for the acceding States as well as the existing Nine, in a world where basic human freedoms are frequently violated and where the number of democratic States is, unhappily, considerably less than the total of one-party States and dictatorships, this would be a beacon for the cause of freedom.

Here I come to the point that was raised by my colleague from the Christian-Democratic Group. I have tabled an amendment to paragraph 2 of the motion for a resolution, so that the Community's accession should not become dependent on the completion of a charter of civil rights. This is a development which would flow logically from the Community's accession to the ECHR. The amendment that I am moving, therefore, is that a committee of experts should be established with a view to drafting this charter of civil rights. I hope the House will be able to accept my amendment, which strengthens the text and does indeed follow what Mr Scelba is aiming at.

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

Mr Masullo. — (I) Mr President, the subject we are dealing with today is of fundamental importance, but it is also an extremely delicate one. When such lofty and fundamental themes are discussed the temptation to take refuge in abstract idealism or in rhetoric is always present and the result is that the actual problems are lost sight of. But we are approaching the debate today firmly determined to resist the temptation to indulge in rhetoric or to make abstract statements of principle, and to deal instead with reality.

There is no doubt in my mind that the European Community is one of the few islands of democracy on this planet, which is disgraced by forms of social organization that sometimes border on the perverse. Nevertheless, it remains true that our democracy, in spite of its fundamental principles, has not always addressed itself fully to all the problems that come within its purview. At this very moment we can see that in some member countries of our Community many emigrant groups are experiencing difficulty in organizing themselves to take part in the debate on the forthcoming elections to the new directly elected Parliament. I think that this is one of the aspects of

Masullo

democracy which it must be within our capabilities to deal with. This is an example of precisely how democracy should not be limited to mere affirmations of principle but must be created afresh day by day and its message spread abroad day by day, even as regards those aspects which until this moment seemed less important and less urgent. And precisely because we have this attitude towards the matter, our Group can only support the general ideas contained in the motion for a resolution put forward by Mr Scelba.

We support them precisely because we do not confine ourselves to statements of principle, but believe that statements of principle must be so conceived that they can be transformed into practical legal instruments, practical administrative instruments and practical instruments of management. The main idea of this proposal, that is to say, the hope that the Community will accede to the European Convention on Human Rights, therefore meets with our full approval, not only for abstract idealistic reasons but also for strictly legal and practical reasons.

We must remember the great debate on the relationship between Community law and national law, and take account of how developments in case law over recent years, particularly the decisions of the Court of Justice in Luxembourg, have helped more and more to consolidate the principle of the primacy of Community law over national law in those cases where Community laws, regulations and administrative provisions are at issue. Nor should we forget some of the judgments, such as the famous judgment in 1970 when the Court of Justice in Luxembourg went so far as to maintain that some acts, such as these very Community regulations, take precedence over national laws and even over the constitutional law of the individual States — though it naturally also added immediately afterwards that this precedence may be justified in terms of general legal policy to the extent that the protection of fundamental rights is an integral part of the general principles of law which the Court of Justice is bound to safeguard. The accession of the Community to the European Convention on Human Rights follows logically from these historical premises. I am aware that there may be legal problems, and those who have spoken before me have alluded to them, but we must not forget that today the notion of relationships between legal systems considered, as it were, as vertical systems, has gradually given way to the idea of stratified, inter-related systems, without doing any violence to the normal procedures of civilized life. The very fact that there is a Community law which takes over certain powers from national laws, while the national laws nonetheless continue to retain their own full validity shows us that it is possible to have legal systems which are not lined up vertically one beside the other — and therefore in a certain sense in competition — but are rather inter-

related and stratified and thus constitute an open horizon for the development of contemporary society. For this reason I believe that the problem of the accession of the Community to the Convention can be solved with specific technical measures and without any great inconvenience: this step is dictated both by logic and by everything that has happened in the Community in recent years and it is the very jurisdictional authorities of the Community, as such, which may become in their own right standard — bearers of this fundamental principle. We are therefore in agreement with this motion for a resolution and, the most we may admit to is some perplexity regarding one or two details, and in particular some aspects of paragraph 3 of the motion for a resolution (Point 3b) says: 'To enshrine the citizens' right of petition in the Community Treaties'. We believe that when all is said and done, it would be much simpler to say: 'To allow for the citizens' right of petition in the Community Treaties', since *enshrining* is something that can very easily be left to the powers of regulation of Parliament itself or of other Community institutions. Point c): 'to guarantee in the treaties the individual's right of direct appeal to the Court of Justice of the European Community' should also not make us overlook the fact that Article 173 of the Treaty says explicitly: 'Any natural or legal person may, under the same conditions, institute proceedings against the decision addressed to that person or against the decision which, although in the form of a regulation or a decision addressed to another person, is of direct and individual concern to the former.' So we have here a precedent which has already been enshrined in the Treaties, and we should therefore obviously attempt to give greater weight to this precedent and develop its fundamental implications further.

For these reasons, notwithstanding some doubts, which do not, however, relate to the substance of the motion, we shall vote in favour of this resolution, convinced that the stimulus which it will give at this particular moment — since the life of the Parliament delegated by national parliaments is drawing to an end and we are now on the point of seeing it replaced by the new and larger directly elected parliament — constitutes a concrete sign of the process of deepening and widening of democracy which is certainly the main motive force of all our actions.

President. — I call Mr Christensen.

Mr Christensen. — (DK) All the Member States of the European Community are also members of the Council of Europe and have thereby acceded to the Convention on Human Rights and accept it as binding. For this reason, it strikes me as at best superfluous that the European Communities as such should accede to the Convention on Human Rights, and that the real reason for its wishing to do so is the desire to

Christensen

extend the supra-national character of the European Community to new fields.

Other speakers — most recently the previous one — have already said that Community law should have precedence over national law and that the Court of Justice of the European Community therefore has a right of interpretation and, in certain cases, can overrule the decisions and laws, etc. or even the constitutions of the Member States. What this amounts to is an expansionist policy, a wish to make the civil and political rights of the individual citizens in the Member States Community matters, which is something for which the Treaties make no provision.

In the preamble to the motion for a resolution before us there is a reference to Parliament's resolution of 16 November 1977. Paragraph 2 of this resolution, i.e. the resolution of 16 November 1977, contains a reference to Articles 235 and 236 of the EEC Treaty. In my view, Article 235 is one of the most misused articles in the Treaty of Rome and for this reason I have doubts as to whether there is any legal basis whatsoever for the adoption of a resolution of this kind by Parliament.

Partly because the proposal strikes me as superfluous and partly because it strikes me as harmful, extending as it does the European Community to areas for which the Treaties make no provision, I intend to vote against this motion for a resolution.

President. — I call Mr Davignon.

Mr Davignon, Member of the Commission. — (F) Mr President, I wish I could have had the opportunity of telling Mr Scelba, on behalf of the Commission, how much we appreciate his constant efforts in support of human rights and of the genuine and practical promotion of the civil rights to which membership of the Community entitles our citizens.

I had the opportunity of discussing this matter on several occasions in committee with Mr Scelba and Mr Bayerl. I am sorry that the latter is absent today, for he devoted a lot of time to this matter and also produced a very interesting document on the accession of the Community to the European Convention on Human Rights.

Unlike Mr Christensen — and I hope that one day I shall find a subject on which, in expressing the Commission's opinion I shall be in agreement with him, although there seems little likelihood of that at present — I believe that it was important to show that we are not marking time in this area and that we are not complacent about the situation as it is, since we have to protect our citizens against any form of abuse or harassment on the part of new Community organs as well as by their national institutions.

In so far as law is changed by the creation of the European Community, we must make sure that there is no

erosion of the rights of our citizens and that closer integration is to their advantage and not the opposite. I believe that we must always try to show this. To all intents and purposes, this can mean that we can tend always to consider that everything in the garden is lovely, by praising the excellent decisions handed down by the Court of Justice and by pointing out that, all things considered, everything seems to be fine and we have no more worries because our case-law is developing along the right lines.

That is not our view, however. We do not believe that on an issue as vital as the fundamental rights of our citizens there can be any question of not doing everything possible. I want, therefore, to outline the Commission view on the various points which arise in this motion for a resolution.

Taking first the question of the accession by the European Community as such to the European Convention on Human Rights, I have already said that I am in favour, although at the time I was speaking in a personal capacity at the round table in Florence. The Commission has been particularly influenced by the work of Parliament, and I am sorry that Mr Sieglerschmidt should criticize our lack of enthusiasm in this area. We are dealing with fundamental rights and in this area everyone has a part to play and everyone shares in the responsibility, and I feel that the Commission has been especially active in this area.

However, in view of the very substantial work performed by Parliament, we at the Commission decided to publish a memorandum in favour of the Community's accession to the European Convention on Human Rights. This memorandum will appear shortly and everyone will get a copy. It should inspire a discussion which, we trust, will lay the groundwork for accession. It is not a simple matter, because we have to get the agreement of all the Member States, and also because all the present signatories of the European Convention on Human Rights will have to agree to the Convention being amended so that the Community, and not just its Member States, can accede to it. Consequently, we shall have to consider this issue very carefully with the elected Parliament, as a logical continuation of the resolution which I hope will be adopted by this Parliament tomorrow. There is, then, a definite task in respect of which we at the Commission have indicated how we intend to carry out Parliament's wishes.

Secondly, I want to take a closer look at a point which has been often raised, namely, a supplementary list of rights. In this respect, as I said both in committee and at Florence, we feel of course that there is a need to decide how the current situation can be improved. It is a fact that as far as economic and social rights are concerned, the European Convention is not so specific as it is with regard to other fundamental rights, and this is because of its context. I would also

Davignon

add that when the Council of Europe and its experts tried to expand the Convention, they had to give up the idea because of significant differences in the interpretation of economic and social rights between the various partners. But just because a bigger group cannot reach agreement does not mean that a group bound by so many common aims and obligations, as the Community cannot make progress in these matters. I feel that there is a subject for discussion here, and the Commission is ready to join in the discussion, which can get under way, in spite of the complexity of the problem, according to the formula suggested in this motion for a resolution or in any other which Parliament might feel inclined to adopt.

With regard to paragraph 3, the preparations for accession, I have said that the Commission is about to publish its memorandum on the rights of petition and direct access to the Court. The right of petition, I must say that I am inclined to agree with what was said during this debate by the rapporteur, by other speakers and especially by Mr Masullo. What is it all about, in fact? We have to ensure that the right of petition can in fact be exercised by our citizens. In our opinion, this is already possible because they have the right to petition Parliament. Naturally, this being the case, Parliament has the right to obtain all the information it needs. The right of petition does not mean that there is any compulsion to start legal proceedings. Here, we have to be clear where infringements are concerned. I could add that the Court of Justice has already ruled on this point and that there is no question, by means of any kind of procedure, since recourse to the right of petition is in no way involved, of forcing the Commission or the Council to follow up a petition which would result in a legal action for infringement.

As for individual rights and individual redress against legislative acts, this is a very important and delicate matter, but I believe that your information is not quite accurate. If I remember rightly, one honourable Member suggested that there are, at the most, two or three cases of this kind. I should like to remind you of the action undertaken by a non-resident of the Community, a Japanese, against a regulation of the Commission deriving from the Commission decision to retain the temporary anti-dumping duties affecting Japanese manufacturers of ballbearings. These Japanese firms appealed to the Court on the grounds of a misuse of power by the Commission and, won their case for a whole series of reasons, because it was judged contradictory to draw up an agreement putting an end to anti-dumping procedures while at the same time retaining these temporary duties. This is a case in point where people felt that their rights had been infringed and won their case. Consequently, I do not think it can be said that the Court is restrictive in its decisions; on the contrary, it can support quite a few rights and quite a few other possibilities. However, if I

am going to be consistent with what I said at the outset, I feel that we really must take a very careful look at this area, if we want to make sure that our citizens' rights are not eroded by closer European integration. All this means that we have to take a really close look at things, and we have to consider the following points. Firstly, direct appeal against a legislative act is an unusual occurrence in our States, which is quite understandable, given our different legal systems. Secondly, as I said before, it cannot be said that in the present situation and given the increased activity of the Court redress against legislative acts is not possible. But it happens in an indirect and round-about manner.

Lastly, we have to remember — as did the rapporteur — the effects of the extra workload on the smooth running of the Court. This is something which will have to be gone into with the Court. Its excellent and conscientious work is the guarantee for believing its claim that it has reached breaking point as regards work. We have to be careful that we do not throw the inter-institutional balance out of joint by overloading the Court, unless the extra work is justified by requirements which are as clear, as essential and as important as the other work of the Court of Justice and the other institutions.

Consequently, we at the Commission are keeping a watchful eye here, too. However, as a number of you pointed out, speaking about the right of petition and direct access to the Court, we have to see whether the situation is such as to require immediate stopgap action, in view of the violations which can be detected, before legislating and changing things.

If we want to incorporate this in the Treaties, the Treaties will have to be amended. We have to make sure before we embark on the tricky business of modifying the Treaties, with all the temptations that will awaken, that such a procedure is in fact needed in the light of the situation as it is.

These are the views of the Commission. We should like to thank the Political Affairs Committee for the work which I am sure it is going to continue, and a particular word of thanks must go to Mr Scelba and Mr Bayerl, both of whom have made a tremendous personal contribution to this work. The decision of the Commission to present a memorandum on the accession of the Community as such to the European Convention on Human Rights is directly linked to the work we shared with the Political Affairs Committee and to the conclusions and recommendations of the round table in Florence. The Commission is ready to continue discussion of paragraph 3 with the appropriate parliamentary committees for the simple reason, as I said at the outset, that the Community we are seeking to achieve depends on our citizens feeling that they are in a better position than before to defend their fundamental rights in an integrated Community.

President. — I note that no one else wishes to speak. The motion for a resolution and the amendment which has been tabled will be put to the vote at the beginning of tomorrow's sitting.

The debate is closed.

10. *Expulsion from Malta of Mr von Hassel*

President. — The next item is the debate on the report (Doc. 584/78), drawn up by Mr Johnston on behalf of the Political Affairs Committee, on the expulsion from Malta of Mr von Hassel.

The rapporteur will forgo the oral presentation of his report.

I call Lord Ardwick to speak on behalf of the Socialist Group.

Lord Ardwick. — Mr President, if you have a look at the amendments which have been tabled by members of the Socialist Group, you will see that there is an attempt to redress the balance in the report. In the resolution, all the blame is put upon the Government of Malta and nothing is said at all to the detriment of Mr von Hassel. There are members of my group who feel, first of all, that his remarks were provocative, and secondly, those of them who know the internal affairs of Malta better than I do think that he was not particularly well-informed. Of course we all agree that what has happened in Malta is entirely unsatisfactory and gives cause for very grave concern. But what is more important, so it seems, is to avoid any further estrangement between Malta and the Community, and yet this resolution does seem to be rather provocative of the Maltese Prime Minister and the Maltese. Now this is rather inappropriate, since it is going on on the same day as constructive discussions are being held within the framework of the Council of Europe and since Germany and Malta now seem ready to bury the hatchet, and perhaps there is no reason why the European Parliament tonight should take up the hatchet again. So the Socialist amendments, particularly the second amendment, summarize the basis of this rather more constructive approach to this problem. If Parliament cannot subscribe to these principles, then this is a matter for some concern rather than the minor but very unfortunate incident concerning Mr von Hassel.

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

Mr Aigner. — (D) Mr President, ladies and gentlemen, if I may follow on from our previous debate on human and fundamental rights, the basic concept of our European politics is undoubtedly that, perhaps for the first time in history, nine States have declared: in matters governed by the Treaties, we renounce national sovereignty, i.e. the final authority, and replace a system of national authority with a legal

system. I believe, Mr President, that this is the basic concept of the European ideal. And we are proud of it. However, as basic legal system of this type naturally requires a fundamental consensus on its values. This may be a subject of considerable dispute, particularly as regards working. However, there is no doubt that these fundamental values and this fundamental consensus cover freedom of speech. There is no freedom of speech, however, when if a politician makes a statement out of concern that these fundamental values and rights are in danger of being violated by a politician or by a government in a country which is associated with the Community, his freedom of movement is subsequently jeopardized and he can be sent home and be declared 'persona non grata' — simply because he ventured to draw attention to unfortunate trends and to threats to fundamental values and rights, and to describe them in specific terms. In my view, that is not only the right but also the duty of a politician.

I was therefore very pleased, Mr President, that the committee — unanimously with one abstention — has drawn up a motion for a resolution in which paragraph 1 says that the European Parliament: strongly protests against the decision taken by the Government of Mr Dom Mintoff.

A unanimous resolution with a single abstention. So far, so good. Now, however, we come to the following: I have here a whole list of newspaper cuttings from Malta, reporting on the visit of a Socialist member of this House, namely Mr Prescott. At this point I should like to quote just two sentences: Mr Prescott stated that the Democrats, Conservatives and Christian-Democrats were conspiring against Malta in an attack on Malta's independence and its association with the European Community.

Perhaps Mr Prescott did not notice that it was precisely our group which tabled a motion in this House for increased economic aid to Malta, even after the expulsion of Mr von Hassel.

I fail to see how a member of this House, who must be aware of the facts, can speak of a conspiracy or of a Christian-Democrat and Conservative plot against Malta; in other words, it is downright affrontery to make such a statement in Malta!

Ladies and gentlemen, a further point: Mr Prescott stated in Malta that this resolution, this protest by our Assembly, was an attack on Malta. What are we coming to when such words are uttered in a foreign country by a man who followed the debates in this House from the first to the last word. He knows full well that it is not an attack against the people of Malta, but a condemnation of something that this Community must condemn if it wishes to retain its credibility. The Community must condemn the fact that fundamental values and rights were being violated

Aigner

in this case. I thought we had done away once and for all with the principle of 'my party right or wrong', but it seems to be very much to the fore here.

I think, ladies and gentlemen, that Mr Prescott was in Malta not as an ambassador of understanding and conciliation, but as an ambassador of incitement and agitation, and it is that which we should formally condemn in the sharpest possible terms — which I should like to do with these words.

I therefore deplore the fact that the Socialist Group has let itself get carried away to such an extent as to try to water down and put its own interpretation on paragraph 1. It is destroying its own credibility, particularly with the arguments which it put forward itself five minutes ago.

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

Mr Scott-Hopkins. — I say, what a very difficult debate this could be! Let us hope it will not get that way.

May I start off by saying to the noble lord who moved the amendments for the Socialist Group that I thank him for the moderate way in which he did it, and I hope I shall keep my speech as moderate as his. It is a convention in our House, as you probably know, Sir, that one does not attack an honourable Member who is not present unless you have warned him, and I do not intend although I can understand why my colleague, Mr Aigner has felt so incensed by some of the reported speeches of Mr Prescott — I have them here, incredible as they are — to follow up what Mr Aigner has said, although there is no doubting the truth of what he has said. As I said, I do not intend to follow the line of attacking Mr Prescott, as he is not here to defend himself. I am sure he would do so very adequately if he were.

What I think is important is that a parliamentary representative has been expelled from a country that professes democracy and the reason why he has been expelled is that he said one or two things which seemed to anger the Prime Minister and the party who rule that country — Malta. Apart from regretting, as I think Lord Ardwick did and I know Mr Aigner did, the fact that it is undemocratic to expel somebody because you do not like what they said — is there no freedom of speech? That in itself is undemocratic and should be deprecated and condemned — one really has to look at the question whether what he said was true or not, and I do not think this debate should centre on what one honourable Member, Mr Prescott, did or did not do, culpable though he may be.

Is it true, or is it untrue? What in fact had Mr von Hassel said? I have done as much research as I can, and as far as I can see most of his remarks that I have been able to research into are true. And then, if they are true, I can understand why he was expelled and declared *persona non grata*. I think there is no doubt about it. He said that Malta's economy is restricted because of Malta's relationship with Libya — and it is, — indeed it is. There is no doubt about the way the Libyans have moved in and virtually bribed the Maltese Government with offers of petroleum at the price they pay in their own country, way, way below the market price. 'And if you don't do what we want, then you are going to have to pay the world market price'. Oho! If that is not threatening, I don't know what is. The way they are dangling out the 36 million which Mintoff wants to keep his economy going — 'If you are a good boy you will get it; if you are not, you don't' — I would have thought that that was very much restricting and Malta's future and Malta's ability to be a free and independent nation.

Then again, Mr von Hassel said that civil rights are endangered and fear prevails. I think there is no doubt that as far as education is concerned this is so, and that, with respect to Mr Prescott, he got it wrong. As far as I can make out, the way that students are chosen in Malta is quite extraordinary and even the students said that Mr Prescott was wrong. They said that he had gone to the wrong place. There is no doubt about it, that the procedure to gain a place in a university is an extraordinary one: I have never met it anywhere else. A would-be student can only obtain a university place with the approval of the firm or enterprise where he or she is already working. And a student's application to study must be made by his or her fellow-workers. The workers' committee of an enterprise decides whether a would-be student can apply for a university place: whether he is a good boy, party line, joined the union or not, those are the criteria, and to hell with his academic qualifications! Well really, cor blimey, what are we getting to when we have that kind of qualification to decide whether or not you should go to university? If we had those sort of qualifications in the United Kingdom I think our universities would be about one college each, if that. Not only that: the place can only be obtained for science, engineering, medicine and law studies, but not for the arts. Well, that Mr President, is rather extraordinary and it really does show there is a certain amount of coercion by this Socialist Government of Mr Mintoff. And even after that the student is not free, because his application has to be studied by the workers' committee, and the committee members are appointed by the Minister of Education, not by the university. And what I find absolutely extraordinary is that the lecturers in the university are appointed not by the governing body, oh no, but by the government, by the Minister of Education. So it really is a State-run job, and even Lord Ardwick, with his well-known liberal tendencies, cannot for one minute accept that that is right. Was not Mr von Hassel right when he

Scott-Hopkins

said what he did? I would have thought that he was eminently right.

Once again, I am sure it is absolutely true that the government has instructed that religious services in State schools should be held during the lunch hour and not in school hours. What a lovely idea! Either you eat or you go to a church service. Well, once again I do not think that is quite the right way of going about things. And I think once again that even our Communist friends would say that that is not exactly practising the liberty to choose religion, as I am sure they would agree that the choice of eating or praying is not a very happy one. Nevertheless, that is how it exists at the moment.

And again, as regards freedom of speech, the law has embraced the printed and the broadcasting word since 1974. The law gives privileges to Ministers' public statements, they get priority. Of course Ministers' statements are always important, Mr President, much more important than what you and I say, as indeed we know; the ordinary common man never has the same importance in what he says, no matter who he may be, as do Ministers; but I do not think they should get quite as much priority as that. Moreover, the law makes the publication of false news which is liable to alarm public opinion or disturb the public good liable to punishment by imprisonment or a fine. What in point of fact happens is that journalists are presumed guilty, and they have to provide proof that they are innocent. And how the devil do you do that? Once again, I turn to Lord Ardwick. Do you, as a journalist — and you were a very eminent one in your country — really think that that is right? I agreed with hardly anything you wrote, but you had every right to write it, and I did not presume that you were guilty when you said things which were absolutely monstrous and outrageous. You were innocent, until it was proved that what you had said was wrong. Perhaps you were and perhaps you were not wrong, but nevertheless you had the right to write it. But not in Malta, oh no: there you are guilty until you are proved innocent, and you have to supply the proof, and how the devil do you do it? So I think that perhaps Mr von Hassel was right, Sir, and if all these things are true, then why was it that the Maltese Government did expel him? It could not have been because what he was saying was wrong, because he was right, and I think the proof of that is absolutely valid, it is a fact. The obvious reason is that they were frightened: they did not want him looking in, they did not want him going on, because the people of Malta might actually have listened to him — although he was not a minister — they might actually have heard the truth, and they might have got rather excited. Perhaps they might even have gone against Mr Mintoff; and of course that is absolutely monstrous.

And then you have the police allowed to go into homes to see whether people are sick or not when

they do not get to work. I mean, what sort of police State is that? I cannot imagine it happening in Germany or in my country: if I am sick and I get a doctor's certificate the police come shinning round, pounding on my door: 'Are you sick or are you not?' What a happy thought! Yet that is what happens in Malta.

Mr von Hassel was right. And in the face of these facts, which I know that Lord Ardwick knows about, and I know that Mr Broeks knows about, and others as well — Mr Flämig certainly knows about them — how can they put down those amendments, and how can they stick to them? So I would ask them in all reasonableness: think about it overnight, and by tomorrow morning, when we come to vote on them, please withdraw them, because they are not true.

(Applause)

I do not want to bias this House too much against Malta. Malta has been a tremendous friend of my country for years, over the centuries, and the very last thing I want to do is to put the Maltese people in the dock here this evening; but I am prepared to put Mr Mintoff and his government in the dock because of their behaviour. Even my colleagues over there on the far side of this Chamber would not agree with the way Mr Mintoff and his government are behaving.

And so I ask this House not to accept those amendments; I particularly ask the Socialist Group to withdraw the amendments when it comes to tomorrow morning, and to let the resolution of Mr Johnston go through as it stands.

(Applause)

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

Mr Pistillo. — *(I)* Mr President, ladies and gentlemen, our group too considers Mr Johnston's motion for a resolution on the vexed question of the expulsion from Malta of Mr von Hassel to be extremely untimely and ill-judged, for various reasons which I shall try to outline very briefly in my speech.

First of all, Mr Scott-Hopkins, the motion for a resolution makes no mention whatsoever of the statements made by Mr von Hassel on 6 June 1978 at the 20th Congress of the European Union of Christian-Democrats — statements which have to be read in full, not merely the parts quoted by Mr Scott-Hopkins regarding house calls on sick persons and the admission of young Maltese students to university. There is a very important political part of this speech which was perhaps not read by Mr Scott-Hopkins, who put up a defence which was most understandable for a British Conservative but which did not fit in with the facts — and this part contains very serious and weighty political opinions.

Pistillo

I shall confine myself to quoting a particularly noteworthy point, which Mr Aigner and in particular Mr Scott-Hopkins obviously overlooked, where Mr von Hassel states that, in Malta, NATO is losing an important strategic base. He goes on to say that the question of protecting the south-east flank of the Atlantic Alliance is becoming more and more urgent, bearing in mind the possibility of the Communists coming into the Italian Government and failure to find a solution to the Greco-Turkish conflict and tensions over Cyprus.

These are very serious political opinions which imply other no less serious and weighty views which in turn represent — as rightly pointed out in the amendment tabled by the Socialist Group — a serious interference in the internal affairs of the country in question which, Mr Scott-Hopkins, is after all an independent and sovereign State. I can understand that the departure of the British from Valletta rankles you a great deal, but you must get used to the idea that the British are leaving this and other countries. You have left many countries, and this process will continue because it is the era of the end of colonialism. What do you want to do about it? You do not like it, but I am delighted.

It is for these reasons that we submit that the positions expressed by the Christian-Democratic spokesman and Mr Scott-Hopkins are unfounded. They ignored a not unimportant part of the statements made by Mr von Hassel. However, we cannot agree with their attitudes even to the other aspects. What is the idea of interfering in the internal affairs of this country which is struggling to emerge from a situation of many years standing, having been reduced for so long to the status of a mere military base with a single-track economy moulded by Britain to suit its strategic interests in the Mediterranean and the rest of the world? But tread warily with certain opinions. And tread warily, in particular, Mr von Hassel, who made completely unacceptable statements and, when told in Malta that one of the conditions for his being allowed to remain on the island for the meeting of the Christian-Democratic Group was a retraction of certain forceful opinions which represented interference in the internal affairs of this independent and sovereign country, merely appealed to the English press! Take note, just to the English press. In fact, a large part of Mr von Hassel's speech was published not by the German press, Mr Scott-Hopkins, but by the 'Sunday Times of Malta', and the British deliberately put their oar in to make relations between the Federal Republic of Germany and Malta and, why not, between the Community as a whole and Malta more strained.

These are the facts which must be borne in mind! There is no reference whatsoever to them in the motion for a resolution, and the reasons why are all too clear.

Secondly, as has already been pointed out — and I shall reiterate it briefly — the motion for a resolution is not pressing for the settlement of what is as we are well aware — a most regrettable situation in order to reach an agreement, to begin negotiations, to improve relations with Malta, to ensure that this independent country plays a key role in peace and *détente* in the heart of the Mediterranean — an objective which we all set great store by and aspire to. This motion for a resolution is not designed to overcome the undoubted difficulties with which I believe the European Community ought to concern itself if we want the Maltese people to be properly defended, not only as regards the freedom and independence to which it is fully entitled and which none of us has any right to molest or violate, but also in the fulfilment of its role as a link between Europe and the rest of the Arab world, the world of the Mediterranean in the middle of which it is situated.

Finally, Mr President, ladies and gentlemen, I must say that this motion for a resolution — and in this I share the opinion of the Socialist member — is somewhat provocative. We do not agree with the expulsion of Mr von Hassel. It could probably have been avoided. However, it has been exploited and used as part of a campaign of rather untruthful and misleading propaganda against Malta. We have publicly expressed our point of view on this question. However, out of respect for history, out of respect for the facts, out of respect for the truth, it is not right to go beyond these comments.

Thus, while deploring this expulsion, we should be careful to respect the freedom and independence of the country in question, as of all countries, small and large alike. We should be careful to ensure that the negotiations between the European Community and Malta go ahead fairly. Let us make sure that no disruption or troublesome elements find their way into negotiations which are without doubt complex and delicate, as anyone who has followed them to any extent is perfectly aware and can easily understand.

For this reason our Group is opposed to the motion for a resolution and will support the amendments tabled by the Socialist Group. Within the time allowed us, we have tried to express a number of brief considerations, in order to some extent to re-establish the truth. Enough of the slanderous campaign that there has undoubtedly been against Malta! Let us come back down to the realm of truth and dialogue, perhaps even for a confrontation. By all means let us express our criticisms and opinions, but let us do so with respect for the freedom and independence of this country and its people and with a view to improving relations with it.

(Applause)

President. — I call Mr Broeksz.

Mr Broeksz. — *(NL)* Mr President, let us assume that what happened in Malta should not have happened. That is one thing. But it is a much more serious matter that we should apparently be contemplating doing something which simply does not benefit this House. Of course it is interesting to hear all about what Mr Mintoff has done, but we are responsible for our own actions, and I must say that I would be ashamed to vote for a motion for a resolution which says that because a particular country is linked to the Community by an association agreement we should do our utmost to prevent the recurrence of such incidents. Since when have we had the right to use, say, the Lomé Convention, under which we distribute food aid, or association agreements to lay down the law as to how these associated countries should behave? much much more serious things have happened in many of the countries to which we are linked by association agreements or by the Lomé Convention or in countries to which we distribute food aid. I have never known this House to use these links with the Community to tell those countries how they should behave.

This is a serious matter; indeed, it is only just short of scandalous. It is a much more serious matter than the possibility of Mr von Hassel not being allowed back into Malta. Please do not get me wrong on this — I am not trying to justify what happened in Malta, I simply object to what certain people are trying to do here in this House.

As for the appeal addressed to us by Mr Scott-Hopkins — who I see is just on his way out — to think again and to withdraw our amendments, I cannot help feeling that he should himself rethink the matter overnight and delete that part of a motion for a resolution which urges the Council and the Commission 'to do their utmost to prevent the recurrence of such incidents in that country, which is linked to the Community by an association agreement'. It would be nothing short of scandalous if this House were ever to adopt such a resolution. We have never — and it will do Mr Scott-Hopkins no harm to hear this bluntly put — we have never tried to use food aid as a lever on the recipient country, and the same goes for the Lomé Convention. We have never used association agreements as a means of telling the associated countries how to conduct their own internal affairs, and a jolly good job too, because that is not part of our function. It would be a matter for the utmost regret if this House were, for the first time, to adopt a course of action which ill befits it and which would be and remain a blot on this Parliament's record.

President. — I note that no one else wishes to speak. The motion for a resolution and the amendments which have been tabled will be put to the vote at the beginning of tomorrow's sitting.

The debate is closed.

11. *Decision introducing a Community system of information on accidents*

President. — The next item is the debate on the report (Doc. 40/79), drawn up by Mrs Cassanmagnano Cerretti on behalf of the Committee on the Environment, Public Health and Consumer Protection, on the

proposal from the Commission to the Council for a decision introducing a Community system of information on accidents in which products are involved, outside the spheres of occupational activities and road traffic.

I call Mr Schyns.

Mr Schyns, deputy rapporteur. — *(F)* Ladies and gentlemen, the Commission's proposal to set up an information system on accidents caused by the misuse of industrial products has certainly come at the right moment. It is all too often the case that accidents, sometimes very serious accidents, happen because people who use certain products do not realise how toxic they are or do not know how they should be used. The measures we spoke of yesterday concerning the labelling of products to protect consumers, are already having some effect.

But in spite of these measures, the Commission is obliged to note that the frequency of accidents resulting from the handling of products is still, unfortunately, very worrying, and this is why new measures must be prepared as soon as possible. At first sight, the aim of the motion seems somewhat technical, but it sets out in detail the aims of the system which is needed to put the accidents on file and discover their causes and significance, so as to obtain an objective account of these accidents and be able to take appropriate measures to prevent them.

The members of our committee approved this proposal unanimously, but they would also like the Commission to speed up the drafting of the appropriate directives in order to reduce the number of accidents, following the example set by the United States of America in this field.

Mr Calewaert's report on the legal responsibilities of manufacturers of defective products, which we approved a short while ago, is also an extremely effective contribution to consumer protection and goes hand in hand with the measures recommended in this report.

We hope that Member States and their industrial inspectorates will cooperate actively so that this directive can be implemented as soon as possible and as efficiently as possible.

Taking due account of these considerations, we recommend that Parliament should approve this motion.

IN THE CHAIR : MR SCOTT-HOPKINS

Vice President

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

Mr Brøndlund Nielsen. — (DK) Mr President, the Liberal Group can support this proposal from the Commission regarding the establishment of an information system on the various possible causes of accidents in, for example, the home, since this is an increasing problem to not least because of the increased trend towards do-it-yourself, which may in turn reflect political problems such as avoidance of taxes etc., which one would have to pay if the work was done by someone else. For this reason, we can see from the statistics that more and more people are having accidents and one of the problems, as we in the Liberal Group see it, is that the collection of the information might in fact result in a delay in actually getting something done about the problem. However, we recognize the need to collect this information, and it may also be found that the causes are so many and varied that it is impossible to tackle the problem as a whole.

However, it would probably be possible to increase safety in a number of fields by introducing safety standards and it might even be claimed that in some cases standards of this kind can constitute technical obstacles to trade if they differ from one country to another. However, I should like to warn the Commission against attempts to take harmonization still further in the future since if, for example, it should turn out that — and I naturally hope you will not take me too literally here — that there are a number of accidents in the Community each year involving people slipping in their bathroom and being strangled by their towels, this would not be reasonable ground for immediately demanding the harmonization of towels. What I mean to say is that we should not let this become an exaggerated attempt at standardization and harmonization of details.

Finally, I should like to say that in many matters concerning consumer protection, it is important from the Liberal point of view to keep people informed of where the problems lie. Rather than lay down a whole series of requirements and prohibitions we must attempt, by means of information, to appeal to people's own interests and initiative, and this is one reason why this information network may be a useful thing. We can therefore go along with the report.

President. — I call Mr Davignon.

Mr Davignon, Member of the Commission. — (F) First of all I should like to thank the committee for giving its assent to our proposal.

Next, I should like to say to Mr Nielsen that he need have no fears regarding any excess zeal on our part,

nor should he think that we are going to harmonize the dimensions of baths in order to prevent people from drowning when we are fully aware that drowning depends more upon the size of the body in the water than the other way around.

More seriously, I should like to say to Mr Schyns that there will of course be some delay before the system is set up, as the rapporteur admitted, but I should like to assure him, on behalf of the Commission, that these delays will have no effect on the Commission's work, in other words that the Commission's current programme of work on food products and textiles etc. will not be affected by the scheme we have proposed here, and that we shall continue to take appropriate steps to protect the health and safety of consumers. The fact that we are carrying out one project in this field does not mean that we shall neglect the programme to which we were previously committed.

President. — I note that no one else wishes to speak.

The motion for a resolution as it stands, will be put to the vote at the beginning of tomorrow's sitting.

The debate is closed.

12. *Organ banks*

President. — The next item is the report by Mrs Krouwel-Vlam, on behalf of the Committee on the Environment, Public Health and Consumer Protection, on organ banks (Doc. 24/79).

I call Mr Jahn.

Mr Jahn, deputy rapporteur. — (D) Mr President, ladies and gentlemen. Apropos of this short own-initiative report, for which we must give special thanks to Mrs Krouwel-Vlam, I must just make one or two comments, by way of introduction, on the main points. The Committee on the Environment, Public Health and Consumer Protection wishes to urge the Community to coordinate the activities of existing organ banks in an effort to improve the efficiency of these banks in the fields of health care. Although there is already an entire series of university centres specializing in organ transplants and some private institutions such as Eurotransplant have expanded their international activities, we are of the opinion that the situation at present is not quite equal to the demands of public health policy in the European Community. Everyone must surely be aware of how much human suffering is represented by the huge demand for organ transplants and if there are too few donors this demand can only be gradually satisfied. Because I know that success in organ transplants depends to a great extent on optimum physical compatibility between donor and recipient, there should be some way of exchanging data and a standardized data processing system should be set up so that more

Jahn

human lives can be saved and more help provided for the alleviation of physical infirmities.

In this connection I would remind Members of the thorough investigation carried out by the Commission which was particularly concerned with the possibility of creating a data bank for the matching of organs or blood. On the basis of the recommendations made, the Commission is drafting a proposal on meaningful cooperation between existing and future organ banks. We welcome this and will do everything in our power to support it.

On the basis of the information available to us and the discussions within our committee we have nevertheless come to the conclusion that, along with greater coordination of data banks and data exchange systems, there must also be harmonization of the regulations on transplants. In many Member States there have been very delicate and protracted legal proceedings concerning the legal bases of transplant regulations. The outcome of our deliberations is that organ banks would be able to function better if a fundamental solution to these problems were obtained, so that a whole series of legal hurdles could be eliminated. The controversy was principally about the question of whether a consent formula or a 'no objection' formula should be accepted for the donation of organs. The Committee on the Environment, Public Health and Consumer Protection decided in favour of a 'no objection' formula with the proviso that the individual's wishes should be respected at all times. This ruling has been in force in France since 1976 and should sooner or later be put forward as the goal to be aimed at, depending upon the specific situation in the individual Member States.

Mr President, ladies and gentlemen, it is quite understandable that tradition, individual mentalities and emotions may sometimes be stronger than logic, and that it may therefore take some time to achieve progress in these matters. Nevertheless, it is a great pity that in many cases organs cannot be donated because the necessary individual consent has not been obtained and the consent of the relatives arrives too late. The problems arising from this most important question are very well illustrated in a play called 'One November Evening', which is being given this month in Brussels and in which the members of a family are called together to decide whether they should allow their relative's heart to be donated but cannot come to an agreement in time. In the event, both donor and recipient die in this play, which is extremely thoughtful and made a great impression on us. The author depicts this unfortunate episode as just one event in the family circle of a responsible group of people. But the story he tells is based on fact and that is why it has such a profound effect on anyone who sees it.

We therefore suggest that, the Commission should not only help to coordinate cooperation and exchanges of data by the existing organ banks, but should also prepare an optional draft directive on transplants based on the 'no objection' formula, which will naturally best meet the needs of recipients.

The Commission will also have to establish various implementation procedures for this directive as recommended in Paragraph 30 of the explanatory statement of the motion for a resolution, which I urge you to adopt. Apropos of this, I should like to make it quite clear that we are not casting aspersions on the situation in any of the Member States. This initiative is simply a step along the road towards the adoption of a humanitarian attitude to the serious afflictions of our fellow men, whose chances of survival are, as far as we can assess, significantly better with a transplant than they would be without one.

(Applause)

President. — I call Mr Davignon.

Mr Davignon, Member of the Commission, — *(F)* Mr President, it is perhaps discourteous of me to be constantly monopolizing your attention, but I think it is important for the Commission to put across its point of view regarding the motion for a resolution which is being examined now.

We fully understand Parliament's concern about this issue, which is an important one from the scientific point of view and a vital one from the medical point of view, but which also raises problems of an ethical nature. It is quite natural, therefore, that Parliament, which is the mouthpiece of the general public's concerns, should be concerned by this matter and should give voice to its feelings. It is quite in keeping, too, with the implications of the debates held in our national parliaments. Internationally, most of the work done in this field hitherto has been carried out by the Council of Europe, and their work has been of great importance and value.

We feel that it would be helpful to clarify the situation by encouraging our Member States to adopt the terms of the resolution which the Council of Europe devoted to this question in 1978, and, more particularly, Articles 10 and 13 of this resolution. We would thus avoid duplicating work which has already been done so well by the Council of Europe.

At all events we intend to submit the whole question of organ transplants to the Committee for Medical Research, which is a subcommittee of CREST, so that we can look at the scientific and technical points together with the subcommittee and decide whether it would be appropriate for the Commission, or the Community, to coordinate matters in this respect.

Davignon

Our feeling is that the Community should only do things that it can do better than anyone else, not things that others do as well or better. This being the case, I think that the Commission's position is fully in keeping with the views of the Parliament committee and with the fundamental meaning of this resolution.

These are the practical steps we shall take to make more information available to the committee. In fact, once this initial debate has taken place at the CREST subcommittee which I mentioned just now, we could provide the appropriate parliamentary committee with this information, so as to see whether the initiative should be pursued further or whether we should, on the contrary, support initiatives, taken elsewhere or at the national level.

President. — I note that no one else wishes to speak.

The motion for a resolution, as it stands, will be put to the vote at the beginning of tomorrow's sitting.

The debate is closed.

13. Regulations on food aid

President. — The next item is the report (Doc. 121/79) by Mr Broeks, on behalf of the Committee on Development and Cooperation, on the proposals from the Commission to the Council concerning food aid regulations for 1979.

I call Mr Broeks.

Mr Broeks, rapporteur. (NL) Mr President, ladies and gentlemen, once again we are concerned with the report by our committee on the proposals from the Commission on food aid for 1979, which means that once again we shall be sending several million tonnes of food aid to those countries which need this aid so desperately. I take pride in the fact that in making this contribution to countries in need, we have steered clear of our bad old colonial ways and have never tried to impose our views or wishes on the recipient countries. Mr President, let me point out right away that there was not a single dissenting voice in the committee on our proposed motion here on behalf of the whole House, and may I also say that we are quite happy with the Committee on Budgets' addition to paragraph 19 of the motion for a resolution. Let me summarize the proposals made in our report.

Firstly, we refer to last year's report, which did not really differ all that much from the one before us today. We welcome the fact that the Commission has followed last year's example of combining the three programmes for cereals, skimmed milk powder and butteroil in a single communication. We believe that the food aid in the form of cereals is inadequate, and we support the Commission's proposal, in view of the failure to conclude a new international cereals agree-

ment, to increase the programme for food aid in the form of cereals to 1 135 000 tonnes, and we call on the Council to approve the necessary appropriations for 1979. We regret that no agreement was reached in Geneva on a new food aid Convention and we should like further details if possible from the Commission on the difficulties and conflicts of opinion which brought about this failure. We hope that negotiations will be resumed with all due speed and that they will be brought to a successful conclusion. We deplore the fact that supplies of skimmed milk powder have again been limited to 150 000 tonnes. As you know, we have been asking for 200 000 tons for a number of years now, but the Council has still to take a decision on this. This is a matter for great regret, but of course we cannot blame the Commission in any way. We have, however, again, asked the Commission to enter the figure of 200 000 tonnes in its proposals, and we hope that the Council will make the necessary appropriations available.

The reason why we attach so much importance to stepping up deliveries of skimmed milk powder is that it has such a high nutritional value. We realize that there may be certain drawbacks in providing food aid in the form of skimmed milk powder, particularly in the very hot countries, where we hope the Commission will cough up for small machines to obviate the potential hazards in using skimmed milk powder. There is also the added danger of women giving up breast-feeding, which will hardly be in the best interest of their children. If the skimmed milk powder cannot be delivered in the way we think it should be delivered, we think it would be better not to supply it at all.

You will not be surprised to hear that we are still in favour of the delivery programme for butter oil being increased from 45 000 tonnes to 55 000 tonnes. You will doubtless recall the report we drew up on Flood II, which was concerned specifically with aid to India. We agree with the Commission's criteria for distributing food aid, because almost 90 % of the aid goes to the poorest countries, and we hope that the criteria will be applied flexibly, as the need far outweighs the amounts we have available. We attach great importance to financing the transport of foodstuffs to the recipient countries, but we also think it imperative to have local distribution structures. Where such structures do not yet exist, they must be created to ensure that the food aid actually reaches the intended recipients, namely the most needy section of the population. We are a bit worried about the checks on the use of financial resources intended for food aid. In particular, we regard the transport appropriations as inadequate and we also call on the Commission to improve the control mechanisms by making them more transparent.

Broeksz

We also hope that by approving the new procedures, we shall improve the administration of food aid. The report points out that the Court of Auditors has put forward proposals on improved financing arrangements, and we hope that a Community regulation will require the Commission to include in all future agreements with international organizations a clause authorizing the Community authorities to exercise comprehensive control over the implementation of aid agreements pursuant to the provisions of the Community Financial Regulation. The report again stresses the fact that food aid can only be fully effective if its principles form part of a long-term development strategy and policy. We therefore reiterate our request to the Council to implement the promises it made a number of years ago on the question of Community food aid. Food aid can only be properly distributed to the right places if the plans are laid a number of years in advance, so that everyone knows what is going on. The report underlines our view that food aid must be determined without reference to agricultural policy. Again, this is nothing new. We also make the point that food aid can only be a transitional solution of an ancillary nature and that it should contribute to the agricultural development of the recipient countries.

We therefore call upon the Community to make rational use of all the instruments available to it for the development of the agricultural sector, giving particular attention to the needs of small farmers. We draw the attention of the Council and the Commission to the World Conference on Agrarian Reform and Rural Areas convened by the FAO for July 1979, and call upon both institutions — and this, I think, is a very important point — to draw up appropriate Community proposals in good time. Mr President, our original intention was simply to table this motion for a resolution, but as you know, the Committee on Budgets has tabled an addition to paragraph 19, asking the Council to take a decision as quickly as possible on the management procedure for food aid and asking the Council to open the planned conciliation procedure by 30 April 1979. Our report points out that the amount of food aid and appropriations for 1979 were laid down by the budgetary authorities in the general budget. We also refer to the non-compulsory nature of expenditure of food aid, and we ask the Commission to rethink this arrangement. The fact that expenditure on food aid counts as non-compulsory Community expenditure is, in our opinion, extremely important. We are surprised at the increasing percentage, more than 70 % — of ancillary costs over and above the production costs proper, accounted for by refunds, transport costs and monetary expenditure, and we call on the Commission to keep an eye on these developments.

Mr President, I have given a general outline of what is contained in the report, which was adopted unani-

mously by our committee. I do not think anyone had any objection to this motion for a resolution, and I hope that it will be adopted unanimously by the whole House.

President. — I call Mr Davignon.

Mr Davignon, Member of the Commission. — (F) Mr President, I should like to thank Mr Broeksz and the rapporteurs who have communicated their committees' approval of the 1979 food aid programme. There are just a few remarks I would like to make. The first is that we are particularly gratified by this approval since we share the view of the Committee on Development and cooperation that our aid should be organized on a long-term basis and that the food aid policy should be made part of our development policy.

Unfortunately, the Council has not yet seen this our way, which is why the programmes for 1979 have been presented according to the old procedure and not according to new ones. We have entered only the quantities provided for in the decision relating to the 1979 budget. We shall nevertheless continue to press for a change in these procedures, for it is illogical to maintain that food aid is one of the essential instruments of our cooperation policy and not to include it in the general context where it belongs. As for the quantities, we agree with the European Parliament on the cereals and butter oil issues, and we are in the process of examining how this can be achieved.

Similarly, we appreciate the argument that the protein deficit of the developing countries should be made good by supplying skimmed milk powder. However, as Mr Broeksz has already stressed we ought also be in a position to oversee effectively the use to which this milk powder is put. This would hardly be feasible with quantities in excess of 150 000 tonnes. Be that as it may, we note the fact that the Parliament wished to see this quantity increased to 200 000 tonnes and we will back this suggestion as soon as we are sure that we can administer quantities of this order effectively. We therefore share the views of Parliament and its committees when it comes to administration and supervision.

The Geneva negotiations on a cereals agreement providing also for food aid have failed. This is no fault of the Community's.

In conjunction with our major partners, we shall examine how these negotiations can be resumed. They would have provided us with a useful instrument, but the breakdown in Geneva does not prevent us from attempting our approaches at the international level. Consequently, as any measures we take would be made easier by such an instrument, we shall keep working in this direction. Lastly, on the question of recipients, roughly 90 % of the Community's food aid, is, as in the past, distributed among the poorest

Davignon

countries and among the most destitute strata of their populations.

I should like to thank Parliament for supporting our suggestions and we, for our part, would like to assure the House that we shall continue our endeavours to improve our approach, to streamline our management procedures and make this instrument more effective. It is an important instrument and should have the place it deserves in the general context of our cooperation policy, which is part of the Community's external policy and a part with which the Community has every reason to be satisfied.

President. — I note that there are no further requests to speak. We have now come to the end of our agenda. I wish to thank the honourable Members for their brevity, and also to thank Commissioner Davignon for having attended so assiduously and answered the debates in the fullest possible way.

The motion for a resolution, together with the amendment which has been tabled will be put to the vote at the beginning of tomorrow's sitting.

The debate is closed.

14. *Agenda for the next sitting*

President. — The next sitting will be held tomorrow, Friday, 27 April 1979, at 9.00 a.m., with the following agenda :

- Procedure without report
- Voting-time
- Baas report on the visit by a European Parliament delegation to Japan in 1979
- Nyborg report on equipment and measurements
- Jung report on carriage of goods
- Luster report on exchange losses
- Luster report on simpler Community regulations.
- Lemp report on the fishing agreement between Canada and the EEC.
- Albertini report on forestry policy in the Community
- Motion for a resolution on fisheries
- Motion for a resolution on humanitarian aid to the people of Uganda
- Motion for a resolution on accidents at work
- Motion for a resolution on the earthquake in Yugoslavia
- Albertini report on swine fever in Malta (without debate)
- Ney report on swine fever in Spain (without debate)
- Ney report on foot-and-mouth disease in South-East Europe (without debate)
- Ney report on the prevention of classical swine fever (without debate)
- Voting-time

The sitting is closed.

(The sitting was closed at 7.55 p.m.)

ANNEX

Questions which could not be answered during Question Time, with written answers

Question No 17, by Mr Fellermaier¹

Subject: Review body to examine the workings of the Commission

In his statement to the European Parliament in February 1979, the President of the Commission announced the creation of a review body of independent persons (council of wise men) to examine the workings of the Commission.

Would the Commission therefore state:

What were the criteria used in the selection of the members of this body?

Who are its members?

What are its terms of reference?

How many persons are involved in administrative support of the review body's work (e.g. secretarial and administrative assistance in the preparation of the report)?

Are these persons independent of the Commission or are present or former staff of the Commission involved?

Will the Commission make the report available to the European Parliament?

Answer

Those chosen are independent persons with a wide experience of administration and management at national and international level and in the private sector. The members of the Group are: Mr Dirk Spierenburg, Mr Karl Buschmann, Mr Paul Delouvrier, Mr Giuseppe Petrelli and Mr Dick Taverne.

In view of the changing character of the Community and the different categories of task the Commission will face in the 1980s, to examine how the Commission's organisation and staff resources can best be adjusted to meet future needs, and thus cope with a rapidly changing workload in the light of defined priorities.

With the object of maintaining a permanent Community civil service of the highest quality, to examine the ways in which the Commission can further develop its policies in respect of staff recruitment career development and provisions for retirement.

Mr Emile Noel, Secretary General of the Commission, and Mr Pierre Baichere, Director General for Personnel and Administration, take part in the work of the Group.

Mr Verheyden, Director of the Publications Office and Mr Cardon de Lichtbuer, Director, member of the Board of the Bruxelles Lambert Bank and former Community official, have been appointed rapporteurs of the Group. An official of the Commission's General Secretariat services the Group and the Commission has provided the Group with material assistance.

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Question No 18, by Mr Willi Müller²

Subject: Health hazards of asbestos

In its resolution of 16 December 1977³ adopted on the basis of a report by its Committee on the Environment, Public Health and Consumer Protection (Doc. 344/77) the European Parliament called on the Commission to take steps to restrict the use of asbestos, to press ahead with research into the development of substitutes and to take appropriate action on improving health protection at places of work where asbestos is used.

¹ Former oral question without debate (0-139/78 — Doc. 659/78), converted into a question for Question Time.

² Former oral question with debate (0-123/78 — Doc. 652/78), converted into a question for Question Time.

³ OJ No C 6, 9 January 1978, p. 138.

Will the Commission state :

What specific action has so far been taken to put Parliament's demands and recommendations into effect ?

What progress has been made towards getting asbestos included in the list of dangerous substances (Council Directive of 27 June 1967) ?

What practical conclusions has the Commission drawn from the fact that various Member States have independently adopted national bans or restrictions on the use of asbestos or are considering doing so ?

Does the Commission recognize that the incidence of incapacity and death from asbestosis contracted in the course of asbestos spraying has risen alarmingly, and that improved protection at the place of work is therefore urgently necessary ?

Can it be assumed that, in response to the need to safeguard public health and to prevent distortions of competition resulting from discrepancies between the different provisions adopted by the Member States, the Commission will submit a proposal for a directive to the Council as soon as possible ?

Answer

In all the Member States there is considerable interest in the problem of asbestos among both the public and technical, economic and medical experts. This is shown by the action already undertaken by the Member States, by the debate on and adoption of the Resolution on the health hazards of asbestos by the European Parliament on 16 December 1977 and by the fact that an Economic and Social Committee working party has drawn up a report on asbestos. Two of the conclusions drawn in the report are as follows :

1. Exposure to asbestos fibres can definitely lead to serious, often fatal, diseases (for which there is no known treatment), such as asbestosis, lung cancer, mesothelioma and stomach and intestinal cancer).
2. Exposure to asbestos can increase the risk of cancer in humans. In this connection the International Agency for Research on Cancer (IARC), in its study on asbestos (No 14, 1977), came to the following conclusions: 'In the light of present knowledge it is impossible to state whether there is a definite exposure level below which the risk of disease does not increase.'

This statement by a highly authoritative body cannot be ignored.

In view of the above, it is essential that the use of asbestos be drastically restricted, but at the same time it must be realized that the categorical requirements of prevention do not allow even a minimal risk to remain.

The honourable Members also ask what the Commission has done with regard to the above-mentioned resolution by the European Parliament. On 29 June 1978 the Council adopted a resolution on the action programme on safety and health at work, which contains a list of 14 measures which ought to be taken by the end of 1982.

Several of these measures are listed under the chapter on 'Protection against dangerous substances', asbestos being one of these.

The Commission, in application of the action programme, has now submitted an outline directive which is general in scope and lays down basic guidelines for health and safety at work with regard to the main air-polluting substances, including asbestos.

At its meeting on 8 and 9 February 1979, the Advisory Committee on Safety, Hygiene and Health Protection at Work issued an opinion on the draft of this outline directive.

I intend to see to it that, in connection with this outline directive, specific directives are drawn up on a number of air-polluting substances, such as asbestos, lead and cadmium, and on other carcinogenic substances. Those on lead and asbestos can be expected soon. I also referred to these last points in my recent reply to the question by Mrs Squarcialupi (H-391/78).

The special directive on asbestos will contain provisions for the protection of workers which limit the number of airborne fibres at the workplace.

At the same time the Commission departments have drawn up a special action programme to reduce the risks to human health from asbestos, which is also to be submitted to the Council. It deals with, among other things, procedures for working with asbestos, its labelling and use, and the further development of research in this field. The Advisory Committee on Safety, Hygiene and Health Protection at Work has been asked to give its opinion on this document.

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Question No 20 by Mr Radoux

Subject: EEC-Turkey relations

What contribution, particularly in the form of social and technological aid, is the Community making to the measures that are necessary to rectify the political situation in Turkey?

Answer

Following the visit to Brussels last May by the Prime Minister, Mr Ecevit, the Commission began explanatory talks with the Turkish authorities in October 1978, during which the Turkish Government indicated the aims it proposed to pursue in its relations with the Community. There were three such aims: the first was to bring home to Turkish public opinion the importance of the link between us; the second was to reorganize our relations in view of the changes which have taken place in the international economic climate; the third was to make the Community aware of the extremely serious economic problems facing Turkey.

At the beginning of 1979 the Commission forwarded to the Council a communication on the development of relations between the European Community and Turkey, which is intended to provide answers to the problems raised by the Turkish delegation. It covers the following four aspects of the Association:

- trade
- social aspects,
- agriculture
- economic and financial aspects.

In the field of trade, the Commission has proposed to the Council a five-year suspension of Turkey's customs obligations.

In the social field, the Commission has made proposals to the Council for an increased effort by the Community with regard to the conditions of residence of Turkish workers and their families in the Community and their desired reintegration into the Turkish economy.

With regard to agriculture, the Community, by adopting a completely new and essentially political role, which is nevertheless still in keeping with the spirit of the Ankara Agreement, is proposing a solution to this problem which is unique in the Community's relations with a non-member country. What it is proposing is a total dismantling of tariffs in order to assist Turkish agricultural products, to begin as soon as the move towards the Customs Union is restarted. This will happen, if the Turkish Government so wishes, in 1984 and will take the form of an automatic schedule for phasing out tariffs.

In the financial field, the Commission has proposed to the Council that exceptional aid be granted to Turkey for the next two years and that the run-up to the negotiations on the Fourth Financial Protocol be started next autumn in order to ensure continuity of aid for the financing of investments in Turkey.

At its meeting on 2 April, the Council held a policy debate on these Commission proposals and expressed its approval of the guidelines put forward by the Commission with regard to trade, agriculture and finance. The social aspect is to be examined at a later stage, and all the proposals will be put to the Council at its meeting on 8 May 1979 for final adoption.

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Question No 21, by Mr De Clercq

Subject: Free industrial zone in the Carso area

The Commission is asked to explain why, in the current negotiations with Yugoslavia, it is thinking of allowing a free industrial zone to be established in the Carso area on both sides of the border between Italy and Yugoslavia, as this might have serious environmental, racial and economic consequences for the city of Trieste, which has never been able to benefit from the opportunities and advantages generously granted to other areas within the Community.

Answer

The Commission would point out to Mr De Clercq that the agreement currently being negotiated between the Community and Yugoslavia makes no provision for the creation of a free industrial zone in the Carso area but simply takes account of the fact that the establishment of such a zone was provided for in the Protocol annexed to the Treaty of Osimo between Italy and Yugoslavia.

The Commission has thus proposed that in the agreement to be concluded between the Community and Yugoslavia certain objectives which Italy and Yugoslavia wish to achieve by signing Treaty of Osimo should not be rendered void. With regard to the environmental, ethnic and economic consequences which Mr De Clercq fears will arise from the creation of the free zone, the Commission wishes to stress that it is a matter for the signatories to the Treaty of Osimo and to the Economic Agreement concluded at the same time to solve this problem. Furthermore, it wishes to draw attention to the fact that the above-mentioned Agreement provides for the setting up of a joint Italian-Yugoslavian Commission to study the way in which the free zone can be established and at the same time the negative consequences referred to by Mr De Clercq avoided. It is however clear that the Commission will make sure that the solutions arrived at during the negotiations with Yugoslavia allow the development projects planned in the Carso free zone to progress adequately. As far as the Commission is concerned, any such solutions would have to obviate the risk of deflection of trade and of distortions in the quantitative restrictions to be provided for in the EEC — Yugoslavia Agreement for products which present problems for Community industries. With regard to the opportunities and advantages from which the question maintains the city of Trieste has not been able to benefit, the Commission would refer to its reply to Written Question No 962/78 by Mr Bettiza, in which it clearly stated the rules governing eligibility for Community aid under the various funds.

Question No 22, by Mr Dewulf

Subject: Family situation of EEC scholarship-holders and trainees from the ACP countries.

Can the Commission explain why, contrary to the normal practice for exchange scholarships, scholarship-holders and trainees whom it sponsors from the African, Caribbean and Pacific countries and whose stay exceeds 3 months may not be accompanied by their spouses and, where appropriate, young children?

Answer

The rules applying to the Community scholarship scheme were drawn up in joint agreement with the governments of the ACP countries, which have given a written undertaking that, if necessary, they will provide maintenance for the families of scholarship-holders (students or trainees). The relevant regulations on bilateral aid in the Member States are the same as or similar to ours, except that in Belgium, Denmark and France family allowances are paid and in the United Kingdom and the Netherlands allowances are paid in individual cases.

The Member States generally advise their scholarship-holders against having their families accompany them.

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Question No 23, by Mr Nolan

Subject: Promoting employment

Does the Commission believe that recruitment standards for young people are deliberately set very high in industry and that if they were lowered more jobs could be created?

Answer

It can be seen from the tables below that the number of vacancies in the Community is considerably lower than the number of unemployed (see Table 1) and that many of these vacancies are intended for unskilled workers (see Table 2). It is therefore not reasonable to suppose that a possible change in recruitment standards would bring about a fundamental change in the employment situation.

The practice by some employers of publishing only vacancies for highly skilled staff, even if the professional qualification is set higher than is usually necessary, is very much to be regretted since it reduces the chances of less skilled workers, and it is far from certain that the more highly skilled worker will do the job better than his less skilled colleague. There remains narrow scope for selection depending on the employers' sense of social responsibility and on the efforts and resources which employment services can devote to the problem. The Commission has dealt with this and related problems in its document entitled 'The reduction of the qualitative mismatch between the supply of and demand for labour: guidelines for labour market policy and working conditions', which is due to be examined by the Standing Committee on Employment at its meeting on 22 May 1979.

TABLE 1

Total notified vacancies in the Community — February 1979

Germany	267 000
France	72 000
Netherlands	57 000
Belgium	5 000
Luxembourg	200
United Kingdom	216 000
Denmark	2 000
	619 000
Total Unemployment :	6 431 000

No figures for vacancies are available from Ireland or Italy.

TABLE 2

Proportion of unfilled vacancies available for unskilled workers
(Source : National statistics)

<i>Germany — May 1978</i>		
No details given of skills required	115 080	45 %
Total vacancies :	255 461	100 %
<i>United Kingdom — September 1978</i>		
General labourers and other manual occupations	96 974	42 %
Total vacancies :	232 758	100 %

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Question No 24, by Mr Power

Subject : International Year of the Child

Is it the intention of the Commission that the European Community should contribute in some way to the International Year of the Child ?

Answer

The contribution of the European Community to the International Year of the Child consists, on the one hand, of projects currently being carried out for the successful completion of which a special effort will be made this year and, on the other hand, of activities specifically devised for the Year of the Child.

I would quote the following examples :

In the education sector the Commission is to organize in France in May a broad colloquium on pre-school education. The Commission will also extend its work in the field of education for handicapped children and the children of migrant workers, and will devote more attention to the equality of educational opportunities for boys and girls.

In the social field, a large part of the appropriations granted to the Social Fund to assist migrant workers is already being devoted to the financing of projects for immigrant workers' children, mainly for the provision of education specially suited to their requirements. In the next few months the Commission will also have an opinion poll carried out in the nine countries of the Community on behaviour and attitudes towards children and their needs.

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Question No 25, by Lord Bethell

Subject: Air fares within the European Community

Have the Commission investigated the very high level of scheduled airline fares between cities of the Community, with particular reference to the restrictive measures imposed by the International Air Transport Association? What action do they propose in order to mitigate this serious obstacle to travel within the Community?

Answer

The question of market structure in Community air transport has been the subject of detailed examination and discussion by the Commission recently. The structure and level of tariffs constituted an integral part of this analysis, from which it is already clear that the restrictive measures referred to by the Honourable Member arise more from the bilateral agreements between States on air transport policy than from the application of the IATA rules.

On this basis, a series of policy options was approved for further development by the Services of the Commission.

A green paper setting out the main points of this analysis and describing the policies to be pursued will be communicated by the Commission in June to the Council and the Parliament.

The Commission would appreciate it if the European Parliament would use this document as the subject-matter for a major debate.

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Question No 26, by Mr Brown

Subject: Carcinogenic content of German beer

Has the Commission's attention been drawn to the survey carried out by the Research Centre of Heidelberg concerning the carcinogenic content of German beer? What action does the Commission propose to take in the light of that survey?

Answer

The Commission has noted the studies carried out by the Heidelberg Cancer Research Centre on the nitrosamine content of certain types of beer. It appears from these that the nitrosamine content depends on the process used (roasting over an open fire). Such processes are used not only in the Federal Republic but also in various other Member States. The carcinogenic properties of nitrosamine are well known, although the Commission is not aware of any epidemiological study which demonstrates the carcinogenic effects of beers which contain traces of nitrosamine. It is technically possible to limit the nitrosamine content of beer (by eliminating open-fire roasting, lower roasting temperature, addition of ascorbic acid, addition of sulphuric acid). The German breweries have agreed voluntarily to reduce the nitrosamine content by about May 1979.

Although the carcinogenic effects of beers containing nitrosamine have not been epidemiologically demonstrated, it would be preferable to keep the nitrosamine content as low as possible, and it does appear that this is technically possible. At the moment there seems to be no documentation available on this subject. Perhaps Dr Hunter can provide more details tomorrow.

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Question No 29, by Mr Dalyell

Subject : Sperm whales

Will the Commission recommend a Community ban on imports of Sperm Whale oil, given the decision in December 1978 of the meeting of the International Whaling Commission in Tokyo that Sperm Whales now be classed as protected stock ?

Answer

1. The European Economic Community is not a member of the International Whaling Commission, and is consequently not fully informed concerning the decisions taken by that body in Tokyo in December 1978. Subject to further confirmation, however, the Commission understands that it is not quite accurate to say that sperm whales were classified as protected species by a decision of the International Whaling Commission, as catch quotas have been fixed for this species in certain regions.
2. It is clearly difficult for the Commission to have a full view of this matter without being a party to the international organization concerned. In view of the close connection between whaling and other Community policies, the Commission now believes that it would be appropriate for the Community to decide to participate in a revised International Whaling Convention which is currently being negotiated, and is currently preparing an initiative to this end.
3. As to the restriction of trade in whale products, the Commission would like to recall that it recently recommended that Member States support the United Kingdom proposal to list all species of Cetacea not listed in Appendix I of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (the 'Washington Convention') in Appendix II of this Convention. The Second Meeting of the Conference of the parties to the Washington Convention approved this proposal last month, thus sperm whales will be placed in Appendix II of the Convention. In addition, the Conference adopted a recommendation not to grant import or export permits under the Convention for species and stocks protected by the International Whaling Commission. The European Commission is at present preparing a draft proposal for a Council Directive on the implementation of the Washington Convention throughout the Community, which will also cover these matters.

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Question No 31, by Mr Yeats

Subject : Alleviating unemployment caused by new port technology. Would the Commission state whether any monies from the Social Fund are being used to alleviate unemployment caused by new port technology ?

Answer

The European Social Fund may be used to subsidize both the training of personnel who continue working in the ports and the training of those who transfer to other employment.

However, no applications have so far been made to the European Social Fund solely concerning training projects in conjunction with new port technology.

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Question No 32, by Mr van Aerssen

Subject : Purchase of subsidized butter by the German Democratic Republic

Is the Commission aware that the German Democratic Republic is buying up subsidized butter from the Community at low prices and then selling it at much higher prices to the military régime in Chile and, if so, how does it view this practice ?

Answer

The statistics available to date (31 January 1979) show that no EEC butter was exported to the German Democratic Republic either in 1978 or 1979.

The German Democratic Republic itself exports butter and often sells it at prices which are below those on the world market for EEC butter, but no statistics are available on the German Democratic Republic's exports.

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Question No 34, by Mr Lagorce

Subject : supply of food to the Sahel countries

According to a press report which appeared in early March, the Sahel countries have, following the drought, again appealed to the international community to provide them 'as soon as possible and as efficiently as possible' with food supplies estimated at between 350 000 and 400 000 tonnes. What response has the Commission made, or does it intend making to this appeal ?

Answer

The Commission has noted the press reports on two statements by the Coordinating Minister of the Inter-Governmental Standing Committee on Drought in the Sahel (I.S.C.D.S.) to the effect that the eight Sahel countries were appealing to the international community for emergency aid of 420 000 t of grain.

According to the Minister, the reason for this request is the lack of rainfall in several areas of the Sahel countries (Upper Volta and Mauritania), which has caused localized droughts.

In the light of the information available to it, the Commission is able to confirm the existence of the droughts recently referred to by the I.S.C.D.S. However, it notes that they have remained localized mainly in certain regions of two Sahel countries and that the overall situation is not, in fact, as serious as might have been feared : there is actually a net improvement on last year, as is shown by the recent statistics published by the FAO, which estimated that 790 000 t of grain imports are required for 1979, while actual imports in 1978 amounted to 1 036 000 t.

Thus the Commission considers that it must be possible to offset part of the food shortage by transferring grain from regions with a surplus to the regions suffering the shortage, it being up to the countries concerned to take the necessary measures. It therefore assumes that the overall food shortage can be offset partly by these transfers and partly by contributions from abroad.

As part of the 1979 programme, the Commission has proposed that aid of 36 000 t of grain be granted to the member countries of the I.S.C.D.S., which will probably receive additional aid from the international community.

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Question No 38, by Mr Osborn

Subject : Cutlery and hand tool industries

What discussion has the Commission had with Ministers representing Consumers' interests, Trade Ministers and Industry Ministers from Member countries about the definition of country of origin to cover the assembly of finished products in the Community from components produced in third countries, as well as other Community countries, a situation particularly relevant to the cutlery and hand-tool industries, so that consumers can have clear assurances about quality and country of origin?

Answer

The only measures in force relating to the origin of goods is Council Regulation (EEC) No 802/68 of 27 June 1968¹. This measure is designed to allocate origin for statistical, customs and trade-policy purposes and is not designed, nor suitable, for use in the consumer protection field.

Up to now the Commission has had no contacts with any Ministers in any of the Member States on the application of the rules of origin to the field of consumer protection.

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Question No 39, by Mr Kavanagh

Subject : Community aid to combat coastal erosion

Can the Commission state whether aid is available to combat coastal erosion, and provide for restoration where such erosion has occurred, either within the framework of infrastructure investment projects under the Regional Fund, or through other Community policies?

Answer

Preventing the erosion of the coastline is an important factor in any system of rational management of coastal areas which seeks to reconcile economic development with the protection of the environment in these highly sensitive zones. Due consideration is accordingly being given to this problem in several of the measures undertaken in the context of the European Communities' action programme on environmental matters².

Specific research into the protection of the littoral against erosion has, furthermore, been undertaken in the context of the Community research policy³.

Community Funds may be drawn on in the following cases :

The European Regional Development Fund may help to finance investment in infrastructures for protecting the coastline against erosion in regions or areas covered by Article 3 of the Council Regulation concerning the setting-up of the Regional Development Fund, provided that such infrastructures are seen to be necessary for the development of the regions or areas in question.

The EAGGF may be used in cases covered by the Directive on mountain and hill farming and farming in certain less-favoured areas, and in particular by Article 3(5) thereof⁴.

If it seems likely that forestry measures will combat erosion in a given coastal area, the EAGGF may also be used by virtue of the Council Regulation on a common measure for forestry in certain Mediterranean zones of the Community⁵.

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¹ OJ L 148/68 of 28 June 1968, p. 1

² These include the measures on 'coastal areas', 'damp areas', 'environmental impact assessment' and 'ecological mapping'.

³ Protection of the littoral and seabed against erosion Committee for Scientific and Technical Research, EEC.

⁴ 75/268 of 28 April 1975.

⁵ 269/79 of 6 February 1979.

Question No 42, by Mr Ryan

Subject : Oil shortage

As Ireland is suffering serious damage to agricultural and industrial production and employment by reason of an acute shortage of petrol, diesel and fuel oils, what steps are being taken to implement Community obligation for Member States to come to one another's aid in the event of an oil shortage ?

Answer

Events in Iran and the severe winter have, in varying degrees, adversely affected oil supplies in all the Member States of the Community. The problems in Ireland are mainly affecting the supply of heating oil, the compulsory reserves of which had for some months been below the Community average. Matters were then made worse by an Irish dock strike, which further unsettled consumers and led to some panic buying. The shortage cannot, however, be described as acute.

As a result of these circumstances, the Irish Government decided on 12 April to place the supply and distribution of petroleum products under the control of the Minister for Industry, Commerce and Energy. This measure is intended to guarantee supplies to priority consumers such as hospitals, schools and horticultural undertakings.

The Irish Government has informed the Commission of these measures. It did not, however, ask the Commission to take a decision or make proposals on the basis of the Council Decision of 7 November 1977, which permits the setting of a Community target to reduce energy consumption in the event of supply difficulties and in particular provides for the redistribution of petroleum products.

Together with the Member States, the Commission will pay close attention to the situation and if necessary take immediate and appropriate measures.

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IN THE CHAIR : MR MEINTZ

Vice-President

(The sitting opened at 9.00 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. *Procedure without report*

President. — The titles of the Commission proposal designated for the *procedure without report* provided for in Rule 27A of the Rules of Procedure were announced at Monday's sitting. Since no Member has asked leave to speak and no amendments have been tabled to them, I declare these proposals approved by the European Parliament.

3. *Votes*

President. — The next item is the vote on motions for resolution on which the debate is closed.

We shall begin with the motion for a resolution contained in the *Scelba report (Doc. 80/79): Accession by the Community to the European Convention on Human Rights*.

I put the preamble and paragraph 1 to the vote.

The preamble and paragraph 1 are adopted.

On paragraph 2 I have Amendment No 1, tabled by Mr Scott-Hopkins, replacing this paragraph with the following text:

2. Envisages the establishment of a Committee of Experts with a view to drafting a European Charter of Civil Rights.

What is the rapporteur's view?

Mr Santer, deputy rapporteur. — The rapporteur, who is unable to be here, accepts the amendment.

President. — I put the amendment to the vote.

Amendment No 1 is adopted.

I put paragraphs 3 to 5 to the vote.

Paragraphs 3 to 5 are adopted.

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

The resolution is adopted.¹

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President. — The next item is the motion for a resolution contained in the *Johnston report (Doc. 584/78): Expulsion from Malta of Mr von Hassel*.

I put the first indent of the preamble to the vote.

The first indent of the preamble is adopted.

On the second indent of the preamble, I have Amendment No 1, tabled by Mr Radoux, Mr Seefeld and Mr Cunningham on behalf of the Socialist Group, replacing the word 'approving' by 'noting'.

I put the amendment to the vote.

Amendment No 1 is adopted.

I put the second indent as amended to the vote.

The second indent is adopted.

I put the third indent to the vote.

The third indent is adopted.

On paragraph 1, I have Amendment No 2, by Mr Radoux, Mr Seefeld and Mr Cunningham on behalf of the Socialist Group, replacing this paragraph by four new paragraphs:

1. Reaffirms the principle of non-interference in the internal affairs of a sovereign state;
 - 1a. Deplores the violent attacks made by Mr von Hassel on the government of Malta;
 - 1b. Expresses its attachment to the principles of the free movement of persons and of the free expression of political opinions;

¹ OJ C 127 of 21. 5. 1979.

President

- 1c. Consequently deplores at one and the same time the provocative and uninformed remarks of Mr von Hassel and his expulsion from Malta;

I put the amendment to the vote.

Amendment No 2 is adopted.

On paragraph 2, I have Amendment No 3, tabled by Mr Radoux, Mr Seefeld and Mr Cunningham on behalf of the Socialist Group, deleting the following words:

... in that country, which is linked to the Community by an association agreement;

I put the amendment to the vote.

Amendment No 3 is adopted.

I put paragraph 2 as amended to the vote.

Paragraph 2 is adopted.

I put paragraph 3 to the vote.

Paragraph 3 is adopted.

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

Since the result of the show of hands was doubtful, I shall take a fresh vote by sitting and standing.

The motion for a resolution is rejected.¹

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President. — I put to the vote the motion for a resolution contained in the *Cassanmagnago Cerretti report (Doc. 40/79): Decision introducing a Community system of information on accidents.*

The resolution is adopted.¹

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President. — I put to the vote the resolution contained in the *Krouwel-Vlam report (Doc. 24/79): Organ banks.*

The resolution is adopted.¹

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* *

President. — I put to the vote the motion for a resolution contained in the *Broeks report (Doc. 121/79): Regulations on food aid.*

I put the preamble and paragraphs 1 to 19 to the vote.

The preamble and paragraphs 1 to 19 are adopted.

After paragraph 19, I have Amendment No 1, tabled by Mr Croze, on behalf of the Committee on Budgets, inserting four new paragraphs:

Calls upon the Council to reach an early decision on the Commission proposal for simplifying the machinery for administering food aid, so that the conciliation procedure between Parliament and the Council on this matter can start before 30 April 1979;

Notes that the amounts and appropriations for food aid for 1979 have already been determined by the budgetary authority in the adoption of the annual budget;

Reaffirms the non-compulsory nature of food aid expenditure and calls upon the Commission to reconsider its position on this clarification;

Is surprised at the growing percentage (more than 70 %) represented by ancillary charges in the cost of the products (refunds, transport and dual rate) and calls upon the Commission to keep a watch on this trend.

I put the amendment to the vote.

Amendment No 1 is adopted.

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

The resolution is adopted.¹

4. *Visit by European Parliament delegation to Japan in October 1978*

President. — The next item is the report (Doc. 666/78) drawn up by Mr Baas on behalf of the Committee on External Economic Relations, on the results of the visit by the delegation of the European Parliament to Japan in October 1978.

I call Mr Baas.

Mr Baas, rapporteur — (NL) Mr President, ladies and gentlemen, the visit by a European Parliament delegation to Japan in October 1978 was prompted by the importance of economic relations between the European Community and Japan. I think it is a good thing during such visits for the important problems arising between two countries or groups of countries to be discussed. Our visit took place at a time when the negotiations within GATT had reached a particularly difficult stage and it provided an opportunity to exchange views on precisely those issues on which there were profound differences of opinion.

The big problem in relations with Japan is the persistent increase in the latter's balance of payments surplus in trade with the European Community. Although the Japanese Government is constantly taking measures to restore equilibrium to the balance of trade, no tangible results have so far become apparent. Although there did seem to us to be a political will to establish more balanced trade relations, the Japanese have clearly not succeeded in making any substantial change to this situation of imbalance or in improving it to our advantage. There are two points I should like to make which seem to me fundamental to an understanding of the situation. It is not very easy to get a clear picture of the more profound causes. There is also the highly structured Japanese

¹ OJ C 127 of 21. 5. 1979.

Baas

economy which makes it particularly difficult to obtain an adequate picture of the situation. Be that as it may, there are industries in the European Community which have been placed in serious difficulties by Japan's trading activities and there is therefore a danger that Community countries may be tempted to resort to certain measures. There are in a number of Community countries certain sensitive industries which are currently suffering acutely from Japanese competition. Moreover, Japan exports a large number of industrial products to the Community, which has not succeeded in establishing a balance in this area. And I think that for the future this is precisely what we need to achieve.

Community exporters are faced with an extremely highly structured trading system in Japan which is very difficult to penetrate.

In view of the lack of a clear picture with regard to this emotive issue of our relations with Japan, I think it might be useful to investigate whether there are enough European products which have a reasonable chance of penetrating the Japanese market. There are such products — Scotch whisky, French wine, Dutch television sets, German cars and Italian food — but not enough to make a substantial impact on the Japanese market.

Our talks with our Japanese colleagues in both Luxembourg and later in Tokyo were felt by all those taking part in the discussions to have been an experience of special significance. I think we also succeeded in achieving a better understanding of each other's point of view. The same was true of our talks in Washington with members of Congress. The politicians of the advanced industrial democracies, the three major industrial democracies, seem to be aware of their particular responsibility with regard to the orientation of their activities in the future. Thus we considered the possibility of a trilateral meeting and were extremely pleased that both our Japanese and American colleagues were strongly in favour of such a meeting. Representatives of Congress and the European Parliament all feel that the problems of the EEC-Japan trade balance, for example, cannot be settled on a bilateral basis within the limited period of five years. We must seek to achieve trilateral agreements and efforts are already being made by the Japanese which show that they too are in favour of seeking solutions in a trilateral context. We have of course been badly hit — and I think this point comes out clearly in my report — by the dramatic expansion of the Japanese economy. This expansion in the last 20 years has not been matched in Europe.

I should now like to draw this House's attention to a number of points which are perhaps not without relevance for the future development of our relations with Japan. We are struck by the antipathy in the Community and also in the United States towards the development of Japan. This is an extremely serious matter. I believe that as politicians we should not encourage these sentiments. Of course Japan is, by structure, character and mentality, completely different from the

European countries. That is no reason to conceive an aversion for its development. And it is natural that when someone else is successful one tends to look for the reasons for this success in others rather than in oneself. We have gained the impression that Japanese investment in Europe — and I think particularly of joint ventures — is one of the ways in which a healthier balance of payments situation could be achieved. We also have a unique opportunity of cooperating closely with Japan in the energy sector in particular. We both have big energy needs and in the context of the energy supply problem we could both derive advantage from joint studies and joint research into ways of ensuring energy supplies for our economies. There are also possibilities for the future in the agricultural sector. The export of agricultural products to Japan will presumably bring further opportunities, especially as the eating and living habits of the Japanese are changing. A comparison of the average Japanese family budget of 10 or 15 years ago with that of today reveals very marked changes. It might also be interesting to compare household budgets and the spending of families in the United States and in Europe. This would give an extremely instructive picture of the different trends in the United States and Europe.

I think we should welcome the fact, Mr President, that Japan has announced its intention to give more substance to its development policy, and to make more funds available for Third World development. This too may contribute to reducing the large balance of payments surplus. We have the impression that there are unprecedented possibilities in this area and we hope that Japan will make a contribution to the Manila Conference and be willing to support the stabilization of the raw materials market. We think that given Japan's heavy dependence on imports it might be willing to give the developing countries the aid they need.

In my report I have made one or two suggestions on behalf of the committee regarding future contact. I think that in the near future we shall be able to renew the contacts which proved so successful. I myself have twice had an opportunity to visit Japan with a delegation. There are great opportunities before us in this area, not only for exchanges of views between members of parliaments but also, in the context of the activities of our Community, for exchanges of students and journalists. This might indeed help Japan, which has been in isolation for so many years, to prove its sense of responsibility as a country belonging to the economically strong nations. An economically strong nation cannot shirk its political responsibility to the rest of the world.

This is precisely one of the points that must be constantly raised in our relations with the Japanese, whom we must encourage to accept their responsibilities.

In conclusion, I would thank Parliament and my colleagues for the considerable help we have received in preparing these documents. A special word of

Baas

thanks is due to the secretariat of our delegation, which did an excellent job in supplying us with the documentation so necessary for an understanding of this extremely complex problem.

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

Mr Pistillo. — *(I)* Mr President, ladies and gentlemen, in our opinion, Mr Baas's report contains an interesting and useful assessment of the whole question of relations between the European Community and Japan. However, as Mr Baas himself has just pointed out, certain Community countries and certain industrial and commercial sectors are still adopting attitudes which are inappropriate and unacceptable if, as we all hope, there is to be an improvement in the general relationship between the Community as a whole, as well as the individual Member States, and Japan.

As a member of the Community delegation visiting Japan, I myself realized during our interesting and relatively useful meeting that certain sectors of the Community have adopted an unreasonable and unacceptable attitude. It is no longer feasible to say to the Japanese, 'Import additional products from Europe — we can supply you with more meat, more potatoes and products which you don't possess and which at present you don't use; for your part, try and reduce your exports'. In other words, to behave as though relations between the EEC and Japan can be founded on so-called goodwill. Economic laws function objectively, ladies and gentlemen, and irrespective of the good or bad will of a particular country or of its representatives. Hence we are not concerned with goodwill nor can it form the basis for relations as a whole between the EEC and Japan; they require much more objective foundations.

As is clearly stated in Mr Baas's report, our group feels that Japan is unlikely to be able to reduce the volume of its exports to Europe. Japanese industry is much more dynamic than ours and has a much greater capacity for adaptation and modernization than European industry taken as a whole. The structure of Japanese industry, referred to by Mr Baas, is of a strength and power which we in the European Community cannot even imagine. These are objective facts which have nothing to do with good or bad will: unless Europe as a whole is capable of adjusting some of its structures and adopting new policies there is no point — as we realized in Tokyo — in asking Japan to import more meat, which would make it dependent on certain European countries, or to reduce its exports.

This argument clearly does not hold water, as is confirmed by the information to which Mr Baas refers. We therefore urge that the negotiations and discussions should be based on a much more realistic

approach, which takes account of certain practical aspects whose importance will certainly not diminish in the next few years, and of the need for us to change some of our industrial structures, the way we organize production and indeed the whole export business. How many times have the Japanese told us that they have representatives throughout the world speaking our languages and that we are incapable of learning Japanese and of organizing a trade network to compare with theirs? This is a matter which undoubtedly places the Community countries at a disadvantage and which should be borne in mind.

A second aspect on which I would like to dwell briefly is the trilateral concept which Mr Baas has taken up again in his report and which quite frankly seems to me outdated. In fact it has been outdated for quite some time. What is the point of continuing to define the discussion in terms of Europe, Japan and the United States of America when the world has developed so significantly towards a multilateral approach and when account has to be taken of the major power of China, of the Soviet Union and the socialist countries and of the considerable problems facing the developing countries in the Third or Fourth World?

We clearly have to make the following choice: either we approach the problem from a multilateral point of view, rejecting the triangular framework which no longer exists and which leads us astray from reality; or else we continue to repeat wearily, as we have done for several years, the request for goodwill on Japan's part in its relations with the European Community.

We must be extremely realistic; we need a genuine and more dynamic restructuring policy which must not, however, lead to an increase in unemployment, since this must not be the price of industrial development in Europe; we need modern, really competitive commercial organization which rejects the temptation to resort to protectionism or underground commercial warfare, which clearly is of no use to us; but above all we must reject an approach based on three-cornered relations between Europe, Japan, United States of America and make a genuine effort to widen the scope of our initiative and our activities.

At the time of our arrival in Tokyo, there were reports of the agreement between Japan and China. That is an example of dynamism and enthusiasm. At that time the EEC had taken certain initiatives and made a number of approaches. I don't know what has so far resulted from the contacts with China, but these contacts must be stepped up — without, of course, lessening our interest in and commitment to the Japanese economy. Nevertheless we must face up to a multilateral reality which confronts Europe, in particular, with the major questions of development and intervention planning aimed at overcoming the existing underdevelopment of so many countries and peoples.

Pistillo

Those are the brief comments I wish to make, Mr President. This is an extremely interesting subject in political and cultural terms and one which could provoke lengthy comment. However, we cannot speak at length and I shall therefore conclude by saying that we shall abstain in the vote on Mr Baas's report, with which we are in only partial agreement.

President. — I call Mr Tugendhat.

Mr Tugendhat, Member of the Commission. — Mr President, the Commission read with interest the original report and I myself have not only, of course, done that but also listened to the short debate which we have had today. I am struck by the fact that the Parliament's analysis of the problems arising in the relationship between the European Community and Japan is very similar to our own. We both, I think, share the same concerns, in particular the central point about the problem of the massive Japanese overall surplus and the restrictions and difficulties that are put in the way of some of our exports to Japan when those exports pay for only two-fifths of our imports and the bilateral trade deficit is constantly increasing.

I myself have been to Japan in order particularly to deal with some of the problems relating to access to Japanese financial markets and the freedom of European banks and insurance companies to provide financial services in Japan. While I was there I had the opportunity to see something of the other end of the problem and to talk to the Japanese. Now, while we do have a variety of complaints that are quite legitimate and need to be strongly put, it is, I think, also important to bear in mind the sort of considerations mentioned by the honourable gentleman who spoke last. It is true that Japanese culture, Japanese history, the Japanese way of life are very different from ours, but that works both ways. It certainly makes it more difficult for us to break into their market, but it makes it more difficult for them to break into ours; yet they have been quite conspicuously more successful at operating in the West than we have in operating in the East.

The points which have been made, and of which the Commission is acutely aware, about the difficulties in breaking into the Japanese market help to provide an important part of the explanation; but it is striking that the Japanese seem to be able to learn English and French, Italian and German and all the rest of it. We seem to have the greatest possible difficulty in matching them. It is true that it is difficult for European businessmen and their families to live in Japan, but it is equally difficult, if not more so, for Japanese businessmen and their families to live in the West, and yet they often seem better able to do so. So while one must continue to press very strongly on the Japanese in order to remove some of the causes of complaint that are mentioned in this report and

which we take extremely seriously, it is also important that we should do everything on our part to make sure that we make the maximum use of the opportunities available to us.

One final word on the report itself. We shall take very careful account of the Parliament's opinion, and in particular the Commission would like to put on record its support of the view that a confident and intimate trilateral relationship between the United States, the Community and Japan is essential for world peace and prosperity. My colleague, Vice-President Hafenkamp, when he responded to the debate on Wednesday on relations with the United States, made something of the point and explained the Commission's views. One of the things which now face us is the need to strengthen the weakest side of that trilateral relationship. We have good relations with the United States; the Japanese and the Americans have good relations with one another, but the weakest side of the triangle is that between ourselves, the Community, and the Japanese. That is why on behalf of the Commission, I wish to congratulate the members of the Parliamentary delegation, two of whom have spoken this morning, that went to the Japanese Diet last October, and to say how much we welcome efforts such as these to improve understanding between our Community and Japan.

There is a lot that needs to be done, but certainly approaches of that sort have a part to play and I think that we, the Community and the Japanese, now know each other sufficiently well, even though we perhaps do not know each other as well as either of us knows the United States, to be able to speak frankly about the real problems that exist, the real differences between us and the necessity of removing those problems before they do too much damage and before they overflow into other areas of international activity.

President. — I call Mr Baas.

Mr Baas, rapporteur. — (NL) Mr President, I should particularly like to thank Mr Pistillo for his comments and, of course, the Commission too. I would also like to underline the last point made by the Commission. Why have we laid such emphasis on the need for trilateral discussions? There is no commercial agreement involved, Mr Pistillo, let there be no misunderstanding there; this would not involve special trade agreements between the US, Japan and the European Community. What it would mean is that the advanced democratic industrial nations would take special responsibility in the world for planning their industrial production and their agricultural production. In this area we share a special responsibility, particularly towards our peoples. I believe that we must hold joint consultations on the problems arising in this connection, i.e. how the various sectors should be integrated in a modern economic system and how production

Baas

should be guided in the various industrial sectors and possibly also in agriculture.

Mr Pistillo said there was nothing wrong with these contacts, but that we had a special responsibility to bear as regards the problem of unemployment. That, of course, is one of our first responsibilities as politicians in our present economic system. And I have the feeling, Mr Pistillo, that our opinions are not all that different on this issue. You were absolutely right to say that we must never try to establish exclusive trading arrangements between these three industrial super-powers; exclusivity is a thing of the past. But our special position, our special responsibility in the world are not. And this is the point we have been trying to draw attention to. I am glad that the Commission too takes the view that there is a great deal of work that could be done in this area. I am grateful to all my colleagues for the signs of support they have given and above all to the Commission. I would ask this Parliament to give due consideration to the conclusions contained in the report.

President. — I note that no one else wishes to speak. The motion for a resolution will be put to the vote, as it stands, at the end of the sitting.

The debate is closed.

5. Directives on equipment and measurements

President. — The next item is the report (Doc. 53/79) drawn up by Mr Nyborg on behalf of the Committee on Economic and Monetary Affairs on the proposals from the Commission to the Council for

- I a directive on the approximation of the laws of the Member States relating to safety requirements for tower cranes for building work (Doc. 548/78)
- II a directive on the approximation of the laws of the Member States relating to the operating space, access to the driving position (entry and exit facilities), and to the doors and windows of wheeled agricultural or forestry tractors (Doc. 549/78)
- III a directive amending Directive 74/510/EEC on the approximation of the laws of the Member States relating to the type-approval of wheeled agricultural or forestry tractors (Doc. 550/78)
- IV a directive on the approximation of the laws of the Member States relating to noise emitted by lawn mowers (Doc. 562/78)
- V a directive on the approximation of the laws of the Member States relating to certain types of simple pressure vessels (Doc. 563/78)
- VI a directive amending Directive 71/316/EEC on the approximation of the laws of the Member States relating to common provisions for both measuring instruments and methods of metrological control (Doc. 617/78)
- VII a directive on the approximation of the laws of the Member States relating to units of measurement and repealing Decision 71/354/EEC (Doc. 15/79).

I call Mr Nyborg.

Mr Nyborg, rapporteur. — (DK) Mr President, the present report embraces no less than seven different directives and could, therefore, have taken the form of seven reports. The report is the logical reflection of the position taken up by the European Parliament on the removal of technical obstacles to trade and of the stance we have adopted during the last four years. There has long been a desire for the implementation of a more flexible procedure for the removal of these technical obstacles to trade. As the procedure exists at the moment, it not only could give rise to repeated and long-drawn-out discussions, at various stages of the decision-making process of the same technical details, but it also gives the impression of negated responsibility. No one accepts responsibility for removing these obstacles to trade at a reasonable rate.

During discussions in committee, Commissioner Davignon promised that the Commission would work out a more general document on the basic principles and objectives with regard to the removal of technical obstacles to trade and it is our hope that a more flexible procedure can be laid down in this respect. It is therefore a source of regret to me that today we have to deal with the present report in isolation, since the problems described are closely linked to the position taken up by the committee in its report on construction products, which is not, however, on the agenda until the May meeting. I therefore believe that the best approach would be to leave the general political debate on the future decision-making procedure until May, since we also have reason to hope that Commissioner Davignon can and will be able to take part then.

On the proposed directives before us today, I need only make a few brief remarks. We are proposing amendments to three of these proposed directives. First of all, we agree with the opinion of the Committee on the Environment, Public Health and Consumer Protection that concern for safety at work means that in the directives on tower cranes and pressure vessels there should be total harmonization rather than optional harmonization. Secondly, we believe that, specifically for pressure vessels which are only produced in very small numbers, there should be the possibility of applying the manufacturer's self-certification procedure, since their approval would otherwise be disproportionately expensive and disproportionately cost-inflating.

With these few comments I would recommend the House to adopt the present report.

President. — I call Lord Ardwick.

Lord Ardwick. — Mr President, we did discuss in the Committee on Economic and Monetary Affairs the wisdom of grouping a number of harmonizations

Lord Ardwick

together, and we thought that this was a very wise procedure, because any individual harmonization looks absurd in itself, and is perhaps regarded as one of the mischievous pranks of the Brussels bureaucrats. I think Mr Davignon took the point that when you get a group of harmonizations it would be very useful, for the good public relations of this Community, to indicate the policy which these harmonizations are intended to implement, so that they do not look like bureaucratic interference with the business of Europe by people who know nothing about it, as they have often been regarded in the past.

President. — I call Mr Tugendhat.

Mr Tugendhat, Member of the Commission — Mr President, I find myself in considerable agreement with the points made by both the previous speakers. The word 'harmonization' and the subjects that it covers do have a rather boring and switching-off type of image, and yet so often it is precisely the things which are done in this field which create the most controversy and misunderstanding over what the Community is about.

As Lord Ardwick said a moment ago, it is very important that people should understand the framework within which the actions are being taken. Mr Davignon explained on 30 March, before the Economic and Monetary Committee to which Lord Ardwick referred, the necessity for the Commission to be more explicit in the future, and this is a commitment that the Commission takes very seriously. Indeed, the raft of proposals which we are talking about now fall within an overall framework, although it might sometimes be difficult for people who are not directly concerned with the matter to appreciate that.

The Commission does take the point very seriously, and it is our intention to submit to the European Parliament in September a general document which will clearly set out the Commission's objective in the field of the elimination of technical barriers to trade, and the reasons for such action. It will also set out the priorities which the Commission intends to follow, and finally the means the Commission intends to use. This comprehensive action will then be placed in the context of the Community's overall industrial policy.

Now I would not go so far as to suggest that this paper will extinguish controversy in the field. There will always be people who think that the Commission is interfering in things where it has no right, just as there are always people within a national context who feel that the government is not simply wrong, but involved in a field in which it ought not to be involved. There will be domestic pressure groups who will feel that what we are doing is disadvantageous to them, because it involves raising standards to a point that they perhaps cannot meet; or because it involves

opening up markets, putting domestic producers at the mercy of new competition from abroad. But I do believe that what the Commission is trying to do is correct, and that is to create a single market in which the standards of the best become available to all, and in which there is the maximum degree of freedom of choice. I think if we can get that across more clearly than we have succeeded in doing in the past, that will be a very great help, and I am sure that the point that Mr Davignon made in the Committee on Economic and Monetary Affairs, and the paper which we will submit to Parliament, are going to be very important steps along the road to securing greater public support for measures which I believe are very much in the public interest.

President. — I note that no one else wishes to speak. The motion for a resolution will be put to the vote, as it stands, at the end of the sitting.

The debate is closed.

6. Directive on own-account carriage of goods by road

President. — The next item is the report (Doc. 50/79) drawn up by Mr Jung on behalf of the Committee on Regional Policy, Regional Planning and Transport on the

proposal from the Commission to the Council for a directive on own-account carriage of goods by road between Member States.

The rapporteur has decided not to give an oral introduction.

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

Mr Nyborg. — (DK) Mr President, this report has been drawn up by Mr Jung on the basis of the proposal from the Commission. It is a report which both gladdens and saddens me. It is a good thing that we should progress along the path towards liberalization. But it is at the same time regrettable that we should be plunging further into bureaucracy since we shall now have to implement a number of control measures to ensure that no-one tries any swindles with this new, more liberal approach to own-account carriage of goods. I fear — and I expressed this fear in committee — that the Council will use this point as a pretext for not liberalizing the haulage trade as such. We would have been much happier today if the Commission had said to the Council — we now want everything in the way of transport totally, 100 per cent liberalized, so that it would not be necessary now to introduce further bureaucratic control measures and to make the poor drivers who work for these firms carry around with them a stack of documents to show that their load consist of goods belonging to the firm in question. They will have to give evidence that they are fine

Nyborg

and honourable people and have not got a little package with them for their neighbour.

This problem causes me some concern because I do not believe it is worthy of the Community; but it is to be hoped that this will represent a step forwards. Before long we should attain full liberalization of transport on land, which will enable us to do away again with the control measures proposed in this document.

President. — I call Mr Tugendhat.

Mr Tugendhat, Member of the Commission. — Mr President, from the point of view of the Commission I really have very little to add to Mr Jung's report, which analyses in a precise and exhaustive manner both the contents of the proposed directive and the reasons which have prompted the Commission to introduce it. I would merely like to take this opportunity to enlarge a little on one of those reasons, because I think it is extremely important — rather in the same way as in the last debate — that the reasons for the Commission's action should be understood and that the actions themselves should be placed in as broad a context as possible. In this connection it is, I think, important to understand the harmful effects on commercial relations between Member States that arise on certain journeys when the interested parties are in difficulties about the way in which they organize their transport. In some cases the interested parties, the people concerned, can organise their transport as it suits them. In others they are dependent on the goodwill of the authorities, and there is a very considerable difference between the two. In the latter case the transporters are also liable for a considerable burden of formalities — paperwork, delays and all that sort of thing — both before and after the granting of a transport authorization. I would, therefore, wish to emphasize that the main aim of the proposal before you is simply to establish a framework for ensuring equal and fair treatment of all Community undertakings wishing to conduct own-account carriage.

Perhaps I may venture to express the hope that the Council will now examine the proposal in the same spirit that you have. I hope in particular the Ministers will bear in mind that to reject the proposal on the argument that we must first achieve the harmonization of the conditions of competition, or on the argument that it would tend to aggravate road congestion, would immediately imply the maintenance of unequal treatment for some Community undertakings.

I would like to conclude by saying that, as your rapporteur requests, the Commission will study the possibility of recommending the harmonization of penalties for breaches of the directive as soon as it has been adopted. I perfectly well understand your concern in this matter. In addition, as your rapporteur has rightly

mentioned, such harmonization has already been undertaken for branches of the regulation concerning the Community quota, and we shall benefit from that experience for this new harmonization. I feel that perhaps I have not been able to alleviate all the concerns, or at least the underlying concerns, in Mr Nyborg's mind, but I hope I have shown that we are sensitive to some of the problems that have arisen. I hope I have managed to show the reasons why it is we want to proceed as we do.

President. — I note that no one else wishes to speak. The motion for a resolution will be put to the vote, as it stands, at the end of the sitting.

7. *Petition on exchange losses*

President. — The next item is the report by Mr Luster (Doc. 674/78), on behalf of the Committee on the Rules of Procedure and Petitions, on

Petition No 24/77 presented by Mr R. Thoma and 11 other signatories, on exchange losses suffered by certain persons in receipt of annuities or pensions.

The rapporteur has decided not to give an oral introduction.

I call Mr Tugendhat.

Mr Tugendhat, Member of the Commission. — Mr President, I am afraid that my reply may seem a little stilted, because as we have not actually had a debate I will rely entirely on the notes which I have received from the Commission and I hope this will enable me to meet the points of concern.

The Commission, in fact, did state, during the sitting of the European Parliament on 15 September 1978, its regret that owing to the instability of certain rates of exchange some pensioners are suffering a loss of income. In most cases we feel that the loss of income only affects a portion of their pension as a result of the depreciation of some currencies. Following the entry into force of the European Monetary System, which has, of course, occurred since last September, we hope very much that there will be more stability and that this problem will therefore be less serious in the future than the past. The Commission itself is not indifferent to the possible effects of sudden and indeed sometimes considerable changes in rates of exchange on persons receiving social security benefits. The study carried out on this topic was published in October 1977. It has also noted with interest the initial results of checks carried out by social security institutions on the validity of complaints by pensioners. These showed that losses could be incurred as a part of the total pension, that is on one of the pensions being received, but that such losses were in most cases made good by other measures to adjust the pensions. The Commission hopes that the social security institutions concerned will continue to make these checks.

Tugendhat

So far as paragraph 3 of the motion for a resolution is concerned it is not clear how the Commission could address a recommendation to the Grand-Duchy of Luxembourg. The data at present available to us suggest that in connection with this Member State pensioners are not likely to suffer overall losses.

So far as paragraph 4 is concerned under the regulations at present in force the Social Fund does not provide any form of assistance under which it could provide retirement pensions or allowances to compensate for devaluations.

This, I hope, deals with some of the major points. The questionnaire. Annex 2, answers all the questions that may arise and which can be found in the regulations themselves and each Member State has, of course, this information available to it. Each Member State, where an entitlement has been acquired, pays a portion of the pension and these portions are paid either directly to the beneficiary at the rate of exchange applicable on the date of transfer or via a liaison body at the rate of exchange applicable on the date of that transfer. The liaison body allocates amounts received on the basis of statements forwarded simultaneously.

President.— I note that no one else wishes to speak. The motion for a resolution will be put to the vote, as it stands, at the end of the sitting.

The debate is closed.

8. *Petition on simpler Community regulations*

President. — The next item is the report by Mr Luster (Doc. 673/78), on behalf of the Committee on the Rules of Procedure and Petitions, on

Petition No 4/78 presented by Mr A. Grassani, on simpler Community regulations to be completely redrafted in case of amendment.

The rapporteur has decided not to give an oral introduction.

I call Mr Tugendhat.

Mr Tugendhat, Member of the Commission. — The Commission, I can assure the House, fully shares the sentiments which lie behind Mr Grassani's petition on the simplification of Community legislation. It is indeed essential for the purposes of legal security that all those to whom Community legislation is addressed, as well as those who have to apply the legislation, should have available clear texts which are easy to consult. It must, however, be admitted that certain areas of Community legislation have become extremely complex and that the legislator has to respond to rapidly changing economic situations. We, therefore, find ourselves in a position where there are numerous texts covering a particular sector or activity; also many of these texts have to be constantly modified. This situation is particularly true of the agricultural sector and in the field of customs legislation.

The Community has, however, already started to tackle the problem of making its legislation more easily comprehensible and we have, therefore, already made strides in the direction suggested by Mr Grassani by the consolidation of texts and by striving to adopt clear, comprehensive legislations. We have made definite progress in our tasks of consolidating legislation in the agricultural sector where the need was most pressing, the most recent example being the wine sector. As concerns the field of customs legislation, the longterm objective remains the Community customs code. However, as the honourable Member, Mr Luster, points out in his report, completion of Community customs legislation, which must be achieved before a customs code proper can be drawn up, will take some considerable time. As the Commission pointed out in reply to a question by Mr Seefeld, we believe that the Community in the meantime should endeavour to consolidate provisions relating to specific fields. This has already been done as concerns, for example, the rules relating to Community transport.

Over a period of time, it will of course be necessary to amend in their turn, the consolidated texts. Once these amendments become numerous, the process of consolidation will have to be repeated. It would not, however, be feasible every time a regulation is partly amended to draw up a text which contains the unamended parts of the original regulation together with the amendments, as suggested by Mr Grassani. Of course, care must be taken to make the amendments as comprehensible as possible.

The House will, of course, be fully aware that, insofar as Council legislation is concerned, the matter is not simply one between ourselves and the Parliament, but also one in which the Council is directly interested. Alongside the work which is being done through the consolidation of texts, use is also being made of horizontal regulations for a particular activity which is common to a number of sectors, for example, export refunds and Community transit.

Finally, I should like to remind Parliament of the continuing work which is being done to simplify customs legislation. This is being done both at international and Community level. For example, there is the simplification of the CCT resulting from the acceptance of the recommendations of the customs cooperation council.

The Commission has also continued to make progress in the implementation of its simplification programme for customs legislation. Besides these legislative techniques, various information systems are being developed to facilitate access to Community legislation, for example, the system of automated documentation (CELEX), the network of telecommunications (EURONET) and the creation of a repertoire of Community acts.

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In conclusion, therefore, there has, I believe, been real progress in the legislative techniques of the Community. Much remains still to be done. The Commission will continue to strive to attain these objectives which lie behind Mr Grassani's petition, in other words, as I understand it, clear, easily accessible Community legislation. Thus our objectives are very much the same, although we do feel that it is not always quite as easy to move towards them as is sometimes thought.

President. — I call Lord Bruce.

Lord Bruce of Donington. — Mr President, the House will be grateful to the Commissioner for the constructive approach that he has made in connection with the simplification of Commission regulations. There is, however, one aspect to which I am quite sure the House would be grateful if he would give his attention. I refer to the Financial Regulation of December 1977. The Financial Regulation as published does not carry any precise indication as to the extent, if any, to which previous regulations have been superseded. We know perfectly well that the new Financial Regulation of course, superseded the old. This is nowhere precisely stated, but it is implicit. But there is another regulation, a series of regulations put out by Mr Ortoli on 30 June 1975, which came into operation on 1 July 1975 and which laid down certain specific accounting standards for application throughout the Community Institutions. I have not got the precise reference number with me, but I can certainly give it to the Commissioner should he require it. It would be useful to know whether those particular regulations, which, as I say, lay down precise accounting standards, even book-keeping standards, that ought to be applied throughout the Community Institutions and indeed were supposed to come into operation on 1 July 1975 — although I happen to know they did not come into operation, at least, there is no visible evidence of it — are in fact still in force as a supplement to the Financial Regulation of December 1977, or whether the Regulation in fact repeals them, or even repeals them in part, because the subject-matter covered by the Financial Regulation of December 1977 does not cover precisely the area covered by the previous regulation signed and put into operation under the authority of Mr Ortoli. I was wondering therefore, Mr President, if through you I could ask the Commissioner whether he would give this matter some attention with a view, at some early date convenient to himself, to making the position clear either to the House or, preferably of course, to the Committee on Budgets.

President. — I call Mr Tugendhat.

Mr Tugendhat, Member of the Commission. — The points raised by Lord Bruce, Mr President, are slightly unexpected in the light of the discussion which we

have had, and I think the best thing would be if I arranged for a letter to be written to him, providing him with the information he requires.

President. — I note that no one else wishes to speak. The motion for a resolution will be put to the vote, as it stands, at the end of the sitting.

The debate is closed.

*9. Regulation on a fisheries agreement
between Canada and the EEC*

President. — The next item is the report by Mr Lemp (Doc. 35/79), on behalf of the Committee on Agriculture, on

the proposal from the Commission to the Council for a regulation on the conclusion of an agreement on fisheries between the Government of Canada and the European Economic Community.

The rapporteur has decided not to give an oral introduction.

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

Mr Nyborg. — (DK) Mr President, I am pleased to say that the European Progressive Democrats support the present proposal, although it must be stressed that this is a temporary fisheries agreement with Canada.

In order to be able to set quotas for EEC fishermen, it is necessary for us to lay down an agreement of this kind; but in negotiations on a long-term fishing agreement, it would be appropriate for the Community to stress the necessity of avoiding the misuse of any quotas allocated. As Commissioner Gundelach said here in this Chamber yesterday on the question of fishing quotas round Greenland, it is not acceptable that fishery quotas should be used as a bargaining sometimes with the condition attached to it that the fish should be landed in a certain place. Negotiations of this kind must be exceptional and, in principle, I believe that it should be laid down that if a country cannot catch its quota as allocated to it, the Commission should see that the remaining quantity is distributed amongst those countries which already had a quota in that area, i.e. in the area in which the first country has been unable to fish its quota, and that the allocation should operate on the basis of a system of coefficients drawn up by the Commission.

President. — I call Mr Tugendhat.

Mr Tugendhat, Member of the Commission. — Mr President, I should like to express our satisfaction at the recommendation from the Committee on Agriculture that the proposal for the conclusion of an agreement on fisheries with Canada be approved. This agreement has been difficult to negotiate, and it is appropriate that the Community should proceed as rapidly as possible to the conclusion of an agreement

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which provides a significant addition to the Community's overall fishing possibilities.

The Committee on Agriculture has also noted that the present agreement only runs until 31 December 1979, and urges that the obstacles to a long-term fisheries agreement with Canada be removed as quickly as possible. The Commission shares the committee's belief in the urgency of re-opening negotiations with a view to securing a more permanent access for Community vessels to Canadian waters. The difficulties in the way of a long-term agreement are, however, not all of the Community's own making, and an effort will have to be made by both sides if we are to arrive at a satisfactory solution.

For example, some of the difficulties encountered in the last series of negotiations were attributable to the Canadian wish for a direct link to be established between EEC imports of Canadian fish products and fishing possibilities for EEC vessels in Canadian waters. While the Community does not rule out the Canadian concept of commensurate benefits, it wishes to make sure that such a policy will not put the Community at a disadvantage in relation to other countries, or benefit one sector of the European fisheries industry while harming another. These negotiations therefore may be rather complex. However, having said this, I feel confident that there is a basis for a long-term fisheries agreement between the Community and Canada. The conclusion of this short-term agreement will be taken as a token of the Community's goodwill.

President. — I note that no one else wishes to speak. The motion for a resolution will be put to the vote, as it stands at the end of the sitting.

The debate is closed.

10. *Forestry policy in the Community*

President. — The next item is the report by Mr Albertini (Doc. 92/79), on behalf of the Committee on Agriculture, on

the communication from the Commission to the Council concerning forestry policy in the European Community.

I call Mr Albertini.

Mr Albertini, rapporteur. — (I) Mr President, I too shall follow the general trend by not presenting my report orally but referring you to the written text. The fifteen amendments tabled by the Committee on the Environment, Public Health and Consumer Protection do not represent an alternative to my resolution and the approach adopted therein, but are simply intended to expand and clarify it. I therefore propose that parliament should adopt them.

President. — I call Mrs Squarcialupi, to introduce the opinion of the Committee on the Environment, Public Health and Consumer Protection.

Mrs Squarcialupi, draftsman of an opinion. — (I) Mr President, as already pointed out by Mr Albertini, we wish to submit to the House the amendments adopted unanimously by our committee, which concern the ecological aspect of the action programme on forestry. We felt that reforestation could provide a solution for particularly light soil and we have given a more Mediterranean slant to this programme, thereby taking account of the enlargement of the Community. I merely wish to point this out on behalf of the Committee on the Environment and I am grateful to the rapporteur for his willingness to accept the amendment tabled by our committee.

President. — I call Mr Scott-Hopkins.

Mr Scott-Hopkins. — I apologize to the House and to Mrs Squarcialupi for not being present: I rather mistimed my arrival in the Chamber for this particular document. We are discussing Mr Albertini's document and I am standing in for Mr Corrie, who unfortunately cannot be here to speak for the Committee on Regional Policy.

The problem that I face, Sir, is all these amendments, which in point of fact have not been examined in detail at all: they were only tabled last night and came round this morning. It is my contention, Sir, that at least some of them — No 9 and some others as well, No 14 and so on — are extremely important and I understand that the rapporteur is prepared to accept them all as such. But I am not, I would have thought, Sir, that in view of the fact that the House is empty and that we have not had time to discuss all these amendments, which literally arrived on my desk this morning, we should ask for this to go back to the committees concerned, particularly the Committee on Agriculture, and they can meet in Luxembourg at the beginning of the part-session in a fortnight's time. I think this is a reasonable request because we have not had time to examine these amendments, some of which are of great importance. I do not for one minute say that I would necessarily oppose them all, but I think it is only right, as this question of forestry is of great importance, that we should have the opportunity in committee of examining these amendments and coming to sensible conclusions. So Sir, I would ask you, not on behalf of my group but on behalf of Mr Corrie, the draftsman of the opinion on behalf of the Committee on Regional Policy and Transport that these be referred to committee for further examination.

This is not a precedent that I am trying to set, Sir; it has happened before and I can remember Mr Lange,

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for instance, properly supported by Lord Bruce, asking that exactly the same thing be done when a lot of the Members came in at a late stage and the committees had not had time to examine them.

I am sorry to be a nuisance at this late stage and I apologize to Mrs Squarcialupi for coming in at this moment and putting this request to the House and to you. But I really do believe, Sir, in the best interests of this House, that we should refer these amendments for further consideration in our May part-session.

President. — I call Lord Bruce.

Lord Bruce of Donington. — Mr President, I would like to support the request that has been made by Mr Scott-Hopkins on this. I do not think it is a good precedent to be established that these various amendments, to which any one Member may attribute considerable importance, should not be before the appropriate committees in time for them to be considered adequately, notwithstanding the apparent willingness of the rapporteur to accept them. Moreover, the time that elapses between now and the next part-session may also give Members an opportunity of thinking about some wider implications of the forestry policy that may become necessary as a result of recent revelations of the policies that are being pursued at the moment in the Amazon Basin, where a wholesale massacre of trees to supply world timber is at the moment going on which may have very significant effects, climatic and otherwise. It might therefore be as well if Members were given a further opportunity of reflection. I therefore support Mr Scott-Hopkin's request.

President. — I should like to point out that the amendments are already contained in Document 92/79, in the opinion of the Committee on the Environment, Public Health and Consumer Protection.

I call Mr Nielsen.

Mr Brøndlund Nielsen. — (DK) Mr President, I would like to support both Mr Scott-Hopkins and Lord Bruce. I do not believe that I have had the opportunity to discuss these proposals in the Committee on Agriculture and I think that they should be dealt with seriously there too.

President. — Mr Scott-Hopkins, do you maintain your request?

Mr Scott-Hopkins. — Yes, Mr President.

President. — I put to the vote the proposal by Mr Scott-Hopkins that the report by Mr Albertini be referred to committee.

The proposal is adopted.

11. *Regulation on fruit and vegetables*

President. — The next item is the report by Mr Liogier (Doc. 72/79), on behalf of the Committee on Agriculture, on

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

The rapporteur has decided not to give an oral introduction.

I call Mr Tugendhat.

Mr Tugendhat, Member of the Commission. — I am not sure whether, in view of the fact that there are no speakers, it is really necessary for me to deal with this matter at great length. Certainly the Commission shares the view of the House that food products offered to the public should be of reasonable quality. It is also useful that all concerned with the production and distribution of such products should be agreed on their essential characteristics, so there is no need to dispute about what is, for instance, a first quality product.

We have to bear in mind in discussing these matters that food products are of course now increasingly sold across frontiers and therefore definitions about first quality and so on do have to be of broader applicability than was previously the case. Nonetheless it does seem to me one of those areas in which the Commission, and the other Community institutions as well, have to exercise very considerable care and caution. We do have responsibilities to the Community as a whole. It is necessary that we should ensure that goods which are traded across frontiers are capable of being defined in such a way that those definitions are understood everywhere that they are sold.

But this is also an area where there could be dangers of being too fussy, of going too far, of becoming involved in too much detail that is not strictly our business. So I hope that both the Commission and the other Community Institutions will be able to reach a balanced decision on what is needed. We share the concern for securing reasonable quality. We share the concern for ensuring that there are transparent definitions. We shall do our best in this regard, but I think we must be very careful that we do not go in for too much harmonization for the sake of harmonization, nor seek to define that which does not always need definition.

President. — I note that no one else wishes to speak. The motion for a resolution will be put to the vote, as it stands, at the end of the sitting.

The debate is closed.

12. EEC-Norwegian fishing relations

President. — The next item is the motion for a resolution (Doc. 122/79) tabled by Mr Corrie on behalf of the Committee on Agriculture, on EEC-Norwegian fishing relations.

I call Mr Nielsen.

Mr Brøndlund Nielsen, deputy rapporteur — (DK) Mr President, I would like to formally submit Mr Corrie's report on behalf of the Committee on Agriculture and recommend that Parliament should take up a stance on this question. The issue as described by the document is that after the conclusion of certain agreements with Norway on fishery, problems have arisen concerning Norway's attitude to fishing by Community vessels in Norwegian waters. Recently the Fisheries Sub-Committee was in Hull and Grimsby and was able to see evidence of what had happened and I can affirm that problems have now been created there and elsewhere. I therefore believe that it is right for Parliament to deliver an opinion on this matter. But there is one proposed amendment and as I am not schizophrenic it is only natural that I should find it a reasonable proposal, since I put it forward myself. I believe, as I said before, that it may be right for Parliament to give its opinion but I am an opponent, as I state in the amendment, of any gesture by Parliament threatening Norway with a trade war and therefore I ask the House to vote for this proposed amendment.

President. — I call Mr Caro, on behalf of the Christian-Democratic Group (EPP).

Mr Caro. — (F) Mr President, I would like to express our support of this motion for a resolution.

It is most regrettable that a near neighbour such as Norway should be able to interrupt from one day to the next a traditional activity like cod fishing. I would like to point out to the author of this motion that there is no agreement in force between the EEC and Norway, contrary to what he states in paragraph 1. There is an outline agreement with Norway, but it has not yet been signed because there is still one Member country which refuses to sign it.

We see once again the difficulties facing the Community in the absence of a common fishing policy. According to Article 5 of the outline agreement, the two parties agree not to take measures against each other without prior negotiations. In the absence of the entry into force of this agreement, we have no way of defending our interests. Talks are going on today in Oslo with the aim of finding a basis for working together, and I therefore believe that on behalf of the Community fishermen we should express to our representatives our hope that their efforts will culminate in positive and constructive results.

President. — I call Mr Tugendhat.

Mr Tugendhat, Member of the Commission. — Mr President, Mr Corrie's motion for a resolution refers to the introduction by the Norwegian authorities of a ban on trawling within a large area of their northern waters — the so-called North Cape Bank — on 10 April 1979 this year. The area covered by the closure is of particular importance to Community fishermen, accounting for well over half of their annual catches of cod, haddock and hake in northern Norwegian waters. At this time of the year it is the only area in which fishing can profitably be conducted owing to the concentration of the fish. The Community was officially notified of the Norwegian measure only 12 hours before it came into force. Such an abrupt interruption of fishing will of course have serious financial consequences for all the vessels concerned, and there were quite a number: 23 Community vessels, mostly British, were in fact in the area at the time, and these consequences will be particularly serious in view of the lack of alternative fishing in the area.

On notification of these measures the Commission requested urgent consultations with Norway on the matter, and these began yesterday in Oslo. The object of the Community delegation at the meeting is to examine the scientific ground on which the measure was based, to protest strongly at the manner in which the decision was taken, which is at odds with the normal climate of cooperation between the Community and Norway, and to find out the future intentions of the Norwegian authorities. It is clear that any prolonged fishing ban in this area would seriously reduce the possibility for the Community to fish its quotas in Norwegian waters and thereby alter the fishing balance achieved in arrangements for mutual fishing in 1979.

Following the outcome of the Oslo consultation the Commission will consider whether adjustments will have to be made to Norwegian fishing in EEC waters in order to redress the balance. It should also be emphasized that the Community-Norway agreement on fisheries has not been signed and concluded, as might appear from the terms of Mr Corrie's motion, owing to a refusal by the British Government to formalize a fisheries agreement with third countries before the internal fisheries régime is settled. The agreement specifically provides for consultations between the parties before any emergency measures are taken. Had signature of the agreement not been delayed, the Community would be in a far stronger position than it is now. I think this point needs to be borne in mind in discussions about the common fisheries policy. All Member States do have a very considerable interest in those aspects of the policy that affect the Community's relations with third parties, and there can be dangers in allowing disagreements over

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one aspect of the common fisheries policy to overflow into other areas.

President. — I note that no one else wishes to speak. The motion for a resolution will be put to the vote, as it stands, at the end of the sitting.

The debate is closed.

13. *Humanitarian aid for the people of Uganda*

President. — The next item is the motion for a resolution (Doc. 108/79/rev.) tabled by Mr Klepsch, Mr Bersani, Mr Deschamps and Mr Vergeer, on behalf of the Christian-Democratic Group (Group of the EPP), on the need to provide urgent humanitarian aid for the population of Uganda.

I call Mr Caro.

Mr Caro, deputy rapporteur. — (F) Mr President, the document is sufficiently explicit and I need not take up the time of my colleagues, but I believe that the essential problem is to note that this country, with its many difficulties which are jeopardizing not only its chances of progress but also its hope of humanitarian survival, deserves quite particular attention from the Community at a crucial moment in its history. As we know, other organizations have already started work, notably the international Red Cross, the United Nations High Commission for Refugees and several neighbouring countries.

As Uganda is a party to the Lomé Convention, we should therefore try to demonstrate once more to our partners in this Convention that we do all belong to the same family; that the agreements, and spirit in which we work together with them, are not just confined to the inclusion in a preamble of respect for human rights as we see them in the west; but that we also wish to apply these principles of human rights whenever this is possible and this is an ideal opportunity.

President. — I call Mr Tugendhat.

Mr Tugendhat, Member of the Commission. — Mr President, the Commission is fully alive to the needs of the people of Uganda for assistance at the present time. Certainly their country has been left in a parlous condition by the outgoing régime.

On 23 April the decision was taken to grant Uganda an immediate aid of 300 000 EUA to help cover the population's emergency needs. The arrangements for the prompt use of these funds are well advanced. The purchase and transport, if necessary by air, of preserved food available in Kenya are already planned and the Commission delegate in Uganda is identifying other emergency needs, particularly in the medical field.

As soon as the immediate requirements are established the purchase and delivery of medical supplies

will be arranged, with the assistance of the Commission's delegation in Kenya. In addition it is planned to airlift from Kenya to Uganda part of the 200 tonnes of butteroil and the 100 tonnes of milk powder allocated to Uganda and currently stocked in Mombasa. On top of this, an additional emergency food aid to Uganda is under consideration.

To ensure that assistance is provided in coordination with other donors, contacts have been made with the World Health Organization and the International Committee of the Red Cross and coordination between the Commission and the Member States has been set in motion. In addition to the emergency aid that I have already mentioned, the Commission is currently working out a much larger Community programme of speedy assistance to meet the country's immediate basic needs and to ensure the quick return to normal of essential public services.

Furthermore, the Commission is identifying the most appropriate interventions with the aim of rehabilitating the main economic sectors. In this field discussions with the provisional Uganda government are under way.

It must, I think, be borne in mind that the Community, working through Community instruments, working through the Commission, is capable of doing only a very small amount to remedy the difficulties which the Ugandan people face. We are not, unfortunately, set up to do as much as perhaps we would like, or to do more than a very small amount of that which will have to be done. But certainly the Commission will do what it can willingly and speedily.

I think that we owe a debt of gratitude to those of our employees, both direct and indirect, who have remained in Kampala during an extremely difficult and dangerous time, as a result of which we are in a position to move rather faster than might otherwise be the case. I think that to those people who have stayed in Uganda through the worst of the atrocities that marked the end of the Amin régime we really do owe a vote of thanks.

President. — I note that no one else wishes to speak. The motion for a resolution will be put to the vote, as it stands, at the end of the sitting.

The debate is closed.

14. *Accidents at work*

President. — The next item is the motion for a resolution (Doc. 117/79) tabled by Mrs Squarcialupi, Mr Granelli, Mr Zagari, Mrs Cassanmagnago Cerretti, Mr Lezzi, Mr Ligios, Mr Pisoni, Mr Pistillo, Mr Vernaschi and Mr Vitale, on accidents at work.

I call Mrs Squarcialupi.

Mrs Squarcialupi, rapporteur. — (I) Mr President, we have tabled this motion for a resolution under urgent procedure because it concerns human life. It is signed not only by members of the Communist and Allies Group but also by Italian Christian Democrats and Socialists.

As I said, it concerns human life, and in particular, danger to workers' lives. We have in mind the dramatic events which occurred at the beginning of April in Velbert, Germany, when eight workers died — six instantly and two after appalling suffering — as a result of a violent explosion. Seven of these workers were Italian immigrants and this, moreover, is not unusual but is occurring with unfortunate frequency. Even more tragic is the fact that among the dead were three brothers from one family and two brothers from another family; the other two were related to them.

These men died in a rolling mill in Velbert, in the Rhineland. The explosion was apparently caused by the malfunctioning of a dust aspirator, but at the moment no further information is available since the inquiry by the Federal German Authorities is still under way. We will, of course, resist the temptation to stir up any kind of controversy, but we cannot conceal our deep concern at this slaughter of human life.

We would therefore request the Commission to implement as soon as possible the Action Programme on Health and Safety at work, which Parliament approved unanimously more than a year ago. The Programme provided for a whole range of measures to prevent occupational accidents and diseases. I myself was the rapporteur on this matter, and, although I am always extremely critical of the Commission's documents, I didn't propose any amendments to this particular text which I considered excellent.

The motion for a resolution pointed out in particular the need to devote more attention to migrant workers, especially during their initial period at work, since an inquiry carried out in the Federal Republic of Germany has shown that the majority of accidents among migrant workers occur during this initial period. According to the statistics produced by this inquiry, during the first year the accident rate is between seventy and eighty per cent higher than the national average. Although these figures subsequently show a slight decrease, they nevertheless remain higher than the national average, one reason being that, as is well known, migrant workers are employed in the most dangerous jobs. It has been calculated that, during the ten-year period from 1964 to 1973, the number of accidents among migrant workers in the Federal Republic of Germany was more than two and a half times the national average.

The Action Programme on Health and Safety at work, which I mentioned just now, called for special controls in undertakings which subcontract work on a

piece-work basis, since it is in this sector that workers' lives are in greater danger in view of the lack of adequate social and trade union control measures.

We would therefore request the Commission to implement this Programme as a matter of utmost urgency, since the lack of really effective discipline is costing lives every day.

President. — I call Mr Tugendhat.

Mr Tugendhat, Member of the Commission. — Mr President, the Commission wishes to associate itself with Parliament's concern about the tragic accident referred to in this motion for a resolution and also with the condolences offered by the Parliament to the victims of the accident and to their relations. Obviously, it is to the relations who are left, rather than to the victims themselves, that such condolences can mean most, and it is also among those who are left that interest is greatest in what is going to be done about what has happened.

It is disappointing to reflect upon the fact that, despite the great technical advances that have been made and despite the widespread application of modern techniques, accidents of such gravity still occur. Despite the efforts made in the Member States of the Community, the number of accidents and diseases resulting from work remains too high. Quite apart from their financial importance, the human and social consequences of occupational accidents and diseases are incalculable, and every effort must be made to reduce their importance.

A more precise knowledge of all the factors which result in an accident is an essential element in the prevention of accidents. Only the application of integrated safety, which involves a detailed analysis of the circumstances and of the human, ergonomic and technical factors involved, can lead to the organization of better and more adequate prevention. Thus, the Programme of Action on Safety and Health at Work envisages a number of priority actions, including the establishment of a common statistical methodology in order to assess with sufficient accuracy the frequency, gravity and causes of accidents at work, the undertaking of a joint study of the application of the principles of accident prevention and of ergonomics in the design, construction and utilization of plant and machinery and an analysis of the provisions and measures governing the monitoring of the effectiveness of safety and protection arrangements.

In carrying out these actions, the Commission is taking into account the experience gained from the iron and steel industry. As examples of this activity, the Commission has published a study on comprehensive accident control for preventing accidents caused in industry. In addition, the Commission is currently undertaking a study in this area concerned with determining the causes of accidents.

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With regard to specific information concerning this accident, the Commission is aware that the German authorities are carrying out a full and thorough investigation and therefore the matter is at present *sub judice*. It is anticipated that the resulting report will be made available to the Commission when these investigations have been completed. Some provisional information that is already available indicates that this accident was caused by an explosion of aluminium dust arising from a grinding operation. The presence of Italian workers would appear to be an unfortunate coincidence. There is no evidence that immigrants in general are more susceptible to accidents, certainly in this field, than other people; nevertheless, within the Action Programme on Safety and Health at work there is a specific and priority action concerned with the provision of information and the education of migrant workers. The Commission is well advanced in carrying out this action and the study has already been finished which will be used as a background document for firm proposals.

The Commission would like to thank the Parliament for giving to the problem of accident prevention the merit it deserves. It goes without saying that it is an *ensemble* of actions that is being undertaken under the programme, but it is dependent upon the means and manpower available and necessary to carry it out. The question, as the Parliament knows, is particularly difficult to resolve, and any support which can be given by the Parliament to aid the Commission to defend these priorities before the Council will be very much appreciated.

President. — I note that no one else wishes to speak. The motion for a resolution will be put to the vote, as it stands, at the end of the sitting.

The debate is closed.

15. *Earthquake in Yugoslavia*

President. — The next item is the motion for a resolution (Doc. 120/79), tabled by Mr Adams on behalf of the Socialist Group, on Community aid to the Yugoslav earthquake victims.

Mr Adams has decided not to give an oral introduction.

I call Mr Tugendhat.

Mr Tugendhat, Member of the Commission. — Mr President, following the earthquake which struck the province of Montenegro on April 15th, contacts were immediately made with the Yugoslav Government and the specialized organizations, namely the United Nations Disaster Relief Office and the League of Red

Cross Societies. From these contacts it was learnt that all vital needs, tents, food, medicine etc. had been met by 20th April. However, other urgent needs must still be met. On that account the League of Red Cross Societies asked on April 24th for emergency aid to build health centres and to provide them with medical equipment and the supply of means of transport. In response to this request and following the contacts with the Yugoslav Government, the Commission on 25th April decided to grant 300 000 EUA in emergency aid under Article 950 of the budget, for the supply of essential goods, that is, construction materials, prefabricated units, medical equipment, vehicles etc.

The request to the Commission to speed up the trade negotiations now going on with Yugoslavia is a point that has also been mentioned in connection with this motion. These are of course somewhat different matters, but as we are talking about Yugoslavia, I would like to say that certainly the Commission is anxious to conclude such an agreement. It is aware of the great concern expressed by the Yugoslav authorities. We must not, however, underestimate the size of the problems involved in these negotiations, which aim in some ways to change radically the Community's links with Yugoslavia. The process was initiated by the signing of the joint declaration of Belgrade on 2 December which laid the basis of a new arrangement between Yugoslavia and the Community. The current agreement with Yugoslavia expired on 31 August 1978, but is still in effect by tacit renewal. The Council gave the Commission negotiating directives in February 1978. An initial round took place in March 1978. It was not conclusive, since the Yugoslav side contested the contents of the Community's offer. The Commission therefore initiated a process of improving the offer, which meant having to change the approach to EEC-Yugoslavia problems at trade level. The Commission laid its proposal before the Council in October 1978. The Council deliberated on them in November and December and gave the Commission a mandate at the beginning of this year to open negotiations with Yugoslavia. The Commission indicated to the Yugoslav authorities that the Community was willing to begin negotiations at the end of April. The Yugoslav Government informed the Commission on 24 April that it was willing to begin negotiations with the Community during next June. We are now, therefore reaching the crucial phase of these negotiations and we hope to wind them up successfully over the next few months.

In conclusion, I should like to make the following comments. These negotiations have clearly entailed lengthy preparatory work. It must be fully realized that the scale of the agreement will be incomparably larger than that of previous agreements and therefore requires meticulous preparation on both sides. This is also because of problems of external strategy for the Yugoslav authorities, problems which were put to Mr

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Haferkamp last June and which were brought to the attention of Parliament particularly during the visit of the Parliament's delegation to Yugoslavia last Spring. I felt, in view of the concern expressed in the House, Mr President, that it would be wise to cover the second point as well as the first, and I hope the Members find this helpful.

President. — I note that no one else wishes to speak. The motion for a resolution will be put to the vote, as it stands, at the end of the sitting.

The debate is closed.

16. *Decision on eradication of African swine fever in Malta*

President. — The next item is the report without debate (Doc. 73/79) drawn up by Mr Albertini on behalf of the Committee on Agriculture on

the proposal from the Commission to the Council for a decision granting financial aid from the Community for the eradication of African swine fever in Malta.

I note that no one wishes to speak. The motion for a resolution will be put to the vote, as it stands, at the end of the sitting.

17. *Decision on eradication of African swine fever in Spain*

President. — The next item is the report without debate, (Doc. 34/79) drawn up by Mr Ney on behalf of the Committee on Agriculture on

the proposal from the Commission to the Council for a decision on a financial contribution from the Community to Spain for the eradication of African swine fever.

I note that no one wishes to speak. The motion for a resolution will be put to the vote, as it stands, at the end of the sitting.

18. *Decision on the campaign against foot-and-mouth disease in South-East Europe*

President. — The next item is the report without debate (Doc. 32/79) drawn up by Mr Ney on behalf of the Committee on Agriculture on

the proposal from the Commission to the Council for a decision on a financial contribution to the campaign against foot-and-mouth disease in South-East Europe.

I note that no one wishes to speak. The motion for a resolution will be put to the vote, as it stands, at the end of the sitting.

19. *Regulation on the prevention of classical swine fever*

President. — The next item is the report without debate (Doc. 33/79) drawn up by Mr Ney on behalf of the Committee on Agriculture, on

the proposals from the Commission to the Council for a regulation introducing Community measures for the prevention of classical swine fever.

I have received from Mr Ryan and Mr L'Estrange an amendment to the motion for a resolution contained in this report.

I call Mr Nielsen.

Mr Brøndlund Nielsen. — (DK) Mr President, I would simply like to move this amendment very briefly and call on the House to adopt it. It concerns the problems which have to be solved to give us complete security as regards veterinary health before the frontiers are opened and I believe that we should recognize the fact by voting in favour of the proposed amendment, which I understand has been accepted by the rapporteur, Mr Ney.

President. — I note that no one else wishes to speak. The motion for a resolution, with the amendment which has been tabled will be put to the vote at the end of the sitting.

20. *Votes*

President. — The next item is the vote on motions for resolutions on which the debate has closed. I put to the vote the resolution contained in the *Baus report (Doc. 666/78): Visit by European Parliament delegation to Japan in October 1978.*

The resolution is adopted.¹

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President. — I put to the vote the motion for a resolution contained in the *Nyborg report (Doc. 53/79): Directives on equipment and measurements.*

The resolution is adopted.¹

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President. — I put to the vote the motion for a resolution contained in the *Jung report (Doc. 50/79): Directive on own-account carriage of goods by road.*

The resolution is adopted.¹

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President. — I put to the vote the resolution contained in the *Luster report (Doc. 674/78): Petition on exchange losses.*

¹ OJ C 127 of 21. 5. 1979.

President

The resolution is adopted.¹

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President. — I put to the vote the resolution contained in the *Luster report (Doc. 673/78): Petition on simpler Community regulations.*

The resolution is adopted.¹

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President. — I put to the vote the motion for a resolution contained in the Lemp report (*Doc. 35/79): Regulation on a fisheries agreement between Canada and the EEC.*

The resolution is adopted.¹

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President. — I put to the vote the motion for a resolution contained in the Liogier report (*Doc. 72/79): Regulation on fruit and vegetables.*

The resolution is adopted.¹

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President. — We now come to the *motion for a resolution tabled by Mr Corrie (Doc. 122/79), on EEC-Norwegian fishing relations.*

I put the preamble and paragraph 1 to the vote.

The preamble and paragraph 1 are adopted.

On paragraph 2, I have Amendment No 1 tabled by Mr Nielsen, seeking to reword this paragraph as follows:

2. Calls upon the Commission and Council to start fisheries negotiations to ensure that agreements entered into shall be fully implemented by all parties.

What is the rapporteur's view?

Mr Brøndlund Nielsen. *deputy rapporteur.* — (DK) Mr President, I can only repeat what I said before: I am not schizophrenic, and even in my capacity as rapporteur I can recommend my own proposal for an amendment. I also welcome what has been said, namely that negotiations are in progress with Norway. I know the Norwegians, our northern neighbours, well enough to tell you that they are reasonable people and that we do not need to threaten them with a trade war to obtain a reasonable result. I recommend that we vote in favour of the amendment.

President. — I put the amendment to the vote.

Amendment No 1 is adopted.

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

The resolution is adopted.¹

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President. — I put to the vote the *resolution tabled by Mr Klepsch and others (Doc. 108/79/rev.), on urgent humanitarian aid for the population of Uganda.*

The resolution is adopted.¹

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President. — I put to the vote the *motion for a resolution tabled by Mrs Squarcialupi and others (Doc. 117/79), on accidents at work.*

The resolution is adopted.¹

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President. — I put to the vote the *motion for a resolution tabled by Mr Adams (Doc. 120/79), on the earthquake in Yugoslavia.*

The resolution is adopted.¹

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President. — I put to the vote the *motion for a resolution contained in the Albertini report (Doc. 73/79): Decision concerning the eradication of African swine fever in Malta.*

The resolution is adopted.¹

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President. — I put to the vote the motion for a resolution contained in the *Ney report (Doc. 34/79): Decision concerning the eradication of African swine fever in Spain.*

The resolution is adopted.¹

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President. — I put to the vote the motion for a resolution contained in the *Ney report (Doc. 32/79): Decision on the campaign against foot-and-mouth disease in South-East Europe.*

¹ OJ C 127 of 21. 5. 1979.

President

The resolution is adopted.

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President. — We come now to the motion for a resolution contained in the *Ney report (Doc. 33/79): Regulation on the prevention of classical swine fever.*

I put the preamble and paragraph 1 to the vote.

The preamble and paragraph 1 are adopted.

After paragraph 1 I have Amendment No 1, tabled by Mr Ryan and Mr L'Estrange, adding a new paragraph :

Stresses the importance of an extension of the derogations currently granted to the United Kingdom, Denmark and Ireland, most recently under Directive 79/111/EEC, until such time as Community measures are seen to be operating satisfactorily.

I put the amendment to the vote.

Amendment No 1 is adopted.

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

The resolution is adopted.¹

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21. Dates and agenda of the next part-session

President. — There are no other items on the agenda. I thank the representatives of the Council and Commission for their contributions to our debate.

¹ OJ C 127 of 21. 5. 1979.

The enlarged Bureau proposes that our next sittings be held in Luxembourg during the week from 7 to 11 May 1979.

Are there any objections ?

That is agreed.

At its meeting of 25 April 1979, the enlarged Bureau drew up a draft agenda for the next part-session and recommends that it be adopted now.

Are there any objections ?

The order of business is adopted as it stands in the minutes of proceedings of today's sitting.

22. 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.

23. Adjournment of the session

President. — I declare the session of the European Parliament adjourned.

The sitting is closed.

(The sitting was closed at 11.20 a. m.)

